Securities Regulations (Periodic and Immediate Reports), 5730-1970[1]

[1] Collection of Regulations (CR) 2591, 5730 (30/7/1970, p.2037;
CR 4065, 5740 (12/12/1979), p. 564;
CR 4738, 5745 (14/12/1984), p. 394;
CR 4843, 5745 (23/7/1985), p. 1178 [5745 (No.2)];
CR 5065, 5748 (15/11/1987) p. 150;
CR 5107, 5748 (12.5.1988), p. 811 [5758 (No.2)];
CR 5145, 5749 (13/11/1988), p. 141;
CR 5189, 5749 (11/6/1989), p.886 [5749(No.2)];
CR 5368, 5751 (7/7/1991), p. 1027;
CR 5613, 5754 (12/7/1994), p. 1169;
CR 5740, 5756 (21/3/1996), p. 645;
CR 5819, 5757 (20/3/1997), p.489;
CR 6019, 5760 (17/2/2000), p. 323;
CR 6128, 5762 (18/10/2001), p. 30;
CR 6130, 5762 (1/11/2001), p. 64 [5762 (No. 2)];
CR 6159, 5762 (21/3/2002), p.564 [5762 (No. 3)];
CR 6169, 5762 (22/5/2002), p. 756 [5762 (No. 4)];
CR 6200, 5763 (7/10/2002), p.50;
CR 6235, 5763 (7/4/2003), p. 654 (two amendments) [5763 (No. 2)];
CR 6313, 5764 (6/5/2004), p. 488;
CR 6325, 5764 (21/6/2004), p.718 & 719 [5764 (No.2)];
CR 6339, 5764 (14.9.2004), p. 972 [5764 (No. 3)];
CR 6362, 5765 (18/1/2005), p. 335;
CR 6370, 5765 (17.2.2005), p. 438 [5765 (No. 2)];
CR 6431, 5766 (31/10/2005), p.53;
CR 6467, 5766 (12/3/2006), p.566 & 573 (two amendments) [Amendment 6467 (No. 2)];
CR 6528, 5767 (23/10/2006), p. 169;
CR 6560, 5767 (5/2/2007), p. 546 [5767 (No. 2)] (correction in CR 6572, 5767, p. 646);
CR 6663, 5768 (7/4/2008), p. 706;
CR 6680, 5768 (16/6/2008), p. 996 [5768 (No. 2)];
CR 6687, 5768 (6/7/2008), p. 1102 [5768 (No. 3)];
CR 6725, 5769 (30/11/2008), p. 140;
CR 6755, 5769 (18/2/2009), p.510 [5769 (No. 2)];
CR 6789, 5769 (30/6/2009), p. 1076 [5769 (No. 3)] (Correction in CR 6793, 5769, P. 1114);
CR 6841, 5770 (24/12/2009), p. 319 (correction in CR 6865, 5770, p. 756);
CR 6861, 5770 (25/1/2010), p. 676 [5770 (No. 2)] (correction in CR 6863, 5770, p. 7560;
CR 6970, 5771 (31/1/2011), p. 596;
CR 7014, 5771 (7.7.2011), p. 1154 [5771 (No. 2)];
CR 7026, 5771 (22/8/2011), p. 1298 [5771 (No. 3)];
CR 7089, 5772 (9/2/2012), p. 765;
CR 7198, 5773 (30/12/2012), p. 383;
CR 7257, 5773 (4/6/2012), p. 1294 [5773 (No. 2)];
CR 7352, 5774 (10/3/2014), p. 929;
CR 7433, 5775 (3/11/2014), p. 30;
CR 7560, 5776 (18/10/2015), p. 38 & 39 (2 amendments) (correction in CR 7622, 5776, p. 774);
CR 7644, 5776 (10/4/2016), P. 991 [5776 (No.2)];
CR 7657, 5776 (17/5/2016), p. 1140 [5776 (No.3)];
CR 7667, 5776 (2/6/2016), p. 1192 [5776 (No. 4)] (correction in CR7670, 5776, p.1342);
CR 7796, 5777 (30.3.2017), p. 923;
CR 9852, 5782 (29/12/2021), p. 1420.

By virtue of my authority under Section 36 of the Securities Law, 5728 – 1968 (hereinafter, the Law), and pursuant to the Authority's proposal and with the approval of the Knesset Finance Committee, I hereby enact the following regulations:

Chapter A: General Provisions

Definitions

1. In these regulations –

"Entity" – the entity preparing the reports, excluding a joint investment trust fund;

"Holding" and "Acquisition" – (deleted);

"Consolidated reports", "financial statements", "associate", "credit card company", "investee company", " generally accepted accounting principles in the United States (US GAAP) ", "accounting principles", " independent auditor", and "international auditing standards" – as defined in the Financial Statements Regulations;

"Related company" –

(1) a company, in which another company – that is not its parent company – invested a sum equal to twenty-five percent or more of the face value of the equity of the other company, whether in shares or in another form, excluding a loan given in the ordinary course of business which is not a shareholder loan;
(2) a company, in which another company – that is not its parent company – holds twenty-five percent or more of the face value of its issued share capital or of its voting power, or is entitled to appoint twenty-five percent or more of its directors;

"Principal shareholder", in an entity – (deleted);

"Convertible securities" – securities that can be converted into shares or that grant the right to acquire shares;

"Mutual fund", "fund manager" and "trustee" – as their meanings in the Joint Investment Trusts Law, 5721-1961;

"Senior officer", and "independent authorized signatory" – as defined in Section 37(d) of the Law;

"Companies Law" – (deleted);

"Financial statements" – (deleted);

"Director with accounting and financial expertise", "Professionally Qualified Director" – as their meaning in Section 240 (a1) of the Companies Law

"Independent director", "provision regarding percentage of independent directors" – (repealed).

"Expert outside director" – as defined in Companies Regulations (Rules Regarding Compensation and Expenses of an Outside Director), 5760-2000;

"Independent director", "public company", "merger" – as defined in the Companies Law;

"Quarter" – a period of three months ending on the last day of the third month (first quarter), the sixth month (second quarter), the ninth month (third quarter) and the twelfth month (fourth quarter) of the entity's fiscal year;

"Report day" – the final day of the first, second and third quarters;

"Interim financial statements" – the entity's consolidated financial statements prepared as of the report day, and with respect to an entity that is not required to prepare consolidated annual reports – the financial statements of that entity alone;

"Board of directors' report" – a report by the board of directors regarding the state of the entity, as its meaning in Regulation 10;

"Trading day" – any day on which trading on a securities exchange occurs, including days on which there is no trading due to closure under the provisions of Section 50 of the Law;

"Insurer" – as its meaning in the Financial Services Supervision Act (Insurance), 5741-1981;

"Report date" – the date on which the periodic report is signed;

"Reporting year" - the entity's latest accounting year ending prior to the report date;

"Financial Statements Regulations" – Securities Regulations (Annual Financial Statements), 5770- 2010;

"Controlling Party Transaction Regulations" – Securities Regulations (Transaction Between a Company and a Controlling Party of It), 5761-2001;

"Dormant shares" – as their meaning in Section 308 of the Companies Law or shares acquired by an entity controlled by another entity in accordance with Section 309 of the Companies Law;

"Merger" – (deleted);

"Shareholders Registry" – as its meaning in the Second Chapter of the Part Four of the Companies Law;

"Material valuation" – a valuation, conducted by the entity itself or by a third party (hereinafter: the appraiser) of an entity's asset, liability, agreement, equity, operations, revenues or expenses, of its associate the financial statements of which are attached to the entity's reports or of a guarantee beneficiary company, the financial statements of which are attached to the entity's reports, that are material to the entity's operations, and which served as the basis for the values of the data included in the report, including an update of a previous valuation which includes the stipulation that modification of the values of the data included in the report is unnecessary; for this purpose and that of Regulations 10(b)(8) and 37A1, "report" – a prospectus and any other report under the Law, excluding under Regulation 36 as well as any tender offer term sheet, as its meaning in Securities Regulations (Tender Offer), 5760-2000, and an outline as its meaning in Securities Regulations (Details of Outline of an Offer of Securities to Employees), 5760-2000;

"Key valuation" - "material valuation" – in this modification, "material" shall read as "key";

"Key valuation of a small entity" – with the following modifications: "which the entity undertook" shall read as "which the small entity undertook", in the phrase, "of an entity", the word "entity" shall be preceded by "small" and "material", shall read as "key" instead.

"Reference date" – 1 January of any reporting year;

"Internal auditor" – as its meaning in Chapter Four of Part 4 Four;

"Internal Audit Law" – the Internal Audit Law, 5752– 1992;

"Critical accounting estimate" – (deleted);

"*Pro forma* event" – any one of the following:

(1) a material business combination; a business combination is presumed to be material, if one of the following applies to it:

(a) The share of the acquired entity's profit or loss for the period or the results of the activity acquired over the past year, which can be attributable to the entity by virtue of its equity holdings in the acquired company or in the acquired activity, respectively, constitutes, in terms of absolute value, thirty percent or more of the entity's profit or loss for the period, which is attributable to the owners of the parent company during that same period in terms of absolute value, according to the latest financial statements of the entity and the acquired entity, respectively; for the purpose of this subparagraph, "share of the acquired entity's profit or loss for the period that can be attributable to the entity by virtue of to its equity holdings in the acquired company" – the share of the profits

based on the share of total holdings in the entity following the business combination, while taking into account the amortization of the acquired entity's assets and liabilities, based on their book value as of the date of acquisition, including the assets and liabilities of the acquired entity that were not recognized in the books of the acquired entity;

(b) The entity's share in the acquired entity or in the acquired activity, multiplied by the acquired entity's total assets or the total scope of the acquired activity, as applicable, based on their book value, as of the date of acquisition, including the assets and liabilities of the acquired entity that were not recognized in the acquired company's books, constitutes, in terms of absolute value, thirty percent or more of the entity's total assets, in terms of absolute value, according to the entity's and the acquired entity's latest financial statements; for the purpose of this subparagraph, the "share in the acquired entity or in the acquired activity"- the entity's share according to total percentage of holdings in the entity following the business combination;

(2) A material sale of securities or rights in an entity for which the financial statements were consolidated or proportionally consolidated in the financial statements of the entity, or a sale of a material share of the entity's activity; shall be presumed to be material, if the stipulations of paragraph (1) are met, *mutatis mutandis*; for this purpose, "sale" – including by way of transfer, forfeiture, distribution to shareholders or a split and including sale without consideration, and excluding a sale in which the share sold was reported prior to its sale as a separate operating segment or as discontinued operations, as their meaning in generally accepted accounting principles, provided that the data for the discontinued operations, were presented separately under generally accepted accounting principles.

"*Pro forma* statements" – as their meaning in Regulation 9A;

"*Pro forma* data" – quantitative or qualitative information regarding the effect of a *pro forma* event on the entity, with respect to a statement of comprehensive income, an equity statement and a cash flow statement, assuming that the *pro forma* event occurred at the beginning of the earliest reporting year for which data is included in the annual financial statements in which the *pro forma* data are included, and for the purpose of the statement of financial position, assuming that the *pro forma* event occurred on the report date of the statement of financial position; notwithstanding the above, in cases in which *pro forma* data are brought for business combinations that are treated as a retrospective adjustment of the financial statements, all the *pro forma* data shall be provided, according to the date for which the retrospective adjustment is carried out;

"Statement of comprehensive income", " the portion attributable to the owners of the parent company", "the portion attributable to non-controlling interest", "operating segment", "subsequent measurement" "investment property", "equity", "profit or loss", "profit or loss from discontinued operations", " entity's profits or losses attributable to the owners of the parent company", and "acquired entity" – as their meaning in generally accepted accounting principles;

"Credit card company" – (deleted);

"Business combination" – as its meaning in generally accepted accounting principles, including the acquisition of activity or investment property which generates revenues and expenses or the acquisition of an entity that holds a real estate asset that generates revenues and expenses by an inactive entity;

"Exchange-traded product (ETP) issuer" – a company, the mission of which is to issue exchange-traded products, as defined in Chapter IX of the Second Part of the TASE Rules, as well as structured products as defined in the Investment Advice Law;

"Debt securities" – as defined in Section 35A of the Law;

"Internal control" – internal controls over financial reporting and internal controls over disclosure;

"Internal control over financial reporting" – existing controls and procedures in an entity planned by the chief executive officer and the senior financial officer, or under their supervision, or by whoever serves in this capacity in practice, supervised by the entity's board of directors, which are designed to provide a reasonable level of security with respect to the reliability of financial reporting, and the preparation of the financial statements in accordance with legal provisions;

"Internal control over disclosure" – existing controls and procedures in an entity planned by the chief executive officer and the senior financial officer, or under their supervision, or by whoever serves in this capacity in practice, supervised by the entity's board of directors, which are designed to ensure that the information the entity is required to disclose in the periodical reports it files under the provisions of law is collected, transferred, summarized and reported on time in the format determined by law; internal control over disclosure includes, *inter alia*, controls and procedures designed to ensure that the information the entity is required to disclose under the provisions of law, is accrued and transferred to the entity's management, including to the chief executive office and the senior financial officer or whoever serves in this capacity in practice, in order to facilitate decision-making on the appropriate date, with respect to the disclosure requirements;

"Financial reporting" – financial statements and a *pro forma* report as it meaning in Regulation 9A, as well as interim financial statements and a *pro forma* report as its

meaning in Regulation 38B, as applicable; for this purpose, "financial statements" and "interim financial statements", excluding the attached financial statements and interim financial statements of an associate pursuant to Regulations 23 of the Financial Statements Regulations and Regulation 44 of those regulations, as applicable;

"Annual internal control statement" – as its meaning in Regulation 9b;

"Periodical reports" – a semi-annual report as its meaning in Regulation 5D(5), a periodic report as its meaning in Chapter B or a quarterly report as its meaning in Chapter D, as applicable;

"Management" - for the purpose of Regulations 9B and 38C – chief executive officer and other officers that the entity's board of directors determined to be management;

"Material weakness" - a deficiency or combination of deficiencies in the planning or implementation of internal controls, such that there is a reasonable possibility that materially misleading presentations in the entity's reports will not be prevented or uncovered in time;

"Material deficiency" - a deficiency or combination of deficiencies in the planning or implementation of internal controls which is not serious enough to constitute a material weakness, but serious enough to attract the attention of those charged with control over them;

"Other financial information included in the financial statements" – a projection, assessment, estimate or other information that must be included under any law, including generally accepted accounting principles and generally accepted reporting principles, in financial statements;

"Equity" – total equity after the deduction of the portion attributable to non-controlling interest, excluding with respect to the equity statement;

"Associate" – (deleted);

"Institutional body" – as defined in the Financial Services Supervision Law (Insurance), 5741 - 1981;

"Electronic Filing Regulations" - Securities (Electronic Signature and Filing), 5763- 2003;

"Debt restructuring statement" – a statement under Regulation 37T;

"Debt restructuring – a change in the terms of a deed of trust proposed to the public under a prospectus or that is traded on a securities exchange or that is listed for trading on it;

"Financial distress-related debt restructuring" - a debt restructuring arrangement designed to rehabilitate the company including an arrangement, which on the date the restructuring statement pertaining to it is published or a debt restructuring arrangement under Regulation 37U or 37V on a date between the said publication date and the date the debtholders' meeting that is convened to approve it, one of the following applies:

(1) Warning signals as defined in Regulation 10(b)(14)(a) are evident;
(2) In the independent auditor's review or opinion attached to the entity's financial statements for the final day prior to the publication of the statement attention is directed to the existence of material doubts regarding the continuation of the entity as a going concern;
(3) An application to order the liquidation of the entity or to appoint a liquidator, a temporary liquidator, a special administrative trustee or another position-holder is pending, or a said person has already been appointed and the appointment has not been revoked;
(4) An application to appoint a receiver or temporary receiver with respect to the bulk of the entity's assets or with respect to its material assets is pending, or a said receiver has already been appointed and his appointment has not been revoked;
(5) A lien has been placed on the bulk of the entity's assets or on its material assets and has not been revoked;
(6) The entity's debtholders, the trustee or the entity's other material creditors placed their debt for immediate redemption;
(7) Reasonable concern exists that the entity will not be able to meet its existing and anticipated liabilities, at the time these come due;

"Other Debt Restructuring" – one of the following:

(1) a debt restructuring arrangement solely to credit debtholders;
(2) a debt restructuring arrangement pertaining to an early cash redemption of debt securities for an amount which is no lower than the value of the principal plus interest and CPI linkage, should these exist, that have accrued up until the debt securities' redemption date;
(3) a debt restructuring arrangement pertaining to an immaterial modification of the terms of the debt securities;

"Companies Regulations" – Companies Regulations (Application for Compromise or Arrangement), 5762 – 2002;

"Prospectus Regulations" - Securities Regulations (Prospectus and Draft Prospectus Details – Structure and Format), 5729-1969;

"Petroleum property holding" – as defined in Section 19A of the First Schedule of the Prospectus Regulations;

"Petroleum Commissioner" – the Petroleum Commissioner as its meaning in Section 2 of the Petroleum Law, 5712 – 1952;

"Restated reports" – periodical reports which include the correction of a material error in the financial statements or interim financial statements;

"Public Offering Method Regulations" - Securities Regulations (Manner of Offering Securities to the Public), 5767-2007;

"Reporting period" – reporting quarter, semester or year, as applicable;

Applicability of the Regulations

2. (a) An entity, the securities of which have been offered to the public under a prospectus or trade on a securities exchange shall file reports to the Authority under the provisions of these regulations, as long as its securities continue to be held by the public.

(b) The reports shall be filed to the Authority in accordance with the Electronic Filing Regulations.

(c) The initial filing period for which an entity shall file periodical statements shall be the reporting period following the latest reporting period for which its periodical statements were included in the prospectus under which the entity's securities were initially offered to the public.

(c1) The initial reporting period for which a foreign entity whose securities were delisted from a securities exchange abroad as stipulated in Section 35AA of the Law, shall be the reporting period in which the securities were delisted from the securities exchange abroad. Should the entity continue to file under the provisions of Chapter E3 of the Law, during the six months following the delisting of its securities, as stipulated in Section 36(a2) of the Law, the initial reporting period, as stipulated in this sub-regulation, shall be the reporting period in which the said six-month period ends or the reporting period in which it discontinued filing under the said Chapter E3, the earlier of the two.

(d) The filing requirement which applies to an entity under Section 36 of the Law shall end on the date and under the conditions set in Chapter E1 (hereinafter – the filing requirement termination date).

(e) Notwithstanding the above in sub-regulation (d), the last period for which an entity shall be required to file periodical reports shall be the last reporting period that ended prior to the termination date of the filing requirement.

(e1) Notwithstanding the above in sub-regulation (e), an entity, the shares of which were acquired in a mandatory tender offer under Sections 336 through 338 of the Companies Law, or within the framework of another similar proceeding similar in nature to a mandatory tender offer, shall file a periodical statement for the quarter following the period stipulated in sub-regulation (e).

(f) (Repealed).

(g) (Repealed).

Material Error in Financial Statements and Interim Financial Statements

2A. (a) Should a material error be made in the financial statements or the interim financial statements, the entity shall publish a restated report, as applicable, no later than twenty-one days from the date the immediate report under Regulation 30B with respect to that error is published.

(b) The Chairman of the Authority, or whoever he authorizes for this in writing, may, in a reasoned written decision, extend the deadline for filing a restated report for a period as he instructs, if he was convinced that this is necessary or desirable under the circumstances, and may impose conditions on such extension.

Report Format

3. Reports shall be prepared in a format that is convenient for reading and its pages shall be numbered.

Report Information

4. (a) The reports shall include all the information specified in these regulations in the order specified; it is not necessary to mention the non-existence of a particular detail unless explicitly stated otherwise in these regulations.

(a1) Should a *pro forma* statement under Section 9A or Regulation 38 be published, pro *forma* statements with respect to the *pro forma* event that is the following reporting period in which the said *pro forma* statement was initially published, within the framework of the periodic or quarterly reports, as applicable, and with respect to the data included in these reports; a review or opinion of the independent auditor shall be attached to the *pro forma* statements.

(a2) Should the *pro forma* event be the acquisition of activity of an inactive company, which is treated as a retrospective adjustment of the entity's financial statements, or a business combination under the pooling of interests method, as its meaning in generally accepted accounting principles, the provisions of sub-regulation (a1) shall not apply.

(b) Should more than one person be considered a holder of certain securities, the holding of which is subject to a reporting obligation under these regulations, all the said holders shall be specified in the report, stipulating the number of securities, by class, held at that time by more than one person; the above stipulation in this subsection, shall not apply with respect to a holder that is a nominee company.

(c) The information specified in these regulations shall be provided, insofar as they pertain to the entity's business activity and are material to their proper presentation; without derogation from the above, any other information that could be important to a reasonable investor weighing an investment in the entity's securities shall also be provided.

ID Number of Listed Securities

4A. In each place in these regulations that reporting on a security listed on a securities exchange is required, the security's identifying number on the securities exchange price sheet shall be noted next the name of that security.

Required Signatures on a Report

5. Reports that must be filed under these regulations shall be signed by the authorized signatories on behalf of the entity under these regulations and next to each signature, the name of the signatory and his position in the entity shall be noted.

Incorporation by Reference

5A. (a) An entity may incorporate information required under these regulations by referencing that information as it was electronically filed in a report or in a prospectus legally submitted by the entity (in this regulation – "another report") and the following provisions shall apply:

(1) Information from another report shall not be incorporated by reference if four years have passed from the date of that report until the date of the referencing report;

(2) Information from another report shall not be incorporated by reference in which that information is also incorporated by reference;

(3) Information shall not be incorporated by reference if this could be misleading or cause unclarity;

(4) Information from another report shall not be incorporated by reference if that report was not legally filed;

(5) The reference shall be made explicitly and shall note the type of report being referenced, the date of that report and the date that it was published, the chapters or sections being referenced and the issue being referenced, while explicitly stating that the information is incorporated by reference;

(6) Information regarding any development or update to the information incorporated by reference shall be provided;

(7) If the information incorporated by reference is of a type that prior consent is required for its inclusion in a report, a renewal of the said consent shall be provided covering its incorporation by reference as well.

(b) The provisions of this regulation shall not apply to an entity or an officer of it that was convicted of an offense under the Law pertaining to the violation of reporting obligations applicable to it in the three years preceding the report's publication date.

Opinion, Report or Confirmation

5B. (a) The following shall also be provided for a report, opinion or certification (hereinafter: document), that was included in a report:

(1) the signature of the document giver, noting his name and the date of the signature;

(2) the giver's prior consent to the inclusion of the document in the report;

(3) Should a commitment to compensate the document-giver for the document be made – this fact shall be noted as well as the details of the reimbursement, including the identity of the compensator;

(4) the facts, assumptions, calculations and forecasts underlying the document on which the document-giver relied, the model serving the document, if there was one, and the reasons for selecting this model.

(b) Should the document fail to include the details stipulated in sub-regulation (a)(4), the entity shall provide them in a report.

(c) Should the date of the document precede the report publication date by more than 90 days, all of the following shall be noted in the report:

(1) the period that passed from the date of the document until the report publication date, noting that it exceeds 90 days;

(2) the changes that occurred following the date of the document that could alter the conclusions of the document and the entity's reasons for including it in the report notwithstanding these changes.

(d) The stipulations of this regulation shall not apply to –

(1) the independent auditor's opinion submitted under Regulation 9;

(2) a banking corporation or a credit card company'

(3) an insurer;

(4) a document provided in the report of an entity that has consolidated or proportionally consolidated a banking corporation or a credit card company or an insurer as long as the origin of this document is in the reporting of the banking corporation or the credit card company or the insurer, as applicable;

(e) Notwithstanding the above in this regulation, the provisions of Regulations 8B, 10(b)(8), 37A1 and 49 shall apply to a document that is a valuation.

Entities Considered to Be Small Entities

5C. (a) An entity shall be considered a small entity if the following conditions apply on the reference date:

(1) with respect to its shares or participation units held by the public, the following two apply:

(a) The value of the shares or participation units on the securities exchange was less than three hundred million NIS; for this purpose, "value of the shares or participation units on the securities exchange" – the average value of the entity's shares or its participation units, as applicable, in the period starting 60 days prior to the reference date; should the fluctuation rate of the index, of the latest index published

prior to the 1 January of a given year (in this sub-regulation – the update day) relative to the index on the previous update day, exceed 10%, the amounts determined in this sub-regulation shall be updated; an amount updated as stipulated, shall be rounded to the nearest whole NIS, and an amount of one half of a shekel shall be rounded up; the Chairman of the Authority shall publish the version of this sub-regulation as it is updated following the above; for this purpose–

"Previous update day" – the day on which the amounts determined in this sub-regulation are actually updated, and with respect to the initial update, the January 2014 index;

"Index" – the consumer price index published by Israel's Central Bureau of Statistics;

(b) The entity is not a constituent of one of the securities exchange's leading capitalization-weighted share price indices;

(2) (Deleted);

(3) With respect to an entity that issued debt securities, which are held by the public – the par value of the debt securities in circulation be less than two hundred million NIS;

(4) Its securities are not traded on a securities exchange.

(b) Notwithstanding the above stipulated in sub-regulation (a)(1)(a) -

(1) An entity shall not be considered a small entity solely due to the said sub-regulation if on the last reference date preceding the reference date, the value of the shares or participation units on a securities exchange came to NIS 300 million or more, and on the reference date was greater than NIS 250 million;

(2) An entity shall be considered a small entity if on the last reference date preceding the reference date, the value of its shares or participation units on the securities exchange was less than NIS 300 million, and on the reference date was less than NIS 350 million.

Relief for Small Entities

5D. (a) A small entity shall report according to this regulation in whole or in part as it chooses;

(b) The following shall apply to a small entity, as stipulated in sub-regulation (a):

(1) For the purpose of attaching a key valuation –

(a) In Regulation 8B, "key valuation" shall read as "key valuation of a small entity" instead;

(b) In Regulation 49, "key valuation" shall read as "key valuation of a small entity" instead;

(2) With respect to the attachment of an associate's financial statements, in Regulation 44, "twenty" shall read as "forty" instead;

(3) (Deleted);

(4) For the purpose of reporting on the effectiveness of internal controls –

(a) in Regulation 9B –

(1) The provisions of sub-regulations (a) through (c) shall not apply;

(2) In sub-regulation (d), "shall be attached to the annual internal control statement" shall read as "entity shall attach to the periodic report" instead;

(b) in Regulation 38C –

(1) The provisions of sub-regulations (a) and (b) shall not apply;

(2) In sub-regulation (d), "shall be attached to the quarterly internal control statement", shall read as "entity shall attach to the periodic reports" instead;

(c) in the Ninth Schedule –

(1) Items 2(a)(4), (b)(4), (c)(4), and (d)(4) shall read as "I disclosed to the entity's independent auditor, the entity's board of directors and the board audit committee, any fraud, whether material or immaterial, in which the chief executive officer or his subordinate is directly involved, or in which other employees with significant positions in financial reporting or in their disclosure and control are involved;

(2) Items (2)(a)(3), (b)(3), (c)(3) and (d)(5).

(5) With respect to the obligation to file a quarterly report of an entity in which the public does not hold debt securities issued by it –

(a) The entity shall submit a semi-annual report instead of a quarterly report that shall include the information required under Chapter D for the half-year period ending on the final day of the sixth month, and Regulations 39 through 49 shall apply as applicable; for the purpose of Regulations 39-49, "the report day" – the final day of the second quarter;

(b) Unless stated otherwise, wherever quarterly information is required under these regulations, the entity shall provide semi-annual information *mutatis mutandis*;

(c) If the entity's reports are provided in the reports of another entity, the other entity must provide the reports under the law applicable to it and the following provisions shall apply:

(1) If the entity is a guarantee beneficiary company, Regulation 19(g)(1) of the Financial Statements Regulations shall not apply;

(2) If the entity is an associate, Regulation 23(k) of the Financial Statements Regulations shall not apply;

(d) In Regulation 4(a1), "the three reporting periods" shall read as "the subsequent reporting period" instead and "the semi-annual" shall precede "periodic reports";

(e) In Regulation 9A(a1), "of three months" shall read as "of six months" instead and "the quarterly report" shall be replaced by "the semi-annual report";

(f) In Regulation 38B –

(1) In sub-regulation (a), "of three months" shall read as "of six months" instead;

(2) In sub-regulation (a1), "of three months" shall read as "of six months" instead and "within 90 days" shall be replaced by "within 180 days";

(g) In Regulation 56 of the Prospectus Regulations –

(1) In sub-regulation (a), "in sub-regulations (b), (c) or (d) as applicable" shall read as "in sub-regulation (c);

(2) In sub-regulation (c), "three months" shall read as "six months".

Additional Provisions for Small Entities

5E. (a) Without derogating from the provisions of these regulations, a small entity shall submit an immediate report regarding the following events as well:

(1) its becoming a small entity or discontinuation of its being a small entity, specifying the date on which it shall be entitled to begin reporting under Regulation 5D or will be obligated to discontinue reporting under it;

(2) the entity's decision with respect to discontinuation of reporting under Regulation 5D, specifying which provisions of the said regulation it has chosen to implement and the date their implementation was discontinued;

(3) any modification of the entity's decision stipulated in paragraph (2);

(a1) The provisions applied to entities which are not small entities, in whole or in part as applicable, shall apply to an entity that has decided not to report under Regulation 5D in whole or in part, and the entity shall not be entitled to report under the said regulation, in whole or in part as applicable, in that reporting year;

(b) A small entity shall disclose its being a small entity; should the small entity choose not to report under Regulation 5D, in whole or in part, it shall disclose this, specifying which of the said Regulation's provisions it has chosen not to implement; the said disclosures shall be provided in bold on the first page of each periodical statement in which the entity was considered a small entity;

(c) Notwithstanding the above in these Regulations, an entity, which prior to reference date was a small entity and on the reference date is no longer

considered a small entity, may continue to report under Regulation 5D, if it so reported while being a small entity, up until and including the quarterly report for the quarter ending on 30 September of the reporting year in which its status as a small entity was discontinued.

(c1) Should an entity reporting under Regulation 5D(b)(5) undertake a public offering of debt securities, it may continue to report under that regulation for the reporting period ending within twelve months of the date of the public debt securities offering.

(d) An entity which is not a reporting entity, shall submit a report as stipulated in sub-regulation (a)(1), on the date of it becoming a reporting entity *mutatis mutandis.*

Chapter B: Periodic Reports – Filing Date and Details

6. (Repealed).

Report Filing Date

7. (a) The entity shall submit a periodic report annually, within three months of the end of its reporting year, provided that the report is submitted fourteen days or more prior to the date set for convening the general meeting in which the entity's financial statements are submitted or within three days of the date entity's independent auditor's opinion about the entity's audited financial statements is signed, the earlier of the two.

(b) The signature date on the periodic report shall not precede the date on which the report is filed with the Authority by more than three days.

Details of the Periodic Report and its Format

8. (a) In the periodic report, the documents and details outlined in this chapter shall be presented together and a table of contents shall be attached.

(b) The periodic report shall be divided into five chapters[2] in the following order: description of the entity's businesses; board of directors' report on the state of the entity's affairs; financial statements; additional information about the entity; a statement on the effectiveness of internal controls over the financial reporting and disclosure.

Description of the Entity's Businesses

8A. A description of the entity and its business development over the past year shall be provided, in accordance with the information and principles articulated in the First Schedule of the Prospectus Regulations, *mutatis mutandis* and wherever "prospectus" appears in the schedule, it shall read as – report instead.

Valuation

[2] With respect to the effective date for the need for the fifth chapter (the last stated in the regulation), regulations.

8B. (a) Should a key valuation serve as the basis for determining the data values in a periodic report, including a determination that there is no need to change the said data values, the entity shall attach the key valuation to the periodic report.

(a1) Notwithstanding the stipulations of sub-regulation (a) –

(1) Should an entity publish a valuation of a pledged asset or data from a said valuation, the updated valuation shall be attached to each periodic report following the said publication date up until the debt securities' redemption date, even if it is not a key valuation; the said valuation shall be prepared pursuant to this regulation and shall describe the material changes between it and the last valuation of the pledged asset published by the entity;

(2) Should the valuation of a pledged asset serve as the basis for determining the data values in the entity's reports, including an update of a previous valuation and including for a determination that there is no need to modify the said data values in the reporting with respect to the said asset, the valuation shall be attached to the report, even if it is not a key valuation; the provisions of this regulation shall apply to the said valuation, *mutatis mutandis*, and the material changes that took place between it and the last valuation of the pledged asset published by the entity shall be described, even if disclosure of these changes is not mandatory under Sections 3(e) and 5 of the Third Schedule;

(3) For the purpose of this sub-regulation –

"Publication" – including in reporting as its meaning in the definition of "material valuation", including under Regulation 36;

"Pledged asset" – an asset pledged to secure the entity's liabilities under the terms of a debt security, excluding an asset pledged within the framework of a current pledge placed on all the entity's assets;

(b) In a valuation, expression shall be given to, *inter alia*, the following:

(1) details of the entity's organ that made the decision to contract with the appraiser; for this regulation, "organ" – as its meaning in Section 46 of the Companies Law, including the audit committee, the chief financial officer and any other of the entity's officers;

(2) the existence of dependency between the entity and the appraiser; and if dependency exists – the entity shall note its nature and explain why that said appraiser was preferred over other independent appraisers;

The provisions of this sub-regulation shall not apply to valuations conducted in-house by the entity.

(c) Notwithstanding the stipulations of Regulation 5A(a), an entity may also incorporate a key valuation by reference to a key valuation that was made public

by the entity on another electronic filing, provided that the key valuation is prepared according to these regulations; Regulation 5A(a)(1) shall not apply to said incorporation.

(d) A valuation attached to a periodic report shall include all the issues stipulated in the Third Schedule as well as any other material information that is important to a reasonable investor; should the valuation fail to include all the said information; the entity shall complete this information in the periodic report.

(e) Should the valuation be in a language other than Hebrew, a Hebrew translation shall be included, certified by the translator as to its adequacy as well as his consent to include the translation and the certification in the periodic report;

(f) Should the valuation's validity date precede the periodic report's publication date by more than 90 days, all of the following shall be noted in the periodic report:

(1) the period that has passed since the validity date up until the periodic report publication date, noting that this exceeds 90 days;

(2) changes that have occurred subsequent to the validity date that could alter the conclusions of the valuation, and entity's reasons for including it, despite these changes, in the periodic report.

In this sub-regulation, "validity date" – the date to which the valuation refers.

(g) The provisions of sub-regulation (a) shall not apply to a key valuation conducted in relation to a legal claim, the balance of client debt or inventory balances, as well as a key valuation that served as the basis for determining data values an associate's reporting, excluding an associate, the financial statements of which have been attached to the entity's reports under Regulation 44 or Regulation 23 of the Financial Statements Regulations.

(h) The Authority may exempt an entity from attaching a key valuation, in whole or in part, if it is convinced, after hearing the entity's claims, that such an exemption will not impinge on the interests of the investing public.

(i) Should a material valuation or a key valuation serve to determine the data values in a periodic report, including a determination that there is no need to modify the said data, expression to all of the following shall be given in a table:

(1) identification of the subject of the valuation (the asset, liabilities, contract, equity, activity, revenues or expenses, as

(2) the timing of the valuation;

(3) the value of the subject of the valuation proximate preceding the valuation date, if the generally-accepted accounting principles, including depreciation and amortization, would not have necessitated changes in its value according to the valuation;

(4) the value of the subject of the valuation determined in the valuation;

(5) identity of the appraiser and his characteristics, including educational background, experience in conducting valuations for the accounting purposes of reporting entities of similar or greater scope to those of the reported valuation, and the dependence on

the party ordering the valuation, including reference to indemnity agreements with the appraiser;

(6) the valuation model used by the appraiser (DCF, comparable company analysis, Black & Scholes contingent claims model, etc.);

(7) the assumptions under which the appraiser conducted the valuation, in accordance with the valuation model, including:

(a) discount rate (or weighted average cost of capital (WACC));

(b) growth rate;

(c) percentage of the salvage value relative to the total determined in the valuation (terminal value);

(d) standard deviation;

(e) prices serving as the basis for comparison;

(f) number of bases of comparison.

Qualifications to the Applicability of Regulations 8(b), 8A and 8B

8C. The provisions of Regulations 8(b), 8A and 8B shall not apply to –

(1) a banking corporation;

(2) an insurer;

(3) information in the periodic report of an entity that has consolidated a banking corporation or of which a banking corporation is an associate, insofar as this information pertains to the banking corporation;

(4) information in the periodic report of an entity that has consolidated an insurer or of which an insurer is an associate, insofar as this information pertains to the insurer;

(5) information in the periodic report of an entity that has consolidated a special entity or of which a special entity is an associate, insofar as the following two conditions apply:

(a) it pertains to the special entity;

(b) it does not have to be disclosed under the foreign law applicable to the special entity.

(c) In this paragraph, "special entity" – an entity to which Chapter E3 of the Law applies;

In this regulation, "banking corporation" – including a credit card company.

Financial Statements

9. (a) The entity's annual financial statements as of for the date on which the entity's reporting year ended (hereinafter –the statement of financial position date) shall be provided, according to the Financial Statements Regulations.

(b) The opinion of the entity's accountant of the entity's audited financial statements shall be provided, including as well confirmation that they were prepared in accordance with the provisions of sub-regulation (a).

(c) The company accountant's opinion, as stipulated in sub-regulation (b), for each company the financial statements of which are attached to the entity's financial statements, of the financial statements of the companies whose financial statements were attached as stipulated.

(d) An opinion as aforesaid in sub-regulations (b) and (c) shall bear the date of the accountant's signature.

(e) The statements shall be signed, on behalf of the entity, by the chairman of the board of directors, the chief executive officer or whoever serves in this capacity in the entity, even if he has a different title, including someone serving as acting chief executive officer in his absence and the senior financial officer, or by a member of the board of directors authorized by the board to substitute any one of these for the purpose of signing the financial statements for a given date, and the provisions of Regulation 5 shall apply; the provisions of this sub-regulation shall not apply to the financial statements of an associate or a guarantee beneficiary company which is not a reporting company, that were attached to the entity's reports.

Pro Forma Report

9A. (a) Should a *pro forma* event occur in the reporting year, subsequent to the report of financial position date and up util the date the financial statements are approved or, if it is almost certain that the *pro forma* event shall be completed within a three-month period following the date the financial statements are approved, provided that this completion is not contingent on material conditions, the following shall be provided in the periodic report with an independent auditor's opinion of these *pro forma* data attached, and the assumptions underlying their preparation attached as well:

(1) a statement of financial position, incorporating the effect of the *pro forma* event, for the end of the reporting year, unless full expression was given to the *pro forma* event in the entity's statement of financial position (of)[3] the entity as of the end of the reporting year;

(2) a statement of comprehensive income, incorporating the effect of the *pro forma* event (hereinafter- *pro forma* statement of comprehensive income) for each one of the reporting years for which data is included in the entity's financial statements; an entity presenting details of income and expenses that were recognized during the period in two separate statements shall also include a statement presenting the components of the *pro forma* profit or loss appearing in the *pro forma* statement of comprehensive income; should the estimated data fail to adequately reflect

[3] The word "of" was not included in Amendment 5770 (No. 2), but it appears that it was left out by mistake from the text of the amendment.

the effect of the *pro forma* event on the entity, the data contained in the *pro forma* statement of comprehensive income shall be provided solely for the part of the reporting years for which data are included in the financial statements, such that the *pro forma* data shall adequately reflect the effect of the *pro forma* event on the entity, provided that the data for the last reporting year as well as the entity's explanations as to why part of the data were not included as stipulated above;

(3) an additional financial statement, including an equity statement and a cash flow statement, as demanded by the Authority or by an employee it authorized for this purpose;

(4) The *pro forma* statements shall be prepared according to the Financial Statements Regulations, *mutatis mutandis;*

(5) Notwithstanding the above in paragraph (4), the notes to the data incorporated in the *pro forma* statements shall be provided only insofar as these are necessary for the statements' comprehension;

(6) If the *pro forma* event is the acquisition of activity by an inactive entity, instead of the *pro forma* data stipulated in paragraphs (1) through (5), the following *pro forma* data shall be provided in the periodic report, with an independent auditor's opinion attached, as well as the assumptions underlying their preparation attached:

(a) a statement of financial position incorporating the effect of the *pro forma* event on each one of the reporting years for which data is included in the entity's financial statements;

(b) a statement of comprehensive income, an equity statement and a cash flow statement, incorporating the effect of the *pro forma* event on each one of the reporting years for which data is included in the entity's financial statements;

(c) The *pro forma* statements shall be prepared according to the Financial Statements Regulations, *mutatis mutandis;*

(a1) Notwithstanding the above in sub-regulation (a), should a *pro forma* event take place following the date of the statement of financial position and up until the date the financial statements are approved, or if it is almost certain that the *pro forma* event shall be completed within three months following the date the financial statements are approved and its completion is not contingent on material conditions, the entity may publish the *pro forma* statement in an immediate report within 90 days of the *pro forma* event date or its completion, as applicable, or within the framework of a quarterly report for the period in which the *pro forma* event took place, the earlier of the two.

(a2) The *pro forma* data shall be provided in a table that shall include three columns as follows:

(1) a column presenting the entity's actual data, prior to the *pro forma* event;

(2) a column including the adjustments for the *pro forma* data;

(3) a column presenting the *pro forma* data.

(b) Should the Chairman of the Authority, or whoever he authorized in writing for this purpose, be convinced that the information important to a reasonable investor weighing the purchase or sale of the entity's securities, may order the publication of a *pro forma* statement even in cases that do not constitute a *pro forma* event, in a manner instructed by him, and including by way of publishing an immediate report.

(c) The Chairman of the Authority, or whoever he authorized in writing for this purpose, may extend the deadline for submitting *pro forma* data, for a period he instructs, if he is convinced that this is necessary or desirable under the circumstance, and he may place conditions on such extension.

(d) Should the Chairman of the Authority, or whoever he authorized in writing for this purpose, be convinced that, under the circumstances, the *pro forma* data does not add important information on the content of the entity's financial statements, the inclusion of the said data could be misleading, or that their presentation is significantly problematic given their lack of availability or limited reliability, he may exempt the entity from presenting *pro forma* data in a *pro forma* statement, in whole or in part, and he may impose conditions on the exemption, including setting disclosure requirements with respect to the additional information or determining an alternative presentation of the information required under this regulation.

(d1) Notwithstanding the above in sub-regulation (a), if the *pro forma* event is a business combination, in which only one entity is acquired (in this sub-regulation – the acquired entity) by an inactive entity, that inactive entity may attach the financial statements of the acquired entity, prepared according to the Financial Statements Regulations, *mutatis mutandis*, instead of providing *pro forma* data.

(e) Should the Chairman of the Authority, or whoever he authorized in writing for this purpose, be convinced that it is necessary for the sake of fair disclosure, he may demand that the financial statements of a company acquired in a material business combination be attached to the entity's financial statements.

Statement on the Effectiveness of Internal Controls Over Financial Reporting and Disclosures

9B.[4] (a) An entity shall attach an annual statement regarding the board of directors' and management's assessment of the effectiveness of internal controls to its periodic report, according to the format stipulated in item 1(a) of the Seventh Schedule.

[4] With respect to the effective date and the applicability of Regulation 9B, see the effective and applicability provisions to the 5770 amendment at the end of this regulation.

(b) In the annual internal control statement, reference to the following shall be made, as specified below:

(1) A disclosure shall be provided as to whether the internal controls are assessed as being effective; with respect to this, should a material weakness be found in one of the following components of internal control: entity-level controls; information technology general controls (ITGC) and controls on key processes for financial reporting and disclosure, the internal control shall be considered ineffective;

(2) Should initial disclosure of a material weakness be given in the annual internal control statement, and that material weakness has not been corrected as of the date of the following annual internal control statement, the entity's reports from that date onward shall be considered to be illegally prepared; in this regulation, "reports" – as their meaning in Regulation 8 or 38A; the Chairman of the Authority, or whoever he authorized in writing for this purpose, may exempt an entity from the provisions of this paragraph, and may impose conditions on this exemption, if he is convinced that under the circumstances, the entity was unable to correct the material weakness by the said date; should such an exemption be granted – details about this fact shall be provided in the annual internal control statement;

(3) Should the internal control system be assessed to be ineffective, all the existing material weaknesses of the internal control system as of the reporting date, the date of their initial disclosure, their impact on financial reporting and disclosure, the actions taken up until the reporting date to correct the said material weaknesses, as well as the schedule and actions the entity intends to take to complete this correction, shall be specified. In addition, the actions taken by the entity to ensure that despite the existing material weakness, its reports were legally prepared;

(4) All material weakness that were corrected over the course of the reporting period up until the reporting date, including the date of the report in which they were initially reported shall be specified, excluding material weaknesses that were discovered and corrected within the latest reporting period;

(4a) Information shall be provided regarding the way in which the effectiveness of the internal control system was assessed by the company and the scope of the assessment. In this context, information regarding the scope of work on the effectiveness assessment, including components of the internal control system assessed by the management under

the supervision of the board of directors within the framework of assessment of internal control effectiveness;

(5) The entity may include a in the annual effectiveness of internal control statement additional information regarding significant deficiencies discovered in the internal control system as of the date of the report.

(c) A report by the entity's independent auditor, as its meaning in Chapter Five of the Companies Law (hereinafter: the Auditor), that shall include his opinion regarding the effectiveness of internal control over financial reporting, and regarding material weaknesses identified by the internal control system, including those that were not given proper disclosure in the board of director's and management's assessment as specified in the annual internal control statement; with respect to this, an opinion regarding the effectiveness of internal controls, which addresses each one of the components of the internal control system: entity-level controls; information technology general controls (ITGC) and controls on key processes for financial reporting and disclosure, shall be considered an opinion on the effectiveness of internal control over financial reporting;

(c1) Sub-regulation (c) shall not apply to an entity for which five years have yet to pass from the time it became a reporting entity unless during the three years preceding the date of the report, a controlling party of the said entity was convicted of an offense under the Law or is not entitled to serve as a director in a public company under Sections 226 and 226A of the Companies Law; the entity shall disclose the inapplicability of sub-regulation (c) to it.

(d) The following declarations shall be attached to the annual internal control statement:

(1) a declaration signed by the chief executive officer, worded as specified in item 2(a) of the Ninth Schedule;

(2) a declaration signed by the most senior financial officer, worded as specified in item 2(b) of the Ninth Schedule;

The declarations stipulated in this sub-regulation do not detract from the liability of their signatories or the liability of any other person, under any law.

(e) The provisions of this Regulation shall not apply to-

(1) baking corporations;

(2) institutional bodies.

(f) The Chairman of the Authority may instruct that the reporting regarding the effectiveness of the internal controls of a certain entity be according to a format determined in another law or another arrangement, if it is convinced that, under the circumstances, a different law or different satisfactory arrangement applies to the entity; in addition, he can impose conditions on the said provision or determine that the transitory provision not apply on a said entity.

(f1) Should the entity consolidate a banking corporation or an institutional body, it may, with reference solely to that banking corporation or institutional body, implement the provisions of sub-regulation (f2); notwithstanding the above in this sub-regulation, the Chairman of the Authority may prohibit a certain

entity from implementing the provisions of this sub-regulation, for reasons that shall be articulated in detail.

(f2) With respect to an entity that has elected to implement the provisions of this sub-regulation, and which meet the conditions stipulated in sub-regulation (f1), the following provisions shall apply:

(1) The annual internal control statement, as stipulated in sub-regulations (a) and (b) and the Auditor's opinion stipulated in sub-regulation (c) of the consolidating entity shall address the effectiveness of the internal controls of the banking corporation or institutional body, according to the format set in the other law applicable to them on this subject;

(2) The entity implemented the provisions of paragraph (1) with respect to all the banking corporations or institutional bodies consolidated in its financial statements;

(3) The entity shall continue to implement the provisions of this sub-regulation in subsequent periods as well;

(4) The Chairman of the Authority may approve that a certain entity may deviate from the provisions of paragraphs (2) or (3), if he is convinced that such deviation is warranted under the circumstances.

(g) Notwithstanding the above in sub-regulation (e), reports, executive declarations and the Auditor's report pertaining to the internal control effectiveness assessment, which they are required to file by virtue of the laws applicable to them, shall be attached to the periodic report of a banking corporation or an institutional body.

Separate Financial Statement of an Entity

9C. Financial data from the entity's consolidated financial statements attributable to the entity itself as the parent company shall be provided in the periodic report, with the Auditor's opinion attached, in addition to any material information that is important to a reasonable investor for the comprehension of the entity's financial position, its operating results and its cash flow, or that may influence economic decision-making pertaining to the entity, as articulated in the Tenth Schedule.

Schedule of Liabilities According to Redemption Dates

9D. (a) An entity shall attach a statement regarding the reporting entity's schedule of liabilities and those of the companies consolidated in its financial statements, by referring to the reporting form as defined in the Electronic Filing Regulations, as specified below:

(1) With respect to the liabilities of a reporting entity, as a distinct legal personality, the following shall be specified –

(a) debt securities issued the reporting entity and held by the public, excluding said debt securities held by the parent company of the reporting entity, a controlling party of the reporting entity, entities controlled by these or controlled by the reporting entity;

(b) debt securities and non-bank credit, as specified below:

(1) debt securities issued by the reporting entity, which are not held by the public, excluding said debt securities held by the reporting entity's parent company, a controlling party of the reporting entity, entities controlled by these or controlled by the reporting entity;

(2) credit the reporting entity received from an individual or an entity which is not a banking corporation, excluding credit received from the issuer's parent company, a controlling party of the reporting entity entities controlled by these or controlled by the issuer;

(c) credit received by the reporting entity from a company that received a banking license under Section 4 of the Banking Law (Licensing), 5741-1981 (in this regulation – bank in Israel);

(d) credit the reporting entity received from a bank outside of Israel as defined in the Joint Investment Trust Law, 5754 – 1994 (in this regulation – bank abroad);

(e) Financial guarantees as defined in generally accepted accounting principles and obligations to grant credit extended by the reporting entity;

(2) With respect to the liabilities of the entity's consolidated companies, excluding said companies that are reporting entities in their own right, the following shall be specified –

(a) the total financial guarantees contract as defined in generally accepted accounting principles and the commitments undertaken by the consolidated companies to extend credit;

(b) credit and liability balances as specified below:

(1) credit that the consolidated companies received from banks in Israel;

(2) credit that the consolidated companies received from banks abroad;

(3) total debt securities issued by the consolidated companies;

(3) With respect to credit extended by companies in the group or debt securities held by companies in the group, the following shall be specified –

(a) credit that the reporting entity received from its parent company or from one of its controlling parties, and the total balances of debt securities issued by the entity, which are held by these;

(b) credit that the reporting entity received from companies controlled by its parent company or companies controlled by one of its controlling parties, which are not controlled by the reporting entity, and the total balance of debt securities issued by the reporting company, which are held by these;

(c) credit that the reporting entity received from companies consolidated in their financial statements, and the balances of debt securities issued by the reporting company, which are held by these;

(d) With respect to this sub-regulation, "group" – the reporting entity's parent company, a controlling party of the reporting entity, an entity controlled by these, which is not controlled by the reporting entity and the reporting entity's consolidated companies.

(b) The disclosure stipulated in this regulation shall be listed according to redemption dates, based on the cumulative sum of repayments under the terms of the contractual obligations, for each one of the four years, starting with the end of reporting period to which the financial statements refer, and aggregated for the fifth year and beyond; the disclosure shall distinguish between principal and interest payments, segmenting the liabilities by the terms of their linkage.

(c) This regulation shall not apply to parties enumerated in Regulation 8C, to an issuer of exchange-traded products or to issuers enumerated in Regulation 51(b) of the Prospectus Regulations, which no longer have material business activity beyond the offering of debt securities under the said regulation.

Board of Directors' Report

10. (a) The board of directors shall provide report on the state of the entity's affairs in the reporting year, which shall contain the board of directors' explanations about the state of the entity's business, its operating results, its equity and cash flow; the explanations shall address the manner events have affected financial statement data and the data provided in the description of the entity's operations, if the effect is material, as well as the reasons leading to the changes that have occurred to the state of the entity's affairs relative to the reporting years contained in the financial statements. The board of directors' report shall address the main data found in the financial statements and within the framework the description of the entity's

operations, which shall include additional information held by the entity with respect to the reporting year, and all if, in the opinion of the board of directors, these are important for a balanced understanding of the state of the entity's affairs by a reasonable investor weighing the purchase or sale of the entity's securities. The board of directors' report shall also include additional detailed information as specified in this regulation.

(b) The board of directors' report shall be prepared as stipulated below:

(1) The explanations shall address each one of the following topics:

(a) (Deleted);

(b) financial position;

(c) operating results;

(d) liquidity: Should the board of directors determine, for the purpose of examining warning signals as stipulated in paragraph (14), that a deficit in working capital or in the twelve-month projected working capital or an on-going negative cash flow from current operations does not indicate liquidity problems, it shall specify the tests it conducted and the reasoning behind this decision;

(e) sources of financing;

(e1) *pro forma* data included in the *pro forma* statement;

(f) (deleted);

(g) main data from the description of the entity's businesses;

(h) Insofar as possible, the topics mentioned in subparagraphs (b) through (g) - must be addressed separately for each area of operation included in the description of the entity's business or each operating segment included in the financial statements.

Within the framework of the above topics, the board of directors shall address the issues specified in the First Schedule, to the extent that these pertain to the entity, as well as other issues the board deems important to comprehending the entity's state of affairs, as stipulated in sub-regulation (a). Issues which do not pertain to the entity or which, in the board of directors' opinion, are immaterial or the absence of which does not impinge on the comprehension of the entity's state of affairs need not be addressed, nor is there a need to repeat information specified in the financial statements;

(2) Expression shall be given, *inter alia*, to the following:

(a) (deleted);

(b) the effect events and trends had on the entity's operations and its business environment and on the commitments the entity took upon itself with respect to the data contained in the financial statements;

(c) (deleted);

(d) extraordinary or non-recurring events;

(e) events that could indicate financial difficulties;

(f) the effect a joint venture, an investment in a company or investment in another entity, or an increase or decrease in the percentage of participation in a said venture or investment, had on the financial statement data, where the said effect is key;

(g) an explanation regarding the subjects to which the entity's accountant directed attention in his opinion on the financial statements;

(g1) In a statement in which a material error appearing in the financial statements was corrected, an explanation regarding the correction of the error, including details with respect to the following topics:

(1) referral to the disclosure included in the restated reports with respect to the correction of the error;

(2) a description of the material effects the error and its correction has on the entity's operations, including material exposures stemming from these; such effects can be, *inter alia*, with respect to the entity's meeting financial standards, its meeting the distribution tests under Article A of Chapter Two in Part Seven of the Companies Law, the entity's contracts with senior officers and other parties;

(3) a description of the impact the error and its correction have on the entity's financial position, including the going concern assumption;

(4) any other information demanded for understanding the error and the manner in which it was corrected;

(h) the impact of special agreements as their meaning in Regulation 20 of the Financial Statements

Regulations on the data contained in the financial statements;

(i) buyback programs reported by the entity during the report period or that are in effect as of the report date, specifying the manner in which the plans are being implemented; in this subparagraph, "acquisition" – as defined in the definition of "distribution" in the Companies Law, however "the company's shares or securities convertible into the company's shares or exercisable into the company's shares", shall read as "the company's securities" instead;

(3) material changes that have occurred to the entity's operations and businesses and the data in its financial statements, for each one of the reporting periods in the reporting year and particularly in the latest reporting period;

(4) (deleted).

(5) Reference shall be made to events occurring subsequent to the statement of financial position date, which are mentioned in the financial statements;

(6) The entity's policy pertaining to donation-giving, should one be set, as well as the integration of this policy into the entity's businesses shall be specified; the amount of the entity's donations during the reporting year shall be specified, noting material commitments to make donations in future periods. Should the amount of the entity's donations to a certain body exceed NIS fifty thousand in the reporting year, the nature of the relations, should they exist, between the beneficiary of the donation and company, a director, the chief executive officer, a controlling party of it or one of his relatives, shall be specified as well.

(7) Should one of the following apply, details regarding exposure to market risks and the way these are managed as stipulated in the Second Schedule shall be provided:

(a) A reportable segment, which is a financial operating segment was presented in the financial statements; for this purpose, "reportable segment" - as its meaning in generally accepted accounting principles;

(b) The entity engages in material financial activity; for this purpose, an entity shall be considered to engage in material financial activity should one of the following apply:

(1) The total value of the entity's financial assets the subsequent measurement of which is in fair value, constitutes at least fifty percent

of the entity's equity and ten percent of the entity's total assets in terms of absolute value, and all according to the entity's consolidated statements;

(2) The total value of the entity's financial liabilities, the subsequent measurement of which is in fair value, constitutes at least fifty percent of the entity's equity and ten percent of to the entity's total assets, in terms of absolute value, and all according to the entity's consolidated statements; in this regulation, "subsequent measurement" – as its meaning in generally accepted accounting practices;

(3) The results of a sensitivity analysis of one or more of the market risks to which the entity is exposed at the end of the reporting period, conducted according to generally accepted accounting principles, constitutes at least fifty percent of the entity's equity and ten percent of the entity's total assets, in terms of absolute value, and all according to the entity's consolidated statements;

(8) Significant gaps, should they exist, between the material assumptions, estimates and projections underlying a valuation, including a professional opinion, that was attached to a report in the three years preceding the report date, and the actual materialized results shall be specified, detailing the reasons for the gaps' creation and their effect on the value determined; for the purpose of Regulation 37A1, "professional opinion" – as its meaning in Regulation 15 of the Securities Regulations (Private Offering of Securities in a Listed Company), 5760-2000, or in Regulation 9 in the Controlling Party Transaction Regulations;

(9) Details pertaining to the directors with accounting and financial expertise shall be provided, as specified below:

(a) The minimum number of board members with accounting and financial expertise required, as determined by the board of directors under Section 92(a)(12) of the Companies Law (hereinafter – minimum number), and the reasoning behind the board's decision, addressing the obligations, authority and functions placed on the board of directors under law, taking, *inter alia*, the type of company, its size, scope of its operations and the complexity of its operations into consideration;

(b) Should the board of directors modify its determination with respect to the minimum number - during the reporting period – this modification shall be noted, and the board of directors' reasons for the modification shall be specified;

(c) With respect to a director deemed as having accounting and financial expertise, including an individual acting on behalf of a director that is an entity with accounting and financial expertise – his name shall be provided and his skills, educational background, experience and knowledge for which the company views him as having accounting and financial expertise, shall be specified;

(d) Should the number of directors with accounting and financial expertise fall below the minimum number, the reasons for this shall be specified, and the actions the company intends to reinstate the minimum number as well as the schedule set for this, shall be noted.

(9A) Details shall be provided with respect to independent directors, as stipulated below:

(a) Should the articles of association of a public company include a provision regarding the proportion of independent directors or did not include such a provision, this shall be noted; should the articles of association during the year be amended in a manner that repeals such a provision, this shall be noted;

(b) Should the articles of association of a public company include a provision as stipulated in subparagraph (a), while the percentage of serving independent directors falls below the required threshold, this shall be noted, as well as the actions the company intends to take to meet the said required threshold, including the schedule set for this;

(10) Updates regarding any possible event or issue to which Regulation 37A2(a) applies shall be provided;

(11) Details regarding the entity's internal auditor shall be provided, as specified in the Fourth Schedule; should the entity fail to have an internal auditor - the reasons for this shall be specified and the actions the entity intends to take pertaining to this shall be noted;

(12) Details regarding the entity's independent auditor shall be provided, as specified in the Seventh Schedule; with

respect to this, an auditor operating in Israel through the representative office or branch of an auditor operating outside of Israel, and the auditor operating outside of Israel shall be considered two separate auditors;

(13) Details regarding the entity's debt securities shall be provided, as stipulated below:

(a) With respect to debt securities held by the public as of the report date (hereinafter – debt securities in circulation), details regarding each series of debt securities as of the end of the reporting year shall be provided, as stipulated in Part A of the Eighth Schedule and for each series, it shall be indicated for each series whether it is material; for this matter – a series of debt securities shall be considered material if the entity's total liabilities under it, as of the end of the reporting year, as presented within the framework of the data under Regulation 9C, comprises five percent or more of the entity's total liabilities, as these are presented within the framework of the said data; in addition, a description and explanation shall be provided of events and material changes that have occurred subsequent to the statement of financial position date with respect to the said debt securities;

(b) Should the debt securities be fully redeemed in the reporting year or subsequent to it, this fact shall be noted; should the said debt securities be redeemed other than according to the original terms set in the deed of trust, the entity shall specify the reason for the redemption and the distinctions between the actual terms of redemptions and the terms set in the deed of trust shall be specified;

(14) With respect to an entity that has debt securities in circulation as of the date of its financial statements' publication, or has, on the date of its financial statements' publication, any obligation whatsoever pertaining to debt securities that were in circulation on the date of the statement of financial position, a reference to the issue of warning signals in the entity shall be provided as stipulated below:

(a) Should warning signs appear in an entity, the entity shall attach a disclosure regarding its projected cash flow in the format articulated in Parts B and C of the Eighth Schedule, and with respect to the disclosure, explanations shall be given

by the board of directors, as stipulated in subparagraph (A1); an examination of the warning signs under this subparagraph shall be conducted with respect to the entity's separate financial statements as their meaning in Regulation 9C (in this regulation – the separate statements), as well as with respect to its consolidated reports; in this paragraph –

"Disclosure regarding projected cash flow" – details regarding the entity's existing and anticipated liabilities that are scheduled for redemption in the two-year period starting at the end of the reporting year or on the date of the disclosure, as applicable, as well as specification of the financial resources from which the entity is expect to redeem the said liabilities, and all based on the financial information contained in the entity's separate statements;

"Warning signs" – one of the following:

(1) a deficit in shareholders' equity;

(2) an accountant's opinion or review as of the date of the statement, in which attention is drawn to the entity's financial position;

(3) a deficit in the working capital or the twelve-month projected working capital in conjunction with a prolonged negative cash flow from current activity;

(4) a deficit in the working capital or the twelve-month projected working capital or a prolonged negative cash flow from current activity, for which the board of directors has not determined that there is no indication of the entity having liquidity problems;

(5) an accountant's opinion or review as of the date of the statement, in which attention is drawn to significant concerns regarding the continuation of the entity as a going concern;

"Projected cash flow period" - two years starting from the end of the reporting year or from the statement date, as applicable.

(a1) Within the framework of the board of directors' explanation, the following shall be specified –

(1) The assumptions and assessments that were used in determining the feasibility of the data appearing in the disclosure regarding the projected cash flow, including market-dependent or macroeconomic data; the said assumptions and assessments shall not contradict the entity's budget, its strategy, its business decisions

regarding activity during the projected cash flow period or the data taken into consideration for testing the continuation of the going-concern assumption;

(2) Clarifications and examples shall be provided, if necessary for comprehending the sensitivity of the data in a disclosure to changes in market-dependent variables;

(3) Material financial resources supplementing those included in the disclosure, which can serve the entity if needed to redeem its liabilities during the projected cash flow period, shall be described in general;

(4) Timing gaps, should they exist, during the projected cash flow period in which the entity is expected to experience negative cash flows shall be described.

(a2) The entity's board of directors shall approve the selection of the sources included in the disclosure regarding the projected cash flow, the feasibility of the financial scope of each financial resource and the anticipated timing of its receipt.

(b) The provisions of subparagraph (a) shall not apply to -

(1) an entity that issued debt securities to the public, which during the public offering met the provisions of Regulation 51(b) of the Prospectus Regulations;

(2) an issuer of exchange-traded products;

(3) (deleted).

(c) With respect to an entity that prepared consolidated financial statements, the board of directors' report shall refer to these statements.

(c1) (Repealed).

(d) The board of directors' report shall be worded in clear and easy-to-understand language and shall be divided into topics as stipulated in sub-regulation (b)(1), however the board may combine explanations on intertwined subjects or issues, if, in its opinion, this contributes to the clarity of the board of directors' report.

(e) The board of directions of the entity shall approve the board of directors' report, at the time it approves the financial statements, unless the approval is of a corrected board of directors' report and the correction does not affect the data or disclosure provided in the financial statements and is not a result of a correction of the financial statements, and shall be signed by two – the chairman of

the board of directors or another director authorized by the board for the purpose of signing the board of directors' report as of a certain date and the chief executive officer, or whoever serves in this capacity in the entity even if his title differs, including an acting chief executive officer serving this capacity in his absence, and the provisions of Regulation 5 shall apply, *mutatis mutandis*.

(f) In this regulation and Regulation 48 –

"Twelve-month projected working capital" – as its meaning in generally accepted accounting principles;

"Exposure" – accounting or economic exposure;

"Accounting exposure" – market risk pertaining to equity, net profit or loss or cash flow values, contained in the entity's financial statements;

"Economic exposure" – market risk pertaining to the value of the entity or its cash flow;

"Market risk management" – the means undertaken by the entity to influence its exposure to market risk;

"Market factors" – including interest, exchange rates, prices of products and services traded on commodities markets, the prices of securities traded in Israel and outside of Israel, price indices and securities price indices;

"Market risk" – as defined in generally accepted accounting principles.

(15) (deleted).

Summary of Quarterly Statements of Comprehensive Income

10A. A table shall be provided in which the entity's statements of comprehensive income for each one of the quarters of the reporting year shall be summarized, in the format of interim financial statements; an entity specifying its recognized revenues and expenses in the period in two separate tables, shall also include a statement presenting the components of its profit or loss, as its meaning in generally accepted accounting principles, for each one of the quarters in its statement of comprehensive income.

Qualification to the Applicability of Regulations 10 and 10A

10B. The provisions of Regulations 10 and 10A shall not apply to –

(1) a banking corporation;

(2) an insurer;

(3) information in the entity's periodic report consolidating a banking corporation, insofar as this information relates to that banking corporation;

(4) information in the entity's periodic report consolidating an insurer, insofar as this information relates to the insurer;

(5) information in the entity's periodic report consolidating an entity to which the provisions of Chapter 3 of the Law do not apply (in this regulation – the Consolidated Entity), provided that the following two apply to the information:

(a) it relates to the Consolidated Entity;

(b) it does not necessitate disclosure under the foreign law that applies to the Consolidated Entity.

In this regulation, "banking corporation" – including a credit card company;

Use of Securities Proceeds

10C. (a) The use the entity has made of the proceeds from a securities offering under a prospectus recently published prior to the report date, addressing the objectives of the proceeds as articulated in the prospectus and the amounts necessary to attain each one of these objectives, the dates of their attainment and details regarding the phase in which the objectives still not attained are in; the amounts shall be determined according to the price level on the prospectus date, comparing them to the prices on the report date.

(b) Should one or more of the use-of-proceeds objectives mentioned in the prospectus not be attained or not be attained as per the projected schedule, this fact shall be noted and the reasons leading to this specified.

(c) Should the entity exercise a right that it reserved for itself in the prospectus to modify the objectives for which the proceeds were designated, the amounts necessary to attain one or more of these objectives or the schedule for their attainment, the details as they were modified shall be noted, and the specification articulated in this regulation shall relate to them.

(d) Details under this regulation shall be provided as long as the total proceeds from the offering have not been entirely expended and a report containing the specification of the use of proceeds has not been issued.

List of Investments in Subsidiaries and Associates

11. A list of the entity's investments as of the date of the statement of financial position in each one of its subsidiaries and associates shall be provided with the following details:

(1) the number or shares or convertible securities according to class, their face value, their value in the entity's separate financial statement as its meaning in Regulation 9C as of the date of the statement of financial position, the prices of the shares or convertible securities listed on a securities exchange as of the date of the statement of financial position, and if trading was not conducted on the date of the statement of financial position – as of the last trading date preceding it, and the percentage of shares and convertible securities held by the entity relative to the total securities issued of this class;

(2) the proportion of its issued shareholder equity, of its voting power and of its authority to appoint directors held by the entity;

(3) the balance of bonds and loans in the statement of financial position, their main conditions, including – redemption years, principal or interest linkage conditions and its indexation base, details regarding the rights to exchange bonds or loans for shares or other securities, and the proportion of exchange-listed bonds as of the date stipulated in paragraph (1).

Changes to Investments in Subsidiaries

12. (a) Details regarding changes to the entity's investment in any of its subsidiaries and associates during the reporting year shall be provided, including the dates the changes occur and the main conditions of the transactions relating to these changes.

(b) The said details shall be provided for changes in a company which, in the reporting year, has become a subsidiary or an associate, or that has discontinued being such a company.

Subsidiary and Associate Revenues and Income from Them

13. The total earnings of each one of the entity's subsidiaries and associates, in the latest reporting year ending on the date of the entity's statement of financial position or preceding it, as adjusted for the date of the statement of financial position; the information shall be provided, distinguishing between "profit or loss" and "other total profit", as its meaning in the generally accepted accounting principles; the following shall also be specified –

(1) the dividends and management fees the entity received up until the date of its statement of financial position from each said company for that accounting year as well as the said payment for the successive period, all adjusted to the date of its statement of financial position;

(2) the dividends and management fees the entity received following the date of its statement of financial position or to which it is entitled to receive from each of the said companies for that accounting year as well as the said payment for the period following this, while noting the payment dates;

(3) the interest the entity received or to which it is entitled to receive from each said company for that accounting year and for the subsequent period, while noting the payment dates.

List of Loans

14. (a) Should the provision of loans be one of the entity's main businesses – a list of groups of loan balances as of the date of the statement of financial position shall be provided, classified in the appropriate groups, according to the balance, noting the number of borrowers included in each group.

(b) Should a borrower receive more than one loan – all loans received by it shall be considered as a single loan for the amount of all the said loan balances.

(c) The provisions of this regulation shall not apply to a company or cooperative association engaged in receiving funds from current bank accounts in order to pay funds from them by check upon demand.

15.-19. (Repealed).

Securities Exchange Trading

20. Should securities issued by the entity be listed on a securities exchange during the reporting year, or should trading in them be suspended during this period – the asset class of the said securities and their face value shall be noted, and if trading in them has been suspended – the reason for the suspension shall be noted as well.

Compensation to Principal Shareholders and Senior Officers

21. (a) In the report, compensation given in the reporting year, as recognized in the financial statements for that reporting year shall be specified for all items enumerated in Parts B and C of the Sixth Schedule:

(1) each one of the, five most highly compensated senior officers of the entity or an entity controlled by it, if the compensation given was related to his tenure in the entity or the entity controlled by it, regardless if the compensation was given by the entity or by another party; should a person serve as a senior officer of more than one of the said entities, his cumulative compensation shall be taken into consideration;

(2) each one of the three senior officers with the highest compensation in the entity, for which the compensation given related to his tenure in the entity itself, if he was not among those listed in paragraph (1);

(3) each principal shareholder in the entity, which is not enumerated in paragraphs (1) or (2) excluding a subsidiary of the entity, if the compensation given by the entity or by an entity controlled by it related to the services it provided as a position-holder in the entity or in an entity controlled by it, regardless of whether an employer-employee relationship exists, and whether the principal shareholder is a senior executive.

(b) Solely with respect to the compensation of senior officers – in addition to the stipulated above in sub-regulation (a) and individually, a description shall be given of the compensation that was given them after the reporting year and prior to the date of filing the report, relating to their tenure or their engagement during the reporting year that was not recognized in the financial statements of the reporting year.

(c) For the purpose of this regulation –

"Salary" – including benefits included with the salary, such as vehicle allowance, telephone, social benefits, allowances for terminating the employer-

employee relationship, and any income attributed to the salary due to a component granted the employee;

"Compensation" – including a commitment to grant compensation, either directly or indirectly, and including a sum of cash or any kind of cash-equivalent, a salary, a grant, management fees, advisory fees, rent, commissions, interest, share-based payments, severance pay other than a retirement payment, benefit or any other bonus, and all with the exception of dividends;

"Share-based payment" – as its meaning according to generally accepted accounting principles.

Control of an Entity

21.A The name of a controlling party in the entity shall be noted, and if control was transferred during the period described in the report – the name of the person that was the controlling party in the said period.

Transactions with a Controlling Party

22. (a) To the best of the entity's knowledge, information shall be provided regarding a transaction, the approval of which a controlling party has a personal interest in, into which the entity has contracted in the course of the reporting year or on a date later than the end of the reporting year, up until the date of filing the report or that is still valid as of the report date, including the specification of the identity of the parties to the transaction, its content and qualitative and quantitative features, the personal interest the controlling party has in it, the date of its approval and details of the organ that approved the transaction; details shall be given while distinguishing between transactions enumerated in Section 270(4) of the Companies Law and other transactions; notwithstanding the above, should the transaction be negligible as the meaning of the term in Regulation 41(a)(6)(a) of the Financial Statements Regulations, the information enumerated in the said regulation shall be provided.

(b) In this regulation, "entity contracting" – including the entity's contracting by virtue of its control or contracting undertaken by one of the entity's related companies.

23. (Repealed).

Principal Shareholder and Senior Officer Holdings

24. (a) The shares and other securities shall be specified, to the best of the entity's knowledge, that each principal shareholder of the entity holds in the entity on the report date or on a date as approximate as possible to it, while specifying the name of each principal shareholder and the percentage of shares and each one of the entity's other securities held on the said date, fully diluted, as well as the face value of the shares in the entity that the entity has committed to sell to him.

(b) The holdings of a principal shareholder on the report date or a date as close to it as possible, shall be specified, to the best of the entity's knowledge, in the shares or other securities of one of the entity's investee companies, if its activity is material to the entity's operations.

(c) (Deleted).

(d) Dormant shares as well as securities that can be converted or exercised (hereinafter: convertible securities) into dormant shares of the entity or of its subsidiary or an acquiring entity, as its meaning in Section 309 (a) of the Companies Law (hereinafter: acquiring entity) shall be specified to the best of the entity's knowledge on the report date or a date as approximate as possible to it, specifying the name of the holder, the percentage of shares and each other of the entity's convertible securities held by it on the said date, fully diluted, and the face value of the entity's shares that it has committed to acquire or that the entity has committed to sell to it.

(e) For the purpose of this regulation, the entity and a senior officer holding the entity's securities shall be considered to be principal shareholders of the entity.

Registered Capital, Issued Share Capital and Convertible Securities

24A. The number of shares included in the entity's registered capital, the number of shares included in the issued share capital and the number of said shares after the deduction of dormant shares, shall be specified in the report, distinguishing between the number of shares with voting rights and the number of shares devoid of voting rights; in addition, the entity's convertible securities shall be specified.

Shareholders Registry

24B. The entity's shareholders registry shall be provided in the report.

25. (Repealed).

Registered Address

25A. The entity's registered address, its email address, as well as telephone and fax numbers shall be noted.

Entity's Board of Directors

(a) For each one of the entity's directors and alternate directors, the following shall be noted –

(1) his name;

(1a) his identity number

(2) his date of birth;

(3) his address for serving legal documents;

(4) his citizenship;

(5) his membership on a board of directors' committee or committees;

(6) whether he is an independent director or an outside director as defined in the Companies Law, whether he has accounting or financial expertise or professional skills, and whether he is an expert outside director;

(7) whether he is an employee of the entity, of its subsidiary of a related company or of a principal shareholder of it – the position or positions he serves as stipulated;

(8) the date his tenure as a director of the entity started;

(9) his educational background and work experience in the preceding five years, specifying the entities in which he served as a director; in specifying his educational background, the professions or fields in which he acquired formal education, the institution in which it was acquired and the academic degree or professional certification he holds;

(10) whether he, to the best of the entity's knowledge and that of its board of directors, is a relative of one of the entity's other principal shareholders, noting the details;

(11) whether he is a director, which the company considers to have accounting and financial expertise for the purpose of meeting the minimum requirements set by the board of directors under Section 92(a)(12) of the Companies Law.

(a1) Should a director, or alternate director be an entity (hereinafter – serving entity), the following details shall be noted in addition to the aforementioned in sub-regulation (a):

(1) the name of a controlling party of the serving entity;

(2) the place of the serving entity's incorporation and its identifying number in the place of incorporation;

(3) if the serving entity is a related company of the entity, details pertaining to the relationship;

(4) if a controlling party of the serving entity is a relative of a principal shareholder of the entity, details pertaining to the family ties;

(5) the names of the serving entity's principal shareholders;

(6) the name of the individual serving on behalf of the serving entity, including information about him as required in sub-regulation (a).

(b) The Authority may exempt the entity from the disclosure of certain information under sub-regulations (a) or (a1), if it sees that the circumstances so warrant.

Senior Officers

26A. With respect to each one of the entity's senior officers, for which details were not provided under Regulation 26, the following shall be noted:

(1) his name;

(1a) his identity number

(2) his date of birth;

(2a) the date his tenure began;

(3) the position he holds in the entity, a subsidiary of it, its related company or in a controlling party of it; should the

senior officer be an independent authorized signatory in the entity – this fact shall be noted;

(4) whether he is a principal shareholder of the entity or a relative of another senior officer or of a principal shareholder;

(5) his educational background and work experience in the preceding five years; in detailing the educational background of a senior officer, the professions or fields in which he acquired education, the institution in which it was acquired and the academic degree or professional certification he holds shall be noted;

Entity's Authorized Signatories

26B. The number of independent authorized signatories as determined by the entity shall be specified.

Entity's Independent Auditor

27. The name of the entity's independent auditor and the address of his office shall be noted. If, to the best knowledge of the entity, the independent auditor's accounting firm or his partner is a principal shareholder or a relative of a principal shareholder or a senior officer of the entity – the details shall be provided.

Changes to the Memorandum of Association or Articles of Association

28. Any change made to the entity's memorandum of association or articles of association made in the reporting year shall be provided.

Director Recommendations and Decisions

29. (a) Director recommendations to the general meeting and director decisions, which do not require general meeting approval, shall be provided:

(1) dividend payments or distributed otherwise, as defined in the Companies Law, or the distribution of bonus shares;

(2) changes to the entity's registered capital or issued share capital;

(3) changes to the entity's memorandum of association or articles of association;

(4) the redemption of redeemable securities, as their meaning in Section 312 of the Companies Law;

(5) early bond redemption;

(6) a transaction between an entity and a principal shareholder of it under non-market terms, excluding a transaction between an entity and its subsidiary.

(b) Decisions made by the general meeting which are not aligned with the board of directors' recommendations shall be provided for the issues specified in sub-regulation (a).

(c) Decisions made by an extraordinary general meeting shall be provided in the report.

Company Decisions

29A. The details of the company's decisions shall be provided in the report as follows:

(1) the approval of acts under Section 255 of the Companies Law, specifying the name of the officer and his position, the date of the act and its details, the date of the approval of the act, a description of the procedures used to approve the act and the reasoning behind its approval;

(2) an act under Section 254(a) of the Companies Law that was not approved, regardless of whether this was brought for approval as stipulated in Section 255 of the Companies Law, specifying the name of the officer and his position, the date of the act and its details, the date of the decision, a description of the procedures leading up to its not being brough for approval or its non-approval, and the reasoning behind this;

(3) transactions subject to special approval under Section 270(1) of the Companies Law, provided that it is an extraordinary transaction, as defined in the Companies Law;

(4) an exemption, insurance or commitment to provide compensation, which is valid on the report date, to an officer as defined in the Companies Law.

Chapter C: Immediate Reports – Their Filing Date and Details

Immediate Report and Their Filing Date

30. (a) An entity shall file an immediate report on the events specified in this chapter.

(b) The date for filling an immediate report – unless determined otherwise in these regulations, is:

(1) when an entity first learns of an event after 9:30 and before 17:00 on a given trading day – no later than 9:30 on the following trading day;

(2) when an entity first learns of an event –

(a) after 17:00 on a given trading day – no later than 13:00 on the following trading day;

(b) up until 9:30 on a given trading day – no later than 13:00 on that same trading day;

(c) on a day other than a trading day – no later than 13:00 on the closest trading day.

(3) In this regulation – "first learned of an event" – one of the following first learned of the occurrence of an event:

the chairman of the entity's board of directors, its chief executive officer, chief business officer, the entity's most senior financial officer; the entity's secretary, or whoever serves in a said position in the entity, even if his title differs.

(c) (Repealed).

(d) The day and time on which the event occurred and the day and time when the entity first heard of its occurrence, and the information specified below in this chapter shall be noted in the report.

(e) In any case, the immediate report shall be filed before the information contained therein, in whole or in part, was made public by the entity or by a senior officer of it. Should an immediate report be filed during the half-hour preceding the opening of trading or during the hours in which trading on the securities exchange on which the entity's securities are listed is conducted, the entity shall not publish nor otherwise cause the information therein to be made public, in whole or in part, unless it first published the report to the public on the Authority distribution site, as defined in the Electronic Filing Regulations.

Immediate Report Under Authority Demand

30A. Should information regarding an event, which is not specified in this chapter, come to the attention of the Authority, and the Authority holds the opinion that knowledge of it is important to a reasonable investor weighing the purchase or sale of the entity's securities, it may demand that the entity file an immediate report to the Authority about the said event, within a period of time as demanded by the Authority.

Immediate Report Regarding a Material Error in the Financial Statements or Interim Financial Statements

30B. (a) Should a material error be made in the entity's financial statements or interim financial statements, the following shall be provided in an immediate report:

(1) a description of the error;

(2) the date on which the entity became aware of the error;

(3) a referral to the financial statements or interim financial statements containing the error;

(4) a description of the line items that were affected by the error, including the monetary effect on each one of the them;

(5) a description of the correction of the error, including the sums for correcting the line items that were affected by the correction;

(6) Statement of the reports in which the error will be corrected and the schedule for publishing the restated reports.

(b) If the entity does not possess all the information required under sub-regulation (a)(4) or (5) on the date of immediate reporting, the report shall provide the entity's preliminary estimate regarding the said information and the exact required information shall be provided immediately after it is obtained.

Immediate Report at the Conclusion of a Securities Offering Program Template Period

30C. (Repealed).

Changes in Capital, Dormant Shares and the Entity's Other Securities

31. (a) Should a change occur in the entity's registered or issued share capital – the details of the said changes to the various categories of equity capital shall be provided, and the consideration given or that has yet to be given for the issued shares shall be noted.

(a1) Should the change in the number of shares in the issued share capital be less than 1% of the entity's issued share capital, it shall be reported in a summary report that shall be filed between the 1st and the 5th of each month following the month in which the said change occurred (in this regulation – Summary Report); details regarding each change shall be provided separately; however in these cases, the report shall be filed on the dates set in Regulation 30, even if the date for filing this Summary Report has not yet come:

(1) the cumulative change since filing the previous Summary Report came to 1% of the entity's issued share capital;

(2) a date of record for which certification of ownership as its meaning in the Companies Regulations (Proof of Ownership for Voting in the General Meeting), 5760 – 2000 or a date of record for the purpose of determining rights to interest, redemption, dividend, rights, bonus shares or any other right;

(3) the total cumulative change in the company's share capital following the increase or decrease of issued share capital since the filing of the previous Summary Report came to NIS one million.

(b) Should dormant shares be created within the entity's issued share capital or should there be a change in their number or the identity of their holders (in this regulation – the Change), this will be provided in the Change Report, noting the following information:

(1) the name of the holder of dormant shares;

(2) the name of the share;

(3) the date of the Change;

(4) the way the Change was executed – an acquisition, including an acquisition that is the subject of Sections 333 and 340 of the Companies Law, a sale, a lien, as its meaning in Section 181 of the Companies Law, a conversion or another Change;

(5) Should the Change be by way of an acquisition or sale, whether it occurred through on-exchange trading or an off-exchange transaction shall be noted, and in an acquisition during an offering –whether the offering was public or an exercise of rights;

(6) the number of dormant shares the holder of them held prior to and following the Change;

(7) the proportion of issued share capital in the held entity following the Change held by the holder of dormant shares;

(8) the percentage of voting power in the entity following the Change held by the holder of dormant shares;

(9) (deleted);

(10) the information stipulated in Regulation 33(a)(7) and (8), *mutatis mutandis*;

(11) with respect to an acquiring entity to which Section 369 of the Companies Law applies, the Change in shares acquired prior to the effective date of the Companies Law (hereinafter – old shares), and the shares acquired following the said effective date shall be brought separately; with respect to the old shares, it shall also be noted whether these entitle the holder to voting rights;

(12) Should the Change be by way of acquisition within the framework of an acquisition program, the acquisition program shall be noted in the immediate report filed, the date of the filing and the cumulative proportion of the program executed following the Change; in this paragraph – "acquisition" – as defined in Regulation 10(b)(2)(i);

(b1) Should a change in the number of debt securities or warrants that were offered to the public under a prospectus occur – details regarding the change shall be provided; should the said change be less than 1% of the total debt securities or warrants in the series affected by it - it shall be reported by way of a summary report, subject to the stipulations of sub-regulation (a1), *mutatis mutandis*.

(c) Should the said Change in the number of dormant shares as stipulated above in sub-regulation (b), be less than 1% of the entity's issued share capital and the said Change was the result of an act performed by a member of an institutional reporting group, managed or controlled by the reporting entity, it shall be reported by way of a summary report; in the summary report, information required under sub-regulation (b) shall be provided, subject to the stipulations in sub-regulation (a1)(1) and (2), *mutatis mutandis*; in this section "member of an institutional reporting group" - as defined in Regulation 33(a).

(d) specification of the number of shares comprising the entity's registered capital, its issued share capital and the number of shares after deducting dormant shares shall be attached to the filings stipulated in sub-regulations (a) and

(b), distinguishing between the number of shares devoid of voting rights and the number of shares devoid of all rights.

Change of Name

31A. Should the Registrar approve of an entity changing its name, the details of the change and the date the change was registered with the Registrar shall be provided in a report.

Changes of Entity Details

31B. Should there be a change in the entity's address, telephone and fax numbers or its e-mail address – the details of the change shall be provided in a report.

Amendment of the Articles of Association

31C. Should the entity adopt a resolution to amend its articles of association, the full text of the amendment and its effective date shall be provided, and the amended version of the articles of association shall be attached.

Modification of the Memorandum of Association and its Repeal

31D. (Repealed).

Modifications of a Deed

31D1. (a) Should the details of the deed of trust be modified, the full version of the modification and its effective date shall be provided, and the full amended version of the deed of trust shall be attached.

(b) Should the trustee of debt securities be replaced or should its details as given under Section (2) of Part A of the Eighth Schedule be modified, the details of the modification and its date shall be provided.

Changes to the Shareholders Registry

31E. (a) Should a change occur to the shareholders registry, details of the change shall be provided in a report in which the updated shareholders registry shall be presented.

(b) Notwithstanding the above in sub-regulation (a), should the proportion of the cumulative change in terms of the face value of shares added or removed from the shareholders registry be less than 1% of the total face value of all shares included in the registry, the change shall be reported once a month in a report that shall be filed on the second trading day of the month.

Discrimination

31F. Should a petition to remove or prevent discrimination be submitted to the court, under Section 191 of the Companies Law, excluding a petition that has a negligible effect on the entity, the following shall be provided in a report on this matter:

(a) the date the petition was submitted and its main arguments;

(b) the court's ruling with respect to the petition.

Going Private

31G. Should an entity revert from being a public company to a private company under the Companies Law, the circumstances surrounding the entity's going private shall be specified, and it shall be noted whether the provisions of Section 36 of the Law continue to apply to it.

Compromise or Debt Restructuring

31H. (a) Should a petition be submitted to the court for a compromise or debt restructuring arrangement under Sections 350 and 351 of the Companies Law, excluding a petition as a party to a stay of proceedings order under Section 350(b) of the Companies Law, the entity shall attach the petition to a report in which the following information shall be provided or attached, as applicable:

(1) the date the petition was submitted and its main arguments as well as the text of the notice published under Regulation 2(a) of the Companies Regulations;

(2) the main features of the rehabilitation program, as its meaning in Regulation 38(3) of the Companies Regulations that were submitted to the court, if submitted;

(3) additional petitions submitted to the court related a request for a compromise or debt restructuring, which could materially affect the entity, including the main features of the said petitions and the date of their submission;

(4) the issuance of a stay of proceedings order or an order to transfer assets, as applicable;

(5) the appointment of a fiduciary by the court and his powers;

(6) a decision to convene a meeting of creditors or shareholders, as applicable;

(7) the results of creditor or shareholder meetings, as applicable;

(8) court rulings.

(b) With respect to the report stipulated in sub-regulation (a), the documents which are the subject of the report shall be attached.

Submission of a Petition to Approve a Distribution

31I. Should an entity petition the court to approve a distribution under Section 303 of the Companies Law, the following shall be provided in a report –

(1) the date the petition was submitted to the court and the text of the notice published under Regulation 3 of the Companies Regulations (Approval of a Distribution), 5761 – 2001;

(2) information regarding the court's rulings.

(3) a disclosure with respect to the projected cash flow as its meaning in Regulation 10(b)(14).

Petition to Liquidate the Entity or the Appointment of a Fiduciary

31J. (a) Should a petition be submitted to the court or the Chief Enforcement Officer of the Execution Office, as applicable, to instruct the liquidation of the entity or to appoint a receiver, liquidator, temporary liquidator, trustee, special manager or another fiduciary – (hereinafter – Fiduciary), the following information shall be provided in a report –

(1) the submission of the petition, its date and main features, with the exception of a petition with an insignificant cause of action;

(2) the submission of additional petitions to the court or the Chief Enforcement Officer of the Execution Office, as applicable, their main features and the dates of their submission, excluding a petition within the framework of a proceeding to which the final clause of paragraph (1) applies and for which a report had not been filed;

(3) the appointment of a Fiduciary by the court or the Chief Enforcement Officer of the Execution Office, as applicable, and his powers;

(4) the rulings given by the court or the Chief Enforcement Officer of the Execution Office, as applicable, except for a ruling rejecting a petition for which the final clause of paragraphs (1) and (2) apply and for which a report had not been filed.

(b) Should a Fiduciary submit a report to the court or to the Chief Enforcement Officer of the Execution Authority, as applicable, the main features of the report that was submitted as stipulated, shall be provided, noting the place and dates on which they may be viewed.

Merger

31K. Should the entity's board of directors decide to engage in a merger, the following shall be provided in a report –

(1) a merger proposal as its meaning in Section 316 of the Companies Law

(2) resolutions adopted by the general meeting and class meetings; should a vote be taken under the provisions of Section 320(c) of the Companies Law – the report shall include the following information: the total shares participating in the vote, the number of shares voting in favor of the proposal and against it and the proportion of these relative to the total shares counted for the vote, while

drawing the mandatory distinction between the shareholders under Section 320 (c) of the Companies Law;

(3) Should a creditor petition the court to delay or prevent the merger under Section 319 of the Companies Law, the date the petition was submitted and its main arguments shall be provided in a report;

(4) the court's rulings;

(5) a notice by the Director General of the Competition Authority, as its meaning in the Economic Competition Law, 5748 – 1988;

(6) information regarding the implementation and registration of the merger with the Companies Registrar.

Immediate Report Regarding the Approval of a Buyback Program

31L. (a) Should the entity or an entity controlled by it decide to execute a buyback of securities offered to the public under a prospectus, the entity shall file an immediate report noting in it any information that could be important to a reasonable investor, addressing, among other things, the following issues:

(1) the type of securities that are the subject of the buyback program;

(2) the identity of the acquiring entity and its relation to the reporting entity;

(3) the date planned for launching the implementation of the buyback program and the estimated time for executing the future buybacks and the period set for executing the program;

(4) the date the buyback program was approved by the board of directors;

(5) the board of directors' reasons for implementing the buyback program;

(6) the estimated total cost of the buyback program or the number of securities that could be acquired under the buyback program;

(7) the tax implications of implementing the buyback program for the company and for the securities holders;

(8) the financial resources for implementing the buyback program; should the planned financing of the buyback program be through a loan, the terms of the loan shall be given;

(9) the manner of executing the buyback program – acquisition through a securities exchange,

acquisition by a tender offer, acquisition through an arranged exchange of securities, acquisition through instructing a third party to collect securities or an acquisition by any other manner specified;

(10) specification of the buyback programs adopted within the three years preceding the report date; such specification can be incorporated by reference to the reports pertaining to the said buyback programs;

(11) Should the buyback program be for shares or securities convertible to shares – the following information shall also be noted:

(a) the entity's profits as their meaning in Section 302 of the Companies Law;

(b) If it is anticipated that the buyback program shall have a material effect on the proportional holdings of the equity and voting rights of principal shareholders – this effect shall be specified.

(b) Should the buyback program be modified, or should a decision to curtail it prior to its conclusion be made, the entity shall file an immediate report in which the reasons for the modification or curtailment of the program are provided, as well as the effect the modification or curtailment has on the information delivered under sub-regulation (a).

(c) It is presumed that one of the following constitutes a buyback under a program:

(1) an acquisition executed pursuant to a decision by a board of directors' committee;

(2) an acquisition executed shortly after another acquisition;

(d) In this regulation – "acquisition" as defined in Regulation 10(b)(2)(i).

(e) This regulation shall not apply to the issuer of exchange-traded products.

Rights to Acquire Shares

32. Should an entity grant rights to acquire shares – the class of share, their number, the consideration for the shares and for the liabilities to issue them on the date the right to acquire them expires shall be specified.

Principal Shareholder and Senior Officer Holdings

33. (a) In this regulation –

"Holder of a material means of control in a banking corporation without controlling interest" – as defined in Section 37(e) of the Law;

"Principal shareholder" of an entity – including the entity and officers of it;

"Holding" – the holding of the entity's or one of its investee company's securities, if its operations are material to the entity's operations, or part of a contract the execution of which leads to the said holding;

"Member of an institutional reporting group" – one of the following:

(1) a joint investment trust fund management group as its meaning in Section 3 of the Joint Investments Law;

(2) a provident fund management company or provident fund as defined in the Financial Service Supervision Act (Provident Funds), 5765-2005;

(3) an insurer – with respect to defined-contribution life insurance accounts as defined in the Financial Service (Insurance) Regulations (Report Details), 5758 – 1998;

(4) an exchange-traded products issuer and an entity controlled by it;

(5) an entity, which received the approval of the securities exchange to act as a market maker, and operates under the securities exchange's Rules and Regulations;

(6) an investment portfolio manager as defined in the Investment Advice Law;

(7) an entity operating outside of Israel in one of the fields mentioned in subparagraphs (1) through (6), and subject to regulation in its field of business;

"*Nostro Account"* – an account in which securities owned by the account holder, if the securities are not held or managed for a third party, excluding a securities account used for market making and an account of an issuer of exchange-traded product or an entity controlled by it;

"Change in holdings" - a change in the holdings of a principal shareholder of an entity, provided that one of the following applies:

(1) with respect to a principal shareholder that is the entity, an entity controlled by the entity, a controlling party or senior officer of it – any change in holdings;

(2) with respect to a principal shareholder not enumerated in paragraph (1) – the cumulative change is at least 2% of the entity's paid-in share capital or of a investee company, as applicable, or at least 10% of the total face value of a series of its debt securities or of a investee company, as applicable, or in convertible securities the conversion of which will cause a change in the said holding; the above does not derogate from the obligation of a principal shareholder to notify the company about a change in holdings that is less than the percentages set in this paragraph, which have occurred during the quarter, for the purpose of the status report stipulated in sub-regulation (c);

"Cumulative change" - the change in the holdings of a principal shareholder from the time a report under sub-regulation (b), (c), or (d) was filed, the latest of these.

(b) Should a change in the holdings of a principal shareholder occur, this change, to the best of the entity's knowledge, shall be provided, including the following:

(1) the name of the principal shareholder;

(2) its identity number;

(3) the name of the security;

(4) the date of the change;

(5) the way the change was made – acquisition, sale, including a short sale, the signing of a securities lending agreement, reduction following the partial or full redemption of debt securities, conversion or any other change;

(6) if the change resulted from an acquisition or sale, including a short sale – whether it was executed in the course of trading on an exchange or in an off-exchange transaction, and from an acquisition through an offering – regardless of whether through a public offering or a rights offering;

(7) the number of securities that were held prior to and following the change and their proportion of the total securities of the same type;

(8) the price at which the change was made and the total monetary consideration; should the price, either in whole or in part, not be paid on the date on which the price or the balance was supposed to be paid on the date of the change, the date on which the price or balance should have been paid shall be noted; should the payment not be executed on the date determined, an additional immediate report shall be filed, noting this fact and the reasons for it;

(9) if the contract concluded is an option to buy or sell the entity's securities, details regarding the exercise price and the exercise period set in it and the identity of the counter-party to the contract if it is a principal shareholder;

(10) If it was agreed that the securities, in whole or in part, not be transferred on the date on which the change was agreed to, the date set for their transfer shall be noted; should the transfer fail to be carried out on the set date, an additional immediate report shall be filed, noting this fact and the reasons for it;

(11) the proportion of the issued share capital of an entity held by a principal shareholder of the entity following the change as well as the said proportion fully diluted;

(12) the proportion of voting power in an entity held by the principal shareholder of the entity following the change as well as the proportion on fully diluted;

(13) if the change is by way of signing on a securities lending agreement, details regarding the manner the lending is concluded shall also be provided, whether by returning the borrowed securities to the lender or by selling the borrowed securities, in which case, the borrower does not return the borrowed securities to the lender;

(14) the fact that the securities are dormant shares or convertible securities to dormant shares;

(15) Should a change occur in the holdings of a principal shareholder enumerated in paragraph (2) of the definition "change in holdings", of a percentage lower than the percentage set in the said paragraph, and the change is subject to reporting due to the cumulative change, only the details stipulated in paragraphs (7) , (11) , (12) and (14) shall be provided regarding the change occurring following the filing of a report under sub-regulation (b), (c) or (e), the later of these.

(c) On the fifth trading day following the end of each quarter, the entity shall file a report specifying the principal shareholders and their holdings in the entity's securities (hereinafter –beneficial ownership statement) as of the end of the final trading day of the previous quarter (hereinafter – expiration date), unless if on the expiration date there is no change to the holdings of the principal shareholders relative to the previous beneficial ownership statement; the following information, to the best of the entity's knowledge, regarding each principal shareholder shall be specified in the principal shareholder beneficial ownership statement:

(1) the name of the principal shareholder;

(2) his identity number;

(3) the name of the security;

(4) the number of securities held by the principal shareholder on the expiration date of the beneficial ownership statement;

(5) the balance of principal shareholder holdings appearing in the previous beneficial ownership statement;

(6) the increase or decrease, as applicable, in the holdings of a principal shareholder relative to the previous beneficial ownership statement;

(7) the proportion of the entity's issued share capital held by a principal shareholder, and the said proportion fully diluted;

(8) the proportion of voting power in the entity held by a principal shareholder, as well as the said proportion on fully diluted;

(9) the familial relationship to another of the entity's principal shareholder, who is a relative;

(10) voting agreements and other agreements pertaining to the holdings of the entity's securities, noting their main features;

(11) Notwithstanding the above, if the principal shareholder is a company or a cooperative association – the details of direct or indirect controlling parties of the company or the cooperative association, as applicable; if the company or cooperative association did not have a controlling party - details of the principal shareholders shall be provided;

(12) Notwithstanding the above, if the principal shareholder is a partnership – the details of the partners shall be provided;

(13) Notwithstanding the above, if the principal shareholder is a limited partnership – details of the general partner shall be provided;

(14) If the principal shareholder is a trustee – the details of the trust and its nature as well as details of the beneficiary shall be provided;

(15) Should a principal shareholder hold the entity's securities through members of an institutional reporting group, subject to its control or management, including holdings in a *Nostro* account, the members of the group shall be specified, noting the relations between them, and the information required under paragraphs (1) through (14) shall be provided, as applicable, separately for each member of the group and for each *Nostro* account; in addition, the proportion of maximum holdings and the proportion of minimal holdings of the entity's securities shall be noted for each one of the members for the period starting on the expiration date of the previous beneficial ownership statement;

(16) any information pertaining to securities as defined in Section 52 of the Law or the rights and obligations of the principal shareholder, the value of which is derived from the value of an entity's security; in this context, "rights and obligations" – including by virtue of a contract or of any law;

(17) The name of the controlling party of an entity, and if control was transferred in the period described in the beneficial ownership statement – the name of whoever was a controlling party of the entity in the said period;

(18) any additional information that is important to a reasonable investor in order to understand the entity's principal shareholder ownership structure.

(d) On the fifth trading day following the final date to file a periodic report, a banking corporation devoid of a controlling interest shall file a report specifying each party owning a material means of control in it and their holdings in the entity's securities; in the said report, the information stipulated in sub-regulation (c), to the best of the banking corporation's knowledge, shall be specified for each owner of a means of control.

(e) Should a person become a principal shareholder of an entity, its name and holdings shall be noted, to the best of the entity's knowledge, according to the information stipulated in sub-regulation (b) pertaining to the event causing the person to become a principal shareholder and the aforesaid information in sub-regulation (c).

(f) Should a person become or cease being the owner of a material means of control in a banking corporation without controlling interest, the information stipulated in sub-regulation (b), to the best of the entity's knowledge, regarding the event following which he became or ceased to be the owner of a material means of control in the said banking corporation, and the aforesaid information in sub-regulation (c).

(g) Should a person become a principal shareholder of any entity as a result of the entity's shares becoming dormant shares or following the acquisition of the entity's debt securities that are held by its subsidiary, the change shall be noted, at the latest, when that person initially executes a change in its holdings, provided that following the change, it remains one of the entity's principal shareholders.

(h) Should a person cease being a principal shareholder of an entity, the date on which it ceased being a principal shareholder of the entity shall be noted in the report.

(i) The Chairman of the Authority or whoever he authorized for this in writing, may exempt a certain entity from this regulation, in whole or in part, and may place conditions on the said exemption, if he is convinced that the circumstances so warrant.

33A. (Repealed).

Changes Pertaining to Senior Officers

34. (a) Should a director, chief executive office, chief business officer, the senior financial officer or any alternate of a said position, even if its title differs, ceases his tenure in the entity, his name, the position from which he resigned, the date of his resignation, whether he will continue to be a principal shareholder or senior officer of the entity following his resignation and information regarding this shall be specified, as well as, to the best of the entity's knowledge, one of the following two:

(1) that the resignation does not involve circumstances that must be brought to the attention of the entity's securities holders;

(2) that the resignation does involve said circumstances, while specifying these.

(a1) Should a director discontinue his tenure, in addition above in sub-regulation (a), the following shall be noted as well:

(1) whether the director discontinuing his tenure is a director considered by the company as having accounting and financial expertise for the sake of meeting the minimum number determined by the board of directors under Section 92(a)(12 of the Companies Law;

(2) whether, as a result of the discontinuation of the director's tenure, the number of directors in the company who have accounting and financial expertise fell below the minimum threshold.

(a2) Should a director in a public company discontinue serving in his position, in cases in which the company's articles of association provide for a minimum threshold of the proportion of independent directors, in addition to the above in sub-regulations (a) and (a1), the following information shall also be noted:

(1) whether the director discontinuing his tenure is a director that considered by the company to be independent for the purpose of meeting the provision regarding the threshold proportion of independent directors;

(2) whether, as a result of the discontinuation of the director's service, the proportion of independent directors serving on the board of directors fell below the mandatory threshold under the provision pertaining to the proportion of independent directors;

(a3) Should a senior officer, who was not duly reported under sub-regulation (a), discontinue his service, and his resignation involves circumstances that must be brought to the attention of the entity's securities holders, the information listed in sub-regulation (a) shall be provided;

(b) Should an entity appoint a director, chief executive office, chief business officer, the senior financial officer or any alternate of a said position, even if its title differs, the information articulated in Regulation 26 or 26A, as applicable, shall be provided. Should the company's articles of association include a provision pertaining to the proportion of independent directors on its board, it shall be noted whether, as a result of the appointment of a senior officer, the proportion of independent directors serving on the board of directors has fallen below the threshold proportion under that provision.

(b1) Should a director be appointed other than by the general meeting, his signed declaration under Section 224B(a) of the Companies Law shall be attached as well.

(c) A resignation notice tendered by an outside director, under Section 37(c) of the Law shall be attached to the immediate report, specifying the reasons for his resignation, as per Section 229(b) of the Companies Law.

(d) A statement listing the entity's senior officers as of the date of the report (in this regulation- officer roster statement).

(e) An entity shall report the appointment or resignation of a senior officer who was not reported under sub-regulations (a), (a3) or (b), as applicable, on an officer roster statement that shall be published together with the publication of the periodical report.

Appointment and Replacement of an Independent Auditor

35. (a) Should the entity's independent auditor cease to serve in this capacity, his name, the date of his resignation, as well as, to the best of the entity's knowledge, one of the following shall be specified:

(1) that the resignation does not involve circumstances that must be brought to the attention of the entity's securities holders;

(2) that the resignation does involve said circumstances, while detailing what they are.

(b) Should an entity appoint an independent auditor, his name, the address of his firm and the date of his appointment shall be noted; if, to the best of the entity's knowledge, the independent auditor or his partner is a principal shareholder, senior officer or a relative of a principal shareholder or senior officer of the entity, this shall be stated as well as details of the relationship.

Information Pertaining to Debt Securities

35A. Should debt securities issued by the entity be held by the public, the entity shall file an immediate report regarding each one of the following:

(1) an event or issue that has or may have a material effect on the value of each asset, collateral, guarantee or other pledge provided to secure the entity's liabilities towards the debt securities holder pursuant to the deed of trust;

(2) information that could materially affect the value of the pledged asset as determined in a valuation published under Regulation 8B(a1);

(3) the violation of the entity's pledge towards the debt securities holders or the occurrence of an event or an issue which gives the trustee the right, under the deed of trust, to demand an immediate redemption of the debt securities or to exercise a lien, guarantee or other pledge provided to secure the entity's liabilities under the terms of the debt securities.

(4) Notwithstanding the above in this regulation, an entity may postpone the filing of an immediate report on a said event or issue, in whole or in part, under the circumstances determined in Regulation 36(b) and the provisions of Regulation 36(b) through (e), *mutatis mutandis*.

Event or Issue Outside the Entity's Ordinary Course of Business

36. (a) Information shall be provided in a report regarding any event or issue outside of the entity's ordinary course of business, due to its nature, scope or possible outcome that has or could have a material effect on the entity, as well as regarding any event or issue that does or could influence the price of the entity's securities.

(a1) Should the event or issue stipulated in sub-regulation (a) be an agreement to acquire a material asset, the entity shall file a report at each phase of the transaction, detailing special risk factors, if such exist, with respect to each acquired asset, and their impact on the entity's businesses, as specified in the Fifth Schedule; in addition, any other material detail that is important to a reasonable investor for understanding the acquisition shall be noted; in this context, "acquisition" – any situation of receiving control, including indirect control, of an asset, either through a purchase, exchange, merger or any other means and "asset" – including any of the entity's securities or activity, including an intangible asset.

(a2) In the report, information shall be provided regarding any event or issue of the events or issues stipulated in Part B of the Eleventh Schedule, and the provisions stipulated in it shall apply.

(b) Notwithstanding the above in sub-regulations (a) through (a2), the entity may postpone filing an immediate report, should the following stipulations of sub-regulation (b1)(1) or (2) apply, provided that information regarding that event or issue had not yet been made public; however an entity shall not postpone filing the said immediate report in the period beginning three days prior to the last date for converting the entity's convertible securities, as well as in cases in which the final document for a public offering, tender offer or any other essentially similar proceeding has been published; should an entity postpone filing an immediate report prior to the beginning of the said period – the entity shall submit the information as stipulated in sub-regulations (a) through (a2).

(b1) An entity may postpone filing an immediate report –

(1) pertaining to negotiations for a transaction to which the entity is party or in which it has an interest, which precede the conclusion of a preliminary agreement;

(2) Pertaining to an event or issue, if the filing could prevent the completion of the entity's action or a transaction to which the entity is party or in which it has an interest or if it could have a significant adverse effect on the terms of the transaction.

(c) Should the right to postpone the filing of an immediate report expire, the entity shall file an immediate report concerning the event or issue and

shall note in it the reason for the postponement and the day and time in which the right for the filing postponement expired.

(d) Should information regarding the event or issue about which the filing of an immediate report is postponed by the entity under sub-regulation (b) be made public, the entity shall file an immediate report about the event or issue and shall address the accuracy of the information that has already been made public.

(e) For the purpose of Regulation 30(b), the date on which the right to a said postponement as stipulated in sub-regulation (c) expired or the date on which the information was initially made public under sub-regulation (d), as applicable, shall be considered the date on which the entity first learned of the event.

(f) The provisions of this regulation shall not apply to an event or issue that is public knowledge, unless it has a special impact on the entity's business.

Failure to Attain Use-of-Proceeds Goals

36A. Should one or more of the goals provided in the prospectus for the use of the proceeds from securities offered as provided in the prospectus not be attained or should the schedule provided in it not be met, the entity shall note this fact and shall specify the reasons leading up to this.

Convening a Meeting

36B. Should an entity meeting be convened, the entity shall file an immediate report with the following information:

(1) the type of meeting;

(2) the place the meeting is convened'

(3) the date and time of the meeting;

(4) a detailed agenda; alongside each one of the agenda items, a description of its nature shall be given, specifying the main facts necessary for understanding and approving each issue up for a vote at the meeting, and the text of each proposed resolution or a brief summary of its key points shall be provided;

(4a) The board of directors' recommendations and decisions shall be provided prior to an extraordinary meeting;

(5) the place and times at which it is possible to review each proposed draft resolution that was not provided in full in the detailed agenda;

(6) the majority required to approve the resolution for each one of the agenda items, if it is not a simple majority;

(7) the date of record for the purpose of shareholder rights to participate and vote in the general meeting as stipulated in Section 182(b) of the Companies Law;

(8) If there are items of the meeting's agenda, which can be voted on by absentee ballot as stipulated in Section 87 of the Companies Law- the number of shares the

holding of which constitutes a percentage of the total voting rights, if such a percentage is set, as stipulated in the Regulations under Section 89(3) of the Companies Law, or the value of the shares, if such value is set in the aforesaid regulations, for the purpose of the exemption from the requirement to send certain shareholders absentee ballots and position statements;

(9) the legal quorum for holding a meeting;

(10) Should a proposal to appoint a person as a director in the entity be on the agenda, all the information stipulated in Regulation 26 shall be provided; however, if the issue of the proposal is an extension of the term of a serving director, the entity may incorporate the details to the entity's latest periodic report submitted by the entity by reference, provided that no changes have occurred to the information reported on this issue in the periodic report; a declaration signed by the candidate for a directorship, as required under Sections 224B(a) and 241 of the Companies Law, shall also be attached;

(11) whether the controlling party's percentage of shareholdings in the entity's shares constitutes the majority necessary for approving a resolution for each one of the agenda items.

(a1) Notwithstanding the aforesaid in sub-regulation (a), should the entity convene a debtholders' meeting, the entity shall file an immediate report in which the following shall be specified:

(1) items (2) through (4), (6) and (9) of sub-regulation (a);

(2) the date of record with respect to the right of a debtholder to participate and vote in the holders' meeting;

(3) whether the parameters by which the trustee decides whether a holder is a conflicted principal shareholder as its meaning in Section 35L25 of the Law are known in advance;

(b) In this regulation "an entity meeting" – a general meeting, class meeting, warrant-holders meeting, a debtholders meeting and any other meeting of the entity's securities holders, and all excluding a shareholders meeting of an entity the shares of which are not held by the public.

(c) An immediate report under this regulation shall be filed on the day on which the date of the meeting and its agenda are decided.

(d) Should a meeting be postponed, an immediate report shall be filed, noting the fact that the meeting has been postponed and specifying details, as stipulated in sub-regulation (a), regarding the postponed meeting; the details can be given by referring to a report already published regarding about the convening of the postponed meeting.

(e) The provisions of this regulation shall not apply if an immediate report on the convening of a general meeting under the Controlling Party Transactions Regulations or under the Securities Regulations (Private Offering of Securities in a Listed Company), 5760-2000.

Absentee Voting and Position Statements

36C. In the report, position statements and voting papers that must be submitted to the Authority by virtue of Section 89 of the Companies Law and its regulations shall be provided, as well as the dates set in the said regulations.

Meeting Outcomes

36D. (a) The decisions adopted at the meeting convened under Regulation 36B shall be provided in the report.

(b) Should a decision be adopted at the meeting on a subject that requires vetting the personal interest of a voter or vetting another one of its characteristics, or should a decision be adopted at a debtholders meeting regarding the initiation of proceedings under Section 350 of the Companies Law, a decision under Section 35G(2) of the Law or a decision under Section 35I1 of the Law, the following information shall be provided in the report as well: the total number of securities participating in the vote, the number of securities voting in favor of the proposal and against it, and the proportion of these relative to the total number of securities counted for the purpose of the vote, distinguishing between controlling parties or those having a private interest in the approval of the decision and non-controlling parties or those without a private interest in the approval of the decision, including any other distinction between the securities holders necessary for decision-making.

(c) Should a decision as stipulated in sub-regulation (b) be approved, the details, to the best of the entity's knowledge, required under sub-regulation (d) with respect to how the securities holders that are principal shareholders, senior officers, institutional bodies or fund managers voted shall be noted in the report.

(d) The details required with respect to how the securities holders that are principal shareholders, senior officers, institutional bodies or fund managers voted are as follows:

(1) the identity of the voter: an individual – first and last names, an entity – the name of the entity and its number;

(2) the total number of securities used for voting;

(3) how it voted;

(4) whether the voter has a personal interest or another characteristic as set in the table under the Schedule to the Companies Regulations (Voting by Voting Paper and Position Statements), 5766 – 2005;

(5) Other relations, to the best of the company's knowledge, between a voter and the company, a controlling

party or senior officer of it and the nature of these relations shall be specified;

(6) If the vote is by proxy, the aforesaid information with respect to the principal and to the attorney-in-fact shall be given.

(e) The Chairman of the Authority or whoever he authorized in writing for this purpose, may, in a reasoned decision in writing, exempt a certain entity or a certain decision from the details required under sub-regulations (b) and (c), in whole or in part, and may impose conditions on the exemption, including determining the disclosure of additional information or determining an alternative way to present the required information under the said sub-regulations.

Board of Directors' Decisions and Recommendations

37. (a) Recommendations made by the board of directors shall be provided, as well as the decisions they have made that are not subject to approval by the general meeting on the date they were made regarding:

(1) a distribution as defined in the Companies Law, noting the balance of retained earnings as their meaning in Section 302 of the Companies Law prior to and following the distribution; details shall also be provided regarding the examination conducted by the board of directors at the time it made its decision about the distribution concerning the entity's meeting the profit criterion and the ability to meet liabilities criterion as their meanings in Section 302 of the Companies Law (in this regulation –the distribution criteria), including:

(a) the board of directors' confirmation regarding the entity's meeting the distribution criteria;

(b) the essence, nature and quality of the information that the board of directors examined when approving the distribution, including the parameters examined with respect to the entity's meeting the distribution criteria;

(c) the board of directors' reasons for approving the distribution, and details regarding the vetting process with respect to the impact of the distribution on the entity's financial position, including the entity's capital structure, its leverage ratio, its ability to meet the financial demands and restrictions placed on it and its liquidity, as well as the distribution's implications for the entity's operations in its existing format, including how it influences the entity's investment plans that were previously disclosed to the public;

(d) Should the board of directors rely on the entity's ability to liquidate assets or on sources of financing

derived from companies the entity holds, it shall separately address this ability or the sources that were taken into account, distinguishing between the entity's assets and the sources of financing derived from the said companies.

For the purpose of this paragraph, reporting partnerships or other entities, which are not companies as defined in the Companies Law, shall provide disclosures regarding the distribution criteria that apply to them under law, as well as information regarding the vetting process employed by the board of directors in making the decision about the distribution concerning the entity's ability to meet these criteria, as stipulated in this paragraph, *mutatis mutandis*.

(1a) the distribution of bonus shares;

(2) (repealed);

(3) (repealed);

(4) the redemption of redeemable securities, as their meaning in Section 312 of the Companies Law;

(5) early redemption of bonds;

(6) the exercise of a right the entity reserved for itself in the prospectus to modify the goals for which the proceeds from the offered securities were designated, the amounts required to attain one or more of them or the schedule for attaining one of more of these goals;

(7) (repealed);

(8) (repealed).

(b) (Repealed).

(b1) (Repealed).

(c) (Repealed).

Company Decisions

37A. Details regarding the company's decisions shall be provided in the report as specified below:

(1)-(3) (repealed);

(4) granting indemnification pursuant to an indemnification permit under Section 260 of the Companies Law.

(5) (a) the approval of the audit committee and the board of directors of a company's transaction or contract as stipulated in Section 270 (3) or 270 (4) of the Companies Law, 5759 - 1999, which is not subject to approval by the general meeting in

accordance with Regulations 1 through 1B of the Relief Regulations, as well as details concerning:

(1) the main terms of the transaction or contract;

(2) a summary of the board of directors' and audit committee's reasoning in approving the transaction or contract;

(3) the right of shareholders to object to granting a relief as specified in Regulation 1C of the Relief Regulations.

(b) Should a company controlled by the government enter into contract for an extraordinary transaction as stipulated in Section 270(4) of the Companies Law, 5759-1999, which is not subject to approval by the general meeting under Regulation 2 of the Relief Regulations, the company shall file an immediate report in which the following is specified:

(1) the main terms of the contract;

(2) if the contract was granted an exemption as stipulated in sub-regulation 2(2)(a) of the Relief Regulations – the main points of the Israeli Corporations Authority and the main features of the Ministerial Committee for Privatization's decision;

(3) whether the contract is exempt, as stipulated in sub-regulation 2(2)(b) of the Relief Regulations – the alternative under which the exemption was granted.

(c) In this regulation, "Relief Regulations" – Companies Regulations (Relief for Transactions with Principal Shareholders), 5760-2000.

(6) (Repealed).

Transactions Pertaining to a Valuation

37A1. (Repealed).

Obligation to Update

37A2. (a) Should an entity file a report on an event or issue (hereinafter – the original report) that could occur on a date following the original report date (hereinafter – potential event or issue), the entity shall file a report on any material development occurring with respect to the potential event or issue; should the anticipated date of the potential event or issue be noted in the

original report, the entity shall file an immediate report on the status of the potential event or issue, as of the said anticipated date.

(b) A report pursuant to sub-regulation (a) shall be filed on the dates set in Regulation 30, however in the definition "when an entity first learns of an event " in the said regulation, after the phrase "of an occurrence of an event", the phrase "or its non-occurrence" shall follow.

(c) The provisions of this regulation shall apply even if from the outset, the filing of the original report was not mandatory.

Compensation to Principal Shareholders and Senior Officers

37A3. Should an entity be required to file a report pursuant to the provisions of this chapter, about contracting with a principal shareholder or senior officer in a transaction agreement or an agreement to provide services to the entity or to an entity controlled by it, including an extension or modification of an existing agreement, details shall be included in a report regarding the contract with each one of the principal shareholders and senior officers separately, as specified in the Sixth Schedule, as well as any other material information that is important to a reasonable investor.

Chapter C1: Mergers

Article A: General Provisions

Definitions

37B. In this chapter –

"General meeting", "stock exchange" "absorbing company", "merged company", "merging company", "personal interest" – as defined in the Companies Law;

"Controlling party" – as defined in Section 268 of the Companies Law;

"Merger report – a report under this chapter;

"Investee company" – (repealed);

"Securities" – excluding with respect to Regulation 37G – shares or securities convertible or exercisable to shares, including rights to these;

"Consideration" – the consideration paid to the shareholders of the merged company;

"Debt securities" – non-convertible securities that a company issues in a series, which grant a right to claim money from it, on a set date or upon the meeting of a certain condition, including commercial paper, and which do not grant membership or participation rights in the company.

Materiality of the Merger

37C (a) A *prima facie* presumption of the materiality of a merger exists if one of the following applies:

(1) The profit of the merged company in the last year or in the cumulative subsequent interim period, according to the latest financial statements, comprises twenty percent or more of the profits of the absorbing company; the said amounts shall be calculated in terms of absolute value; for the purpose of this regulation, "profit"– the entity's profits or losses attributable to the owners of the parent company, while deducting the profit or loss from discontinued operations and deducting amounts that were credited to the profit or loss for the effects of a change in accounting policy, as long as a provision was set in the accepted accounting principles, according to which the change shall be credited to the profit or loss in the reporting period;

(2) Should the consideration be in assets or in debt securities – the total investment, as recorded in the absorbing company's books, including capital reserves, should these be created, comprise twenty percent or more of the absorbing company's total equity, according the its latest financial statements;

(3) Should the consideration be in the absorbing company's securities – securities granting twenty percent or more of the total rights to the absorbing company's equity, excluding dormant shares and prior to the allocation of these securities; for this purpose, securities that can be converted or exercised into the absorbing company's shares and comprise part of the consideration, shall be considered as if they were already converted or exercised;

(4) Should the consideration consist of a mixture of considerations, as stipulated in paragraphs (2) and (3) – if the arithmetic sum of the results of those paragraphs comes to twenty percent or more;

(5) The total assets of the merged company or the assets after deducting equity, the greater of the two, comprises twenty percent or more of the absorbing company's total assets or its assets after deducting the equity, as applicable, according to their latest financial statements; mutual balances between the merging companies shall be deducted from total assets.

(b) A merger, for which the provisions of sub-regulation (a) do not apply, is an immaterial merger.

(c) In this regulation –

"Latest financial statements" – the latest interim financial statements or latest annual financial statements, as stipulated in Regulation 6(a) of the Companies Regulations (Merger), 5760 – 2000, the later of these; should all the merging companies be reporting companies, the latest interim financial statements or latest annual financial statements, the later of these, which on the merger report publication date were

published or for which an obligation to publish them pursuant to these regulations arose;
"Profit" – (deleted).

Reporting by an Absorbing Company

37D. (a) Should the board of directors of an absorbing company that is a reporting entity approve a material merger, the company shall file a report, as per Regulation 37F, on the date determined in Section 317 of the Companies Law.

(b) Should the board of directors of an absorbing company approve an immaterial merger, the company shall file a report as per to Regulation 37P on the date set in Section 317 of the Companies Law.

Reporting by a Merged company

37E. (a) Should the boards of directors of merging companies approve a merger in which the merged company is a reporting entity, whose debt securities have been offered under a prospectus and are held by the public following the merger, or whose debt securities are publicly traded, the merged company shall file a report within fourteen days from the date on which the board of directors approved the merger, which shall include the following:

(1) the information stipulated in Regulation 37F;

(2) details concerning the absorbing company under the provisions of Regulation 37F(a)(11) and (12), and Regulation 37O, and wherever the phrase "merged company" appears, "absorbing company" shall be read instead;

(b) Should the absorbing company in a merger, as stipulated in sub-regulation (a), not be a reporting entity, the absorbing company must continue implementing the reporting regime required of the merged company under law up until the merger, and this obligation shall be noted in the report.

(c) Should the absorbing company in a merger, as stipulated in sub-regulation (a) be a reporting entity, its and the merged company's merger reports shall be filed as a joint report, signed by both; the joint report shall be filed on the date set in sub-regulation (a).

Article B: Material Merger

Report on a Material Merger

37F. (a) A report on a material merger shall include all information pertaining to a merger that could be important for a reasonable investor, including:

(1) the names of the parties to the merger;

(2) the main terms of the merger agreement;

(3) the tax implications of the merger for the absorbing company;

(4) the quantity and share of holdings of the absorbing company's principal shareholders in the paid-in share capital and in voting rights –

(a) prior to the merger;
(b) following the merger;
(c) following the merger under the assumption that all convertible and exercisable securities are converted and exercised;

(5) the board of directors' position on the question of whether there is a reasonable concern that following the merger, the absorbing company will not be able to redeem its liabilities to creditors following the merger;

(6) the approvals required for the merger or conditions imposed on its execution, whether these were received or met and if not, on which date are they expected to be received or met;

(7) existing and new or anticipated restrictions that shall apply, to best of the company's knowledge, on the absorbing company following the merger, including:
(a) creditor demands to redeem loans;
(b) restrictions on pledging assets;
(c) changes to the company's credit rating;

(8) the name of each director and controlling party that has a personal interest in the merger, and the nature of this interest;

(9) the absorbing company's plans, if any, with respect to securities convertible or exercisable to the merged company's shares;

(10) the consideration as stipulated in Regulations 37G through 37L;

(11) the merged company's financial statements as stipulated in Regulations 37M through 37O;

(12) a description of the merged company in the period starting two years prior to 1 January of the year in which the merger report is filed and ending close to the date the report is filed, as specified in the schedule of the Securities Regulation (Private Offering of Securities in a Listed Company), 5760-2000 (hereinafter – the schedule to the Private Placement Regulations), insofar as each issue specified in it pertains to the merged company and is material to the merged company's business or operations;

(12a) the board of directors' explanations of the merged company's financial statements included in the merger report shall be provided, under subparagraph (11), as specified in the schedule to the Private Placement Regulations).

(13) the absorbing company's plans following the merger, insofar as these have crystalized, including plans to combine operations, sell assets, lay off workers and restructure the company;

(14) since the merger is subject to approval under Section 320(c) of the Companies Law, the conditions placed on the required approval under the said law and the facts justifying the requirement, as well as the names of the shareholders of the absorbing company and of the merged company, and the respective percentages of their holdings;

(15) the board of directors' reasons for approving the merger;

(16) the place in which the general meeting is convened and its date, the legal quorum and the majority required in it as well as in a postponed general meeting to approve the merger.

(b) The merger report shall be signed by the company filing the report, noting the names of the signatories and their position in the company; should a report be filed as a joint report, as stipulated in Section 37E(c), the names of the signatories on behalf of each one of the companies and their position in the companies shall be noted.

(c) A notice published regarding the convention of a general meeting to approve a material merger shall include the details contained in sub-regulations (a)(1), (14) and (15), the main terms of the merger agreement and the date for determining the voting rights of the shareholders in the general meeting, as stipulated in Section 182 of the Companies Law.

Consideration in the Absorbing company's Securities

37G. Should the consideration, in whole or in part, be in the securities of the absorbing company, the terms of the securities the issuance of which is being proposed shall be specified in the merger report, their number and the proportion in terms of percent that will comprise of the company's voting rights and the paid-in capital following the merger as well as fully diluted; when the offered securities are –

(1) Shares – the average share price in the six months preceding the report publication date shall be specified, considering all distributions, splits or rights offerings, as well as the share price immediately preceding the date of the board of directors' decision about the offering and its price immediately prior to the publication of the report;

(2) Warrants - the price of the warrants shall be specified, as well as whether the warrants belong to a series listed on a securities exchange, and the share price immediately preceding the date of the board of directors' decision regarding the offering as well immediately preceding the publication of the report;

(3) Securities convertible to shares – the average price during the three months prior to the report publication date shall be specified, as well as their price immediately preceding the publication of the report, and all only if securities belonging to the same series are listed on a securities exchange;

(4) Series of securities listed on a securities exchange – the proportion in percentage between the price of the offered securities and the price of the securities belonging to the same series on the securities exchange immediately preceding the publication of the report.

Cash Consideration

37H. Should the consideration, in whole or in part, be in cash, the amount of the consideration and the dates and terms of its payment shall be specified.

Consideration by Liability Forgiveness

37I. Should the consideration, in whole or in part, be by way of forgiving a liability, details of the liability and the forgiveness shall be described in the merger report.

Consideration in Securities or an Entity's Activity

37J. (a) Should the consideration, in whole or in part, be in the entity's securities or in the transfer of the majority of a investee company's activity, when the said consideration comprises a material portion of the absorbing company, the merger report shall include the entity's financial statements, as stipulated in Regulation 37M, excluding the requirement to include information under Regulation 37N, and it shall also include a description of the entity as stipulated in Regulation 37F(a)(12) and the board of directors' explanations as stipulated in Regulation 37F(a)(12a), and wherever "the merged company" appears in Regulations 37F(a)(12) and 37F(a)(12a), "the entity" shall be read instead.

(b) Should the entity be a reporting entity, the provisions of Regulation 37O shall apply, *mutatis mutandis*.

(c) Should the consideration, in whole or in part, be in securities of an entity other than the investee company and the said consideration comprises a material part of the absorbing company, the merger report shall include all the information stipulated in sub-regulations (a) and (b), however, if this information is not at the absorbing company's disposal, despite efforts it had made to obtain it, the merger report shall include all information the absorbing company does have at its disposal regarding the said entity.

Consideration in Another Asset

37K. (a) Should the consideration, in whole or in part, be by way of transferring an entity's activity, which does not rise to being the entity's main activity, while the said consideration comprises a material portion of the absorbing company,

the said activity shall be described in the merger report as stipulated in the first part of the Schedule to the Private Placement Regulations, as long as each issue specified in it pertains to the entity and is material to the entity's business or operations; the description shall be given for the period starting two years prior to 1 January of the year in which the merger report is filed and ending close to the merger report filing date.

(a1) Should the transferred activity constitute an operating segment or numerous operating segments included in the entity's financial statements, in addition to the above in sub-regulation (a), the financial data from the entity's financial statements pertaining to the operating segment or segments shall be provided in the report.

(b) Should the consideration, in whole or in part, be an asset that does not meet the conditions set in Regulation 37J or in sub-regulation (a), the merger report shall contain a description of the asset, including the rights and obligations attached to it or inherent in its transfer as well as the information included in the Fifth Schedule, insofar as these are relevant.

Professional Opinion

37L. (a) Should the value of the consideration rely on a professional opinion as well, the professional opinion shall be included in the report.

(b) The professional opinion shall include, *inter alia*, the details stipulated in Regulations 8B(b) and (d), *mutatis mutandis*.

(c) (Repealed.)

(d) Should the validity date of the professional opinion precede the date of the merger decision by more than ninety days, this shall be stated in the report and the following shall be noted as well:

(1) the period of time that transpired between the professional opinion's validity date and the date of the merger decision;

(2) changes that occurred after the professional opinion's validity date that could alter the value of the consideration set in the professional opinion, and the board of directors' reasoning behind relying on the professional opinion despite these changes.

(e) Should the validity date precede the day the general meeting is convened by more than ninety days, the changes, as stipulated in sub-regulation (d)(2), that occurred from the validity date up until the report filing date, shall be specified.

Financial Statements and *Pro Forma* Statements

37M. The merger report shall include the financial statements of the merged company, however wherever "prospectus date" appears, "the merger report date" shall be read instead, and the following shall apply:

(1) Annual financial statements and interim financial statements shall be prepared according to generally accepted accounting principles, and, shall include, in

addition, the disclosure provisions set in the Financial Statement Regulations as well as these regulations, as applicable;

(2) The financial statements shall be audited or reviewed, as applicable, pursuant to accepted auditing standards in Israel, or to international auditing standards;

(3) An independent auditor's report or review report, as applicable shall be included in the merger report, and in it, it shall be noted that the conditions mentioned in paragraphs (1) and (2) are met in the reports and that their provider gave prior consent to have them included in the report;

(4) The provisions of Regulation 9A and 38B with respect to the requirement to submit a *pro forma* report, excluding the provisions of Regulations 9A(a1) and 38B(a1), shall apply *mutatis mutandis*.

***Pro Forma* Information Regarding the Merger**

37N. (a) Should *pro forma* information be presented regarding the merger:

(1) The following shall also be specified on the *pro forma* statement:

(a) the main provisions of the merger;

(b) the names of the merging companies;

(c) the periods for which the *pro forma* data is presented;

(d) the assumptions underlying the assessment of the *pro forma* data;

(2) The *pro forma* data shall be presented in columns detailing the merging companies' historical data, the *pro forma* adjustments and the *pro forma* results;

(3) An explanation of the adjustments appearing in the *pro forma* adjustment column shall be given.

(b) Should the financial statements not include *pro forma* data, relating to each one of the periods appearing in the statements of comprehensive income in the financial statements, the following information shall be given in the financial statements:

(1) the main provisions of the merger;

(2) the names of the merging companies;

(3) details of transactions between the merging companies for the said periods;

(4) a description of the synergy created in their activities;

(5) a description of the merging companies' plans for combining their activity, noting the assessment of how implementing these plans affects the absorbing company's profitability.

(c) Should *pro forma* data regarding the merger be attached solely to the financial statements of the absorbing company and not to the statements of the merged company, the financial statements of the absorbing company shall be included in the merger report as well; should the absorbing company be a reporting entity, the said inclusion can be incorporated by reference, provided that in the referred financial statements, the *pro forma* information is included as specified in sub-regulations (a) or (b).

Merged Company That Is a Reporting Entity

37O. Should a merged company be a reporting entity, the merger report shall be considered to meet the requirements under Regulation 37F(a)(11),(12), and (12a) if the following are included:

(1) the merged company's periodic report required under these regulations for the last year ending prior to the merger report publication date, interim financial statements, the board of directors' report and the immediate reports published subsequent to the date of the said periodic report; the inclusion can be by way of incorporation by reference, provided that the information under Regulation 37N is included in the said financial statements;

(2) a description of the merged company as stipulated in the Schedule of the Private Placement Regulations.

Article C: Immaterial Merger

Immaterial Merger Report

37P. (a) In an immaterial merger report, the following shall be specified:

(1) the names of the parties to the merger;

(2) the main terms of the merger agreement;

(3) the tax implications of the merger for the absorbing company;

(4) the quantity and share of holdings of the principal shareholders of the absorbing company in the paid-in share capital and in voting rights –

(a) prior to the merger;

(b) following the merger;

(c) following the merger under the assumption that all convertible and exercisable securities will be converted and exercised;

(5) details of the consideration; should the consideration be in a non-cash asset, the main facts with respect to the asset shall be specified; should the consideration be in the securities of the absorbing

company, their terms, number and proportion in terms of percent they comprise of the company's voting rights and its paid-in capital following the merger and fully diluted;

(6) the board of directors' position on the question of whether there is a reasonable concern that, following the merger, the absorbing company will not be able to redeem its liabilities to its creditors;

(7) the approvals required for the merger or conditions imposed on its execution, regardless of whether these were fulfilled or met and if not, on which date are they expected to be fulfilled or met;

(8) existing and new or anticipated restrictions that shall be imposed, to best of the company's knowledge, on the absorbing company following the merger, including:

(a) demands by creditors for loan repayment;

(b) restrictions on pledging assets;

(c) the company's credit rating;

(9) the name of each director and controlling party and principal shareholder that has a personal interest in the merger, and the nature of this interest;

(10) since the merger is subject to approval under Section 320(c) or (d) of the Companies Law, the terms of the required approval under the said law and the facts underlying the requirement, as well as the names of the shareholders of the absorbing company and of the merged company and the respective proportions of their holdings;

(11) the absorbing company's plans, if any, with respect to securities convertible or exercisable to the merged company's shares;

(12) the reasons why the merger is not material, the place in which one or more of the conditions stipulated in Regulation 37B(b) were met;

(13) the board of directors' reasons for approving the merger;

(14) the place in which the general meeting is convened and its date, the legal quorum and the majority required in it and in a postponed general meeting to approve the merger.

(b) The merger report shall be signed by the company filing the report, while noting the names of the signatories and their position in the company.

(c) A notice that was published regarding the convention of a general meeting to approve an immaterial merger shall obtain the information included in sub-regulations (a)(1), (2), (10) and (13) and the date for determining shareholder rights to vote in the general meeting, as stipulated in Section 182 of the Companies Law.

Article D: Miscellaneous Provisions

Reporting Under Another Law

37Q. (a) Should the Securities Regulations Private Offering of Securities in a Listed Company), 5760-2000. (hereinafter: Private Placement Regulations), or the Controlling Party Transaction Regulations apply to the merger, or should the requirement to publish a prospectus apply, a report under these regulations shall not be filed, however the information specified in these regulations shall be included in a report under the Private Placement Regulations or a report under the Controlling Party Transaction Regulations or in a prospectus, as applicable.

(b) The provisions of this chapter do not detract from the obligation to file an immediate report under Regulation 36, if such an obligation arises under the said regulation.

Dissolution of a Merged Company Without a Court Liquidation Order

37R. In the dissolution of a merged company without liquidation as stipulated in Section 351(a)(4) of the Companies Law, the provisions of these regulations shall apply *mutatis mutandis*, and the merger report shall be filed within two business days from the date on which the petition was initially submitted to the court under Section 350 of the Companies Law.

Immediate Report on the Results of the Meeting

37S. The reporting entity shall file an immediate report on the results of the vote in a general meeting that was convened to approve a merger no later than one business day following the meeting.

Chapter C2: Debt Restructuring

Proposal for Debt Restructuring Due to Financial Distress

37T. (a) Should a debtholders meeting be called for which a proposal for debt restructuring due to financial distress is on the agenda, including calling a meeting for debtholders to make a non-binding decision, the following shall be provided in a report:

(1) the entity's latest periodic report and the latest quarterly report as well as any material change or update that has occurred on any issue that must be described in a periodic report, and which the entity may include by incorporate by reference;

(2) information required under Regulations 7(a)(2) through (11) and 38 of the Companies Regulations *mutatis mutandis* and with the following changes:

(a) With respect to Regulation 7(a)(8) of the Companies Regulations –

(1) Should the grantor be an entity, the provisions of Regulation 44B of the Prospectus Regulations shall apply;

(2) Should the grantor be an individual, disclosure shall be given with respect to any information that is important for a reasonable investor to understand the risks and opportunities involved in the ability to exercise a pledge, including, including whether bankruptcy proceedings were conducted against the guarantor and the financial resources the guarantor has at its disposal for honoring the guarantee;

(b) With respect to Regulations 7(a)(10) and 38(7) of the Companies Regulations, information regarding a senior officer of the entity shall be provided and the terms of his tenure, salary and compensation, including securities or any other form of direct or indirect consideration;

(c) With respect to Regulation 38 of the Companies Regulations, the projected cash flow shall be provided for the two-year period from the date the debt restructuring report was filed and under the assumption that the restructuring proposal will be approved;

(d) With respect to Regulation 38(4) of the Companies Regulations, the provisions of Regulation 8B shall apply *mutatis mutandis*;

(e) With respect to Regulation 38(5), its transfer including its being pledged;

(f) With respect to Regulation 38(8) of the Companies Regulations, details regarding creditors that are affiliated with a controlling party of the company shall also be provided;

(3) restructuring arrangements concluded with the entity's other material creditors in the semester prior to the date on which the debt restructuring report was published and the intentions or plans for debt restructuring arrangements with other material creditors;

(4) whether additional restrictions were determined in the debt restructuring arrangement on the following:

(a) a distribution as defined in the Companies Law;

(b) transactions subject to special approval under Section 270 of the Companies Law; should such restrictions be set, they shall be described in the debt restructuring report;

(5) whether, if within the framework of the debt restructuring arrangement, the sides conditioned the arrangement on the stipulations of Section 52N1(a) of the Law, in accordance with Section 52N1(b)(1);

(6) the entity's cash flow in the three years preceding the debt restructuring report and the board of directors' explanations regarding the circumstances which brought the entity to its current financial position and to the proposed debt restructuring, as well as if the entity has checked other actions instead of the proposed debt restructuring;

(7) the influence of the debt restructuring arrangement on the data appearing in the financial statements, including its effect on the entity's profit and equity;

(8) Should the debt restructuring arrangement include a *pro forma* event, a *pro forma* report shall be provided;

(9) the tax implications of the debt restructuring arrangement for the entity and for its debtholders;

(10) Should a material modification of the terms of the debt securities be proposed, or should new securities be offered to replace these debt securities, a description of the securities as prescribed in Chapter C of the Prospectus Regulations shall be provided;

(11) Should a material modification of the terms of the debt securities be proposed, or should new securities be offered in place of these debt securities, a legal opinion of an attorney under Regulation 61 of the Prospectus Regulations shall be attached;

(12) Should a legally mandated report be published, including a prospectus, with respect to the debt restructuring arrangement, the said report shall be attached and it may be incorporated by reference;

(13) Should an application for a compromise or an arrangement under Section 350 of the Companies Law, a report under Regulation 31H shall be attached and this information may be incorporated by reference;

(b) The Chairman of the Authority or an employee of the Authority that he authorized in writing for this purpose, may exempt a certain entity from this

regulation, in whole or in part, with the exception of sub-regulation (a)(1) and he may place conditions on the said exemption, if he is convinced that the circumstances so warrant.

(c) The provisions of sub-regulation (b) do not derogate from the Authority's power to grant an extension under Section 36 (h) of the Law.

Proposed Debt Restructuring Arrangement Which is Neither an Other Debt Restructuring nor a Debt Restructuring Due to Financial Distress Arrangement

37U. In a debt restructuring arrangement, which is neither an Other Debt Restructuring arrangement nor a debt restructuring due to financial distress arrangement, the entity's latest periodic and quarterly reports and any material change or update occurring on any issue that must be described in the periodic report shall be provided, while the entity can incorporate them by reference; the details specified in paragraphs (3), (4) and (9) through (13) of Regulation 37T(a) shall be provided as well as the information stipulated in Regulation 7(a)(2), (8) and (11) of Regulation 38(6) and (7) of the Companies Regulations *mutatis mutandis*, with the modifications articulated in Regulation 37B(a)(2) shall be provided.

Other Debt Restructuring Arrangement Proposal

37V. In an Other Debt Restructuring arrangement, the details specified in paragraphs (9) through (11) of Regulation 37T(a) shall be provided as well as the details specified in Regulation 7(a)(2) of the Companies Regulations.

Signature on the Report

37W. The entity and a majority of its board of directors' members, of which at least one is an outside director, shall sign the report stipulated in Regulations 37T and 37U.

Obligation to Update

37X. Should a material change or update occur during the period between calling the meeting and holding it with respect to information included or that must be included on the debt restructuring arrangement report, the entity shall update the report in a concentrated manner in an update report that shall be published four business days prior to the date the meeting is held, and the information therein may be incorporated by reference into the update report.

Debt-for-Securities Swap Offering

37Y. The provisions of Regulations 37T, 37W and 37 X shall apply to an offering of securities in exchange for debt securities to which one of the conditions enumerated in the definition of a debt restructuring arrangement due to financial distress apply.

Chapter D: Quarterly Reports

Definitions

38. In this chapter –
"Interim report" or "report" – interim financial statements;
"Quarterly report" – a report covering a period of quarter.

Contents of a Quarterly Report

38A[5]. A quarterly report shall include the following: interim financial statements, the board of directors' report for the interim period, a quarterly report on the effectiveness of internal controls over the financial reporting and disclosure, and any other information required under this chapter.

***Pro Forma* Data**

38B. (a) Should a *pro forma* event occur in the report period, after the date of the statement of financial position in the interim report and up until the date the interim financial statements are approved, or if it is almost certain that the *pro forma* event will be completed in the three-month period following the date the interim financial statements are approved, provided that the completion does not involve material conditions, the entity may publish, within the framework of the periodical report, a *pro forma* report as stipulated in Regulation 9A, *mutatis mutandis.*

(a1) Notwithstanding the above in sub-regulation (a), should a *pro forma* event occur after the date of the statement of financial position and up until the date the financial statements are approved, or if it is almost certain that the *pro forma* event will be completed during the three-month period following the date the financial statements are approved and that the completion does not involve material conditions, the entity may publish the *pro forma* report in an immediate report within 90 days of the date of the *pro forma* event or of its completion, as applicable, within the framework of the periodical report for the period in which the *pro forma* event occurred, as applicable, and all according to the earlier.

(b) With respect to sub-regulation (a) -

(1) The presumptions set in paragraph (1) of the definition of "*pro forma* event" shall be read as if the following presumption has been added to them: the portion of the acquired entity's profit or loss for the period or the results of the acquired operations in the period accumulating from the end of the latest reporting year up until the end of the interim period, which are attributable to the entity, due to its holding of the acquired entity's equity or the acquired activity, respectively, constitute, in terms of absolute value, thirty percent or more of the entity's profit or loss for the period that is attributable to the owners of the parent company in the same period, in terms of absolute value, according

[5] The words "quarterly report regarding the effectiveness of internal control over financial accounting and on disclosure" shall be read as part of Regulation 38A according to the commencement and applicability provisions of the 5770-amendment appearing at the end of these regulations.

to the entity's and the acquired entity's latest interim financial statements, respectively;

(2) A sale be considered a material sale for the purpose of paragraph (2) of the definition of "*pro forma* event" if the aforesaid in paragraph (1) applies, *mutatis mutandis*.

(c) The provisions of Regulation 9A(b) through (e) shall apply to a report pursuant to sub-regulation (a), *mutatis mutandis*.

Quarterly Statement Regarding the Effectiveness of Internal Controls over Financial Reporting and Disclosure

38C.[6] (a) An entity shall attach to its quarterly report a quarterly statement of the board of directors' and management's assessment of the effectiveness of its internal control system, according to the form found in item 1(b) of the Seventh Schedule (hereinafter – quarterly internal control statement).

(b) The quarterly internal control statement shall address the following:

(1) Disclosure shall be given as to whether an event or issue that could alter the assessment of the effectiveness of internal controls, as provided in the previous quarterly internal control statement or the previous annual internal control statement, the more recent of these, was brought to the attention of the board of directors and management over the course of the reporting period; in this regulation: "reporting period" – a period starting with the date of the previous quarterly internal control statement filed by the entity or the previous annual internal control statement filed by the entity, the more recent of these, and ending on the date of the report filed under this regulation;

(2) Should an event or issue be brought to the attention of the management and the board of directors as stipulated in paragraph (1), disclosure shall be given relating to the event or issue and its impact on the internal control effectiveness assessment;

(3) Disclosure shall be given as specified below:

(a) Should a material weakness be discovered in the course of the reporting period that has not been corrected, or if a material weakness that was disclosed in the latest internal control statement – quarterly or annual, as applicable (hereinafter: the latest statement), still requires correction, the details pertaining to it shall be provided, as well as the date on which it was initially disclosed, its impact on the financial reporting and on the disclosure, the actions

[6] With respect to the date of commencement and applicability of Regulation 38C, see the commencement and applicability provisions of the 5770-amendment (at the end of these regulations).

taken to correct it up until the report date, and the schedule and the actions that the entity intends to take to complete this correction; in addition, the actions taken by the entity to ensure that, despite the material weakness, the financial statements are prepared according to law shall be specified;

(b) Should a material weakness be corrected in the course of the reporting period, and disclosure was given about this in the latest statement, a detailed disclosure shall be given regarding the material weakness and its correction;

(4) Should an initial disclosure of a material weakness be made in a quarterly internal control statement that was attached to a quarterly report for either the first or second quarter, and the said material weakness was not corrected by the publication date of the next annual internal control statement, the entity's financial statements from this date onward, and until the date that the material weakness is corrected, shall be considered as not legally prepared; should the disclosure of a material weakness be initially made in a quarterly internal control statement that was attached to the quarterly report for either the third or fourth quarters, and the said material weakness had not been corrected by the date of the quarterly internal control statement attached to the quarterly report for the first quarter of the following year, the entity's financial statements shall be considered, from this date onward and until the date the material weakness is corrected, as being not legally prepared; the Chairman of the Authority or whoever he authorized for this in writing, may exempt an entity from the provisions of this paragraph, and may place conditions on this exemption if he is convinced that under the circumstances, the entity was unable to correct the material weakness by the said date; should a said exemption be granted – details regarding this fact shall be provided; in this regulation, "reports" – as their meaning in Regulation 8 or 38A.

(c) (Deleted).

(d) The following declarations shall be attached to the quarterly internal control statement:

(1) a declaration signed by the chief executive officer, worded as specified in item 2(c) of the Ninth Schedule;

(2) a declaration signed by the most senior financial officer, worded as specified in item 2(d) of the Ninth Schedule;

The declarations stipulated in this sub-regulation do not derogate in any manner from the liability of their signatories or from the liability of any other person, under any law.

(e) The provisions of this regulation shall not apply to -

(1) a banking corporation;

(2) an institutional body.

(f) The Chairman of the Authority may instruct that the reporting of the effectiveness of the internal controls of a certain entity shall be in a format determined in another law or another arrangement, if he is convinced that under the circumstances, another satisfactory law or arrangement applies to that entity; in addition, he may place conditions on the said instruction or determine that temporary provisions shall apply to the said entity.

(f1) Should the entity consolidate a banking corporation or institutional body, it may, solely with reference to the internal control system of the banking corporation or institutional body, implement the provisions of sub-regulation (f2) instead of the provisions of sub-regulations (a) and (b); notwithstanding the above in this sub-regulation, the Chairman of the Authority may prohibit a certain entity from applying the provisions of this sub-regulations, for reasons that shall be specified.

(f2) With respect to an entity that has elected to apply the provisions of this sub-regulation, while meeting the criteria stipulated in sub-regulation (f1), the following provisions shall apply:

(1) The consolidating entity's quarterly internal control statement shall make reference to the internal control effectiveness assessment of the banking corporation or institutional body in accordance with the format set in the other law applicable to them on this issue, to the extent that such a format exists with respect to the quarterly financial statement;

(2) The entity applied the provisions of paragraph (1) with respect to all the banking corporations or the institutional bodies consolidated in its financial statements;

(3) The entity shall continue to apply the provisions of this sub-regulation in subsequent periods as well;

(4) The Chairman of the Authority may approve a certain entity's deviation from the provisions of paragraphs (2) or (3), if it is convinced that such deviation is warranted under the circumstances.

(g) Notwithstanding the above in sub-regulation (e), the management reports and declarations pertaining to the assessment of the effectiveness of internal controls that must be submitted by virtue of the laws applicable to banks and institutional bodies, shall be attached to the quarterly report of a banking corporation or an institutional body.

Entity's Separate Interim Financial Statements

38D. In an interim report, to which the independent auditor's review is attached financial data drawn from the entity's consolidated interim statements shall be provided, as stipulated in Regulation 9C, *mutatis mutandis*.

Quarterly Report Regarding the Schedule of Liabilities According to Redemption Dates

38E. A statement containing data pertaining to the reporting entity's a schedule of liabilities and those of the companies consolidated in its financial statements shall be attached to the interim report by way of incorporation by reference to the filing form as defined in the Electronic Reporting Regulations, as stipulated in Regulation 9D.

Quarterly Report Regarding On-Production Petroleum Property

38F. Should an entity hold an on-production petroleum property, as its meaning in the Eleventh Schedule, information regarding each one of the on-production petroleum properties held by the entity as specified in Part C to the Eleventh Schedule shall be provided.

Quarterly Report Filing Date

39. (a) An entity shall file a periodical report to the Authority, within two months of the report date, provided that the periodical report is filed within three days of the date of the entity's auditor's signature on the review statement referring to the interim financial statements.

(b) The signature date of the quarterly report shall be no earlier than three days prior to the date it is filed to the Authority and the securities exchange.

Update of Information Provided in the Periodic Report

39A. Any material modification or update occurring in or to the entity's business on any issue that must be described in a periodic report shall be provided in a quarterly report.

Principles for Preparing the Report

40. (a) An interim financial statement shall be prepared in accordance with generally accepted accounting standards with respect to financial reporting for interim periods, and it shall present in an appropriate and reliable manner the entity's financial position, its performance and cash flows, as well as the changes in its financial position and equity during the reporting periods included in the interim statement; in addition to this, the interim statement shall include the disclosure provisions set in this chapter.

(a1) The currency of an interim financial statement shall be as stipulated in Regulation 6 of the Financial Statements Regulations.

(b) An entity shall include in its interim financial statements an explicit and unqualified declaration with respect to its full compliance to accepted accounting principles in its financial reporting of the interim periods; the fact that the interim financial statements include the additional disclosure required under this regulation shall be noted as well.

(c) The statement of financial position as of the report date shall be provided in the interim financial statements.

(d) A statement of comprehensive income, an equity statement and a cashflow statement shall be provided for the reporting period that just ended and for the cumulative period starting at the beginning of the reporting year.

Interim Financial Statements of a Foreign Issuer

40A. (a) Notwithstanding the above in Regulation 40(a), the interim financial statements of a foreign issuer may be prepared according to the generally accepted accounting principles in the United States or according to the international financial reporting standards (IFRS) adopted by the European Union, within the framework of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, and shall present in an appropriate and reliable manner the entity's financial position, its performance and its cash flow, as well as the changes to its financial position and equity in the reporting periods included in the interim report; interim reports of a foreign issuer shall include, in addition to this, the disclosure provisions set in this chapter, *mutatis mutandis*.

(a1) The interim financial statements of a foreign issuer can be reviewed according to international auditing standards or to American auditing standards, in accordance with the type of principles or standards in which the statements were prepared, as stipulated in sub-regulation (a).

(b) With respect to the interim financial statements of a foreign issuer, prepared as stipulated in sub-regulation (a) and reviewed as stipulated in sub-regulation (a1), the following provisions shall apply:

(1) The financial statements shall include a note attesting to their conformity to generally accepted accounting principles; within this context, "conformity note" – as defined in Regulation 5(c)(1) of the Financial Statements Regulations;

(1a) The required disclosures in the financial statements shall be prepared according to the accounting principles under which the financial statements of the foreign issuer were prepared and according to these regulations; the specification required under these regulations shall be provided in the notes, with the modifications and adjustments deemed necessary by virtue of the accounting principles under which the foreign issuer's financial statements were prepared, unless if under the circumstances of the matter, such specification is not material; in addition, the entity shall note that the financial statements include the additional disclosures mandated under these regulations;

(3) Should the interim financial statements be presented in a currency which is not listed among the currencies listed in the schedule to the Financial Statements Regulations, a translation of the financial statements into shekels, prepared in accordance with the translation principles set in the accounting principles

under which the financial statements were prepared as stipulated in sub-regulation (a) shall be attached; should a translation into Hebrew under paragraph (2) be attached, a translation into shekels shall be attached as well, when so required.

(4) In the independent auditor's review report, the accounting principles used to prepare the financial statements and the auditing standards according to which the interim financial statements were reviewed shall be noted;

(5) The independent auditor's review report can be in a language other than Hebrew, provided that a translation into Hebrew shall also be provided alongside it, certified by the translator as to the adequacy of the translation and confirming his consent to include the translation and the certification in the report;

(6) The independent auditor or the accountant, as applicable, shall state that nothing has been brought to his attention that would indicate that the financial statements fail to meet all the provisions of these regulations.

(c) The Chairman of the Authority or whoever he authorized for this may exempt a foreign issuer from the provisions of sub-regulation (b)(1) or (1a), in whole or in part, and may place conditions on such an exemption.

Discrepancy Between the Provisions of the Regulations and Accepted Accounting Principles

40B. Should the Chairman of the Authority or whoever he authorized for this be convinced that a provision of these regulations precludes the implementation of generally accepted accounting principles or what is permitted under them, he may instruct that this provision shall not apply.

Comparative Reports

41. (a) Alongside each amount in the statement of financial position, the corresponding amount in the statement of financial position for the corresponding quarter in the reporting year shall be presented, as well as the respective amount for the entire reporting year.

(b) In the line items of the statements stipulated in Regulation 40(d), alongside each sum, the corresponding sum for the corresponding periods in the reporting year shall be presented as well as the respective amount for the entire reporting year.

Specification Requirements

42. (a) Disclosure shall be given for any change in accounting policy, a change of a estimate or a correction of an error made in the reporting period, including the following details:

(1) Should the entity change the accounting policy it implemented in prior reporting periods, this change shall be

explained, the reasoning behind it and reasons for it shall be stipulated, including the reason why the application of the new accounting policy provides more relevant and reliable information, the amounts of the adjustments for the reporting period in which the change was made and for all prior reporting periods included in the interim financial statements shall be noted, if practical; with respect to this matter, "amount of the adjustment" – for each line item in the interim financial statements affected by the application and for the earnings per share ratio;

(2) Should a material error of a prior period be corrected by way of restatement in the interim financial statements, any information required for understanding the error and its correction shall be specified in the interim statements containing the correction of the error, including –

(a) the nature of the mistake and the amount of its correction for each prior period presented in the interim financial statements and for each line item in the financial statements affected by its application and for the earnings per share ratio;

(b) the amount of the correction of the error as of the beginning of the earliest period presented in the interim financial statements;

(c) if a restatement for a certain prior period is not practical, the circumstances which led to this situation shall be specified, describing how and when the error was corrected;

(3) Should the entity change an accounting estimate in the reporting period, this change shall be explained, the reasoning and reasons for it shall be specified, noting the amount of the change of the estimate that has an effect on the current reporting year or is expected to influence future reporting periods, with the exception of a disclosure regarding the impact in future reporting periods when it is impractical to estimate this impact; should it not be practical to estimate the impact of the change in the estimate on future reporting periods, this fact shall be disclosed as well as the reasons behind the inability to make the estimate.

(b) The detailing shall be provided separately in the notes to the financial statements and it is not necessary to include in the report details that, under the circumstances, are not material.

(c) Any amount that was restated or reclassified shall be marked.

Bank, Insurer or Credit Card Company

43. The provisions of Regulations 9A, 38B, 40, 40A, 41, 42, 44, 45, 48 and 49 shall not apply to an entity that is a banking corporation, a credit card company or an insurer, which shall prepare its interim statements according to the instructions and guidance of the Supervisor of Banks or of the Director General of the Israel Capital Market Insurance & Savings Authority, as applicable.

Attachment of the Reports of an Associate

44. (a) The interim financial statements of an associate for the same quarter shall be attached to the entity's interim statements, if one of the following applies:

(1) The entity's investment in the associate, in terms of absolute value, is twenty-five percent or more of the total assets in the entity's statement of financial position;

(2) The portion of the associate's total profit or loss, in terms of absolute value, of over the four quarters ending on the interim statement of financial position day, that is attributable to the entity due to its holdings in the associate, comprises twenty-five percent or more of the entity's profit or loss, in terms of absolute value, for the four quarters ending on the interim statement of financial position da, and the condition stipulated in Resolution 23(a)(2) of the Financial Statements Regulations that was met in the previous reporting year or is expected to be met in the current reporting year; in this context, "the portion of the associate's total profit or loss, in terms of absolute value, over the four quarters ending on the interim statement of financial position day, that is attributable to the entity due to its holdings in the associate" – the portion of the profit according to the total share of its holdings in the associate, after deducting the associate's assets and liabilities, based on their value in the entity's books on the date the associate is acquired, including the associate's assets and liabilities that were recognized in the entity's financial statements, but not in the associate's books, according to a uniform accounting policy;

(3) The associate is significantly important to the entity's business or its operations in their current or planned future format;

(4) The company became the entity's associate after the statement of financial position date and the aforesaid in paragraph (3) applied.

(a1) Notwithstanding the above in sub-regulation (a), the financial statements of an associate shall not be attached to the entity's statements, should one of the following apply:

(1) The associate's statements are insignificant relative to the entity's statements;

(2) Following the statement of financial position date, the company ceased being the entity's associate.

(a2) The provisions of Regulation 23 (c) through (l) of the Financial Statements Regulations shall apply *mutatis mutandis* and with respect to Regulation 23(e), sub-regulation 19(f1) of the Financial Statement Regulations shall be interpreted as if it deals with the previous reporting year.

(b) If the attachment of an associate's annual financial statements did not precede the attachment of its interim report or in the entity's interim report, the associate's interim report shall also include a note regarding the accounting policy it applied in its latest annual financial statements.

Attachment of Summary Information Regarding an Associate

44A. Summary financial information regarding an associate shall be given in an entity's reports, for each one of the periods included in the entity's consolidated financial statements, as well as a disclosure regarding the material changes that occurred in the nature of the entity's relations with the associate throughout the course of the reporting period, according to principles set in the generally accepted accounting principles, pertaining to disclosure regarding investments in investee companies, *mutatis mutandis*.

Attachment of the Reports of a Guarantee Beneficiary Company

45. (a) An interim report of a guarantee beneficiary company, for the same quarter, shall be attached to the entity's report in accordance with Regulation 19(c) of the Financial Statements Regulations, and the provisions of Regulation 19(e) through (h) of the Financial Statement Regulations shall apply *mutatis mutandis,* provided that Regulation 19(F1) is interpreted as dealing with the previous reporting year.

(b) If the attachment of a guarantee beneficiary company's annual financial statements did not precede the attachment of its interim report, a note regarding the accounting policy it implemented in the guarantee beneficiary company's latest annual financial statements shall be included in the guarantee beneficiary company's or in the entity's interim report.

Signing the Report

46. The reports shall be signed, on behalf of the entity, by the chairman of the board of directors, the chief executive officer or whoever serves in this capacity in the entity, even if his title differs, including an acting chief executive officer in his absence and the highest financial officer, or by a director, which the board of directors has authorized instead of any one of these for the purpose of signing the report as of a certain date, when the provisions of Regulation 5 apply; the provisions of this regulation shall not apply to the financial statements that were attached to the entity's reports of an associate or a guarantee beneficiary company which is not a reporting company.

Accountant's Review

47. (a) An accountant's review shall be attached to the interim report and shall include certification that the provisions of Regulation 40(a) have been met.

(b) The independent auditor shall certify the preparation of the review by his signature and next to it, shall note the signature date.

(c)[7] The financial statements for the year preceding the transition year shall also be provided, including a note to the financial statements as required by accounting principles with respect to the initial adoption of the international accounting standards.

Within this context –

"Accounting principles" – as defined in the Financial Statement Regulations;

"Transition year" – as defined in Regulation 59 of the Securities Regulations (Prospectus and Draft Prospectus Details – Structure and Format), 5729-1969, as the version appearing in Regulation 1 of Securities Regulations (Prospectus and Draft Prospectus Details – Structure and Format) (Temporary Order), 5766 – 2006.

Chapter E[8]

Interim Board of Directors Report

48. (a) An interim board of directors' report shall be attached to the interim financial statements, which shall contain explanations regarding the events and changes that took place in the state of the entity's affairs in the interim period and the cumulative period from the end of the last reporting year up until the report date, that materially affected the data included in the interim financial statements and the data included in the entity's description.

(b) The scope of the interim board of directors' report shall be limited and it shall be prepared under the assumption that the reader also has the annual board of directors' report at his disposal and that there is no need to repeat what is already written there; the interim board of directors' report initially filed by an entity which has offered securities to the public and for which a board of directors' report has not yet been filed, shall be prepared under the assumption that the reader has the prospectus at his disposal.

(c) An interim board of directors' report shall be prepared as detailed below:

(1) The explanations shall address each one of the subjects specified in Regulation 10(b);

(2) The explanations shall be prepared, while drawing comparisons between the other interim periods for which

[7] Sub-regulation (c) shall be read as part of Regulation 47 solely in cases in which the "transition year" preceded 2008 and was the first report prepared according to the interim report international accounting standards.

[8] The title for Chapter E was deleted in the Amendment 5774 (No.3)

financial statements have been included as comparative figures in the interim financial statements;

(3) Expression shall be given, *inter alia*, to the following:

(a) the impact of seasonality on the entity's operating results;

(b) extraordinary or non-recurring events;

(c) events that could indicate financial distress;

(d) an explanation of subjects to which the entity's accountant directed attention in his letter reviewing the interim financial statements;

(e) in a report in which a material error in the financial statements was corrected, an explanation of the error's correction shall be provided as stipulated in Regulation 10(b)(2)(g1);

(4) Reference shall be made to the material changes that have occurred in the subjects stipulated in paragraph (4) of Regulation 10(b) as well as to the considerations underlying the board of directors' determination or recommendations regarding these changes;

(5) Reference shall be made to subsequent events occurring after the date of the statement of financial position, which are mentioned in the interim financial statements;

(6) Reference shall be made to the material changes that have taken place in the interim period and in the cumulative period since the end of the last reporting year and up until the report date on the subjects specified in Regulation 10(b)(6);

(7) Reference shall be made to the material changes that have taken place in the interim period and in the cumulative period since the end of the last reporting year and up until the report date with respect to the entity's exposure to market risks pursuant to one of the conditions set in Regulation 10(b)(7), and the ways these risks are managed[9], as specified in the Second Schedule[10], *mutatis mutandis*.

(8) Should the board of directors modify its determination with respect to the required minimum number of directors with accounting and financial expertise during the reporting period – this modification shall be noted and the board of directors' reasoning behind the modification shall be specified;

(9) Should the number of directors with accounting and financial expertise fall below the minimum threshold, the reasons

[9] This provision refers to interim reports prepared for the year ending on 31.12.2001 through those prepared for the year ending 31.12.2003.

for this shall be specified, and the actions that the company intends to take to restore the minimum number shall be noted as well as the schedule it set for doing so;

(9a) Should the articles of association of a public company include a provision with respect to the percentage of independent directors, and the percentage of independent directors serving in the company fell below the minimum threshold required under this provision, this shall be noted and the actions that the company intends to take to restore the threshold percentage shall be noted as well, including the schedule it set for doing so;

(10) An update shall be provided regarding each possible event or issue to which Regulation 37A2(a) applies.

(11) Reference shall be made to the material changes that have taken place in the interim period and in the cumulative period, since the end of the last reporting year and up until the report date, with respect to the subjects specified in Regulation 10(b)(11);

(12) Reference shall be made to the material changes that have taken place in the interim period and in the cumulative period, since the end of the last reporting year and up until the report date, with respect to the subjects specified in Regulation 10(b)(13);

(13) Reference shall be made to the provisions of Regulation 10(b)(14); the provisions of this subparagraph shall not apply to –

(a) an entity that issued debt securities to the public, which met the provision of Regulation 51(b) of the Prospectus Regulations and at the time of their issue;

(b) an issuer of exchange-traded products;

(c) (deleted).

(14) (Deleted).

(d) The provisions of Regulation 10(c), (d), and (e) shall apply to an interim board of directors' report, *mutatis mutandis*.

(e) The provisions of this regulation shall not apply to –

(1) a banking corporation;

(2) an insurer;

(3) information contained in an interim report of an entity that consolidated a banking corporation or a credit card company, insofar as this information relates to the banking corporation or the credit card company;

(4) information contained in an interim report of an entity that consolidated an insurer, insofar as this information relates to the insurer;

(5) information contained in an interim report of an entity that consolidated an entity to which the provisions of Chapter E3

of the Law apply (in this regulation – the consolidated company), provided that the following conditions apply to this information:

(a) it relates to the consolidated entity;

(b) disclosure under the foreign law that applies to the consolidated company is not compulsory.

A Valuation Contained in a Quarterly Report

49. (a) Should a key valuation serve as the basis for determining the values of the data contained in the periodical report, including the determination that it is not necessary to change the values of the said data, the entity shall attach the key valuation to the periodical report and the provisions of Regulation 8B shall apply, *mutatis mutandis*.

(b) Should the entity assess that a material change as occurred in the value of an asset, for which a valuation under Regulation 8B(a1)(1) was published, the entity shall attach an updated valuation to the periodical report and the provisions of Regulation 8B shall apply, *mutatis mutandis*.

Chapter E 1: Termination of Reporting obligations

Definitions

50. In this chapter –

"Public holders" – all the holders of an entity's securities excluding controlling parties, the chief executive office, a director, or an entity controlled by or controlling the reporting entity;

"Securities" – all the securities issued under a prospectus or that were listed for trading on a securities exchange.

An Entity for Which the Number of Securities Holders Does Not Exceed 35

51. (a) An entity, the securities of which were delisted from a securities exchange, and the number of public holders of its securities does not exceed thirty-five persons**,** shall end its reporting obligation as stipulated in sub-regulation (b), if the following conditions were met:

(1) The entity conducted a count of the public holders of its securities and the count indicated that the number of said holders does not exceed thirty-five; with respect to the number of holders, those who acquired securities that are shares or securities convertible or exercisable to shares shall be counted separately from those who acquired other securities;

(2) The entity published an immediate report in which the following information was disclosed:

(a) the date of record on which the public holder count was conducted;

(b) the results of the count;

(c) the way the vetting process for the count was conducted and an explanation of it;

(d) the date for the termination of the entity's reporting obligations under sub-regulation (b) and the last reporting period for which it must file periodical reports, as stipulated in sub-regulation (e);

(e) the entity's declaration that, as of the date of the immediate report, disclosure of all information that is important to a reasonable investor, which it is required to report under law, was given in the entity's filings.

(b) An entity that met with the provisions of sub-regulation (a) shall end the reporting obligation that applies to it six months after the date the immediate report it filed under sub-regulation (a)(2) was filed, unless a petition was submitted to the court and the curt rendered its decision on this issue during the said period.

(c) Should a petition be submitted to the court as stipulated in sub-regulation (b) –

(1) The entity stipulated in sub-regulation (b) shall notify the Authority on this matter; the Chairman of the Authority may, as he sees fit, appear before the court in the proceeding and state his position, or authorize a representative to do so on his behalf;

(2) The entity shall be considered as person for whom the reporting obligation has not yet ended, as long as the court has not issued its decision on this matter.

(d) The provisions of this regulation shall not apply to an entity, the securities of which were fully acquired in a mandatory tender offer or within the framework of another proceeding similar in nature under law.

Entity for Which the Number of Securities Holders Does Not Exceed Two Hundred

52. (a) An entity, the securities of which were delisted from a securities exchange, and for which the number of public holders of its securities does not exceed two hundred shall end its reporting obligation on a date determined by the court, provided that the following conditions are met:

(1) The entity petitioned the court to open a proceeding with the aim of terminating its reporting obligation under court supervision (in this regulation – the petition), in which the following issues are specified:

(a) the reasoning behind the petition;

(b) the date on which the entity conducted a count of its public holders, as well as specification of the results of the count and the way the vetting process was conducted; with respect to the number of holders, those who acquired securities that are shares or securities convertible or exercisable to shares shall be counted separately from those who acquired other securities;

(c) the entity's declaration that, as of the date of submitting the petition, disclosure of all information

that is important to a reasonable investor, that it is obligated to report under law, was provided in the entity's filings.

(d) the requested date for convening a meeting of the entity's securities' holders to make a decision regarding the termination of the reporting obligation (in this regulation – holders' meetings); the said date shall be at least thirty-five days after submitting the petition to the court;

(2) A court ruling to convene holders' meetings was issued;

(3) The holders' meetings approved the termination of reporting obligations, by a majority as determined in Section 350(i) of the Companies Law;

(4) A court ruling was issued regarding the termination of the entity's reporting obligation.

(b) Should a petition be submitted to the court as stipulated in sub-regulation (a)(1) –

(1) The entity stipulated in sub-regulation (a) shall notify the Authority on this matter; the Chairman of the Authority may, as he sees fit, appear in the proceeding and make his position heard, or authorize a representative to do so on his behalf;

(2) The court may issue an instruction providing for additional conditions to administer the proceeding, including instructions regarding granting public holders or another party the opportunity to submit to the court their objections to end the entity's reporting obligation.

(c) Should the entity end its reporting obligation under this regulation, it shall publish a series of immediate reports, in addition to what is set in these regulations, with respect to the following issues as well:

(1) a report on submitting the petition, including the attachment of the full text of the petition to the report;

(2) a report on the court's rulings pertaining to the proceeding under this regulation, including with respect to the date of the termination of the entity's reporting obligation' and the final reporting period for which it must file periodical reports, as stipulated in Regulation 2(a);

(3) detailed information regarding objections submitted to the court, including the attachment of the full text of the objection to the report.

Entity in the Process of Liquidating Assets

53. (a) In this section, "an entity in the process of liquidating assets" – a reporting company for which a petition was submitted to the court to approve a debt

restructuring arrangement, and the court issued a ruling to liquidate all of the said entity's activity and assets, for the purpose of repaying its debts to its creditors, or for which a liquidation order was issued, and all within the framework of court proceedings and with court approval (hereinafter – asset liquidation arrangement).

(b) The reporting obligations of an entity undergoing asset liquidation proceedings shall end on the date set in paragraph (6), provided that the following conditions are met:

(1) The court appointed a fiduciary for the entity as its meaning in Section 350D of the Companies Law or a receiver or a liquidator under the Companies Ordinance [new version], 5743 – 1983 (hereinafter: Fiduciary);

(2) Within the framework of the asset liquidation arrangement, the entity or the fiduciary petitioned the court to open a proceeding with the goal of ending its reporting obligations;

(3) The entity's or fiduciary's declaration that, as of the date of the petition's submission, the disclosure of all information that is important to a reasonable investor under the circumstances, that it is obligated to report under law, was provided in the entity's filings, was attached to the petition; in addition, the entity or the fiduciary shall declare that it undertakes to continue to comply with the reporting obligations applicable to it under law, or as shall be instructed by the court, until a ruling is issued by the court with respect to the date on which the reporting obligations are terminated (in this regulation – the ruling date); additionally, the entity shall undertake to publish the information stipulated in this sub-regulation.

(4) The entity published the final periodic report that it was obligated to file for the date of the petition, as well as the last periodical report subsequent to the periodic report, if the date to file it has been reached; however, should the court determine an alternative reporting format for filing periodical reports as defined in Regulation 2(e) (hereinafter – alternative reports), this shall apply to the entity up until the ruling date, the entity shall submit the alternative reports to the Authority no later than one trading day following their submission to the court;

(5) The meetings of the holders of the entity's securities approved the proposed arrangement by the majority set in Section 350(i) of the Companies Law, including with respect to the entity's reporting obligations;

(6) Should a court ruling to approve the petition to terminate the reporting obligation imposed on the entity be issued, the date the court ruling was issued as stipulated shall

be considered the date the entity's reporting obligation ended, unless the court determined another date instead.

(c) An entity that submitted a petition as stipulated in sub-regulation (b)(2), shall notify the Authority on this matter; the Chairman of the Authority, according to his discretion, may appear in the proceeding and make his position heard, or may authorize a representative to appear on his behalf.

(d) Should an entity's reporting obligation be terminated under sub-regulation (a), the entity shall publish on its website or in another manner as instructed by the court, information and updates regarding the progress of the arrangement's implementation and any other information relevant to the entity's securities holders, in the period between the ruling date up until the date the arrangement is fully implemented.

(e) The entity shall file immediate reports as specified in Regulation 52(c) up until the end of its reporting obligation.

Entity That the Authority Announced the End of Its Reporting Obligations

54. (a) The Authority may announce the end of an entity's reporting obligations, on a date instructed by it, provided that the following conditions are met:

(1) At least two years have passed from the date the entity's securities were delisted from a securities exchange;

(2) The Authority was of the opinion that, in light all the circumstances surrounding the issue of the entity, the public no longer has an interest in the entity's continuation as a reporting entity; the said circumstances can be either some or all of the following:

(a) the absence of business or economic activity or the holding of valuable assets by the entity;

(b) an absence of officers serving the entity, or lack of the appointment of a fiduciary for the entity on behalf of the court;

(c) There is no legal proceeding in progress to which the entity, a controlling party of it, its officers or its securities holders are party, pertaining to the entity or its activity;

(d) a failure to meet the reporting obligations applicable to the entity for a period of at least two years;

(3) The Authority published a notice as stipulated in sub-regulation (b).

(b) The Authority shall publish a notice with respect to its intention to announce the end of an entity's reporting obligations and shall give the entity and the public holding its securities the opportunity to make their claims heard or a notice regarding their right to petition the court on this issue (in this regulation – objection); such notice shall be published on the Authority's website, at least ninety days prior to

the date on which the Authority announces the end of the entity's reporting obligations.

(c) Should an objection be filed, as stipulated in sub-regulation (b), the Authority may postpone the date inscribed on the said notice or repeal it; should the Authority decide to repeal the said notice, it shall publish its decision on the Authority website and the entity's reporting obligation shall not end.

First Schedule

Issues to be addressed in the board of directors' report:

1. (Repealed).

2. Financial position – the developments in the statement of financial position line items shall be explained:

   (a) the acquisition or liquidation of fixed assets, land and physical facilities, including investment property, and investment property in formation, the effect of which on the entity could be material in the future – the objective of the acquisition or liquidation shall be specified, such as replacing a factor of production with another factor of production in the production process, expanding existing production capacity or producing a new product, or replacing an existing fixed asset to preserve production capacity; as well as the operating segment that will be served by the acquisition or from which the asset is taken and the manner in which the acquisition is financed;

   (b) the exposure, as it is reflected in the information contained in the financial statements, and the actions the entity has taken for coverage.

3. Operating results – developments in line items from the statement of comprehensive income shall be explained, while referencing all the revenue and expense items that were recognized for the period, whether presented in a single statement of comprehensive income or in two statements that distinguish between profit or loss components as well as other components of comprehensive income.

4. Liquidity - the state of the entity's liquidity and cash flows from current activity, investment activity and from financing activity shall be explained, as well as the following issues:

   (a) The factors creating a surplus or deficit in the cashflow stemming from current operations and the use made of the said surplus or the measures taken to reduce the said deficit;

(b) The impact of debt restructuring arrangements that the entity extended or received on the state of its liquidity;

5. Sources of finance – the entity's sources of capital, their costs and changes to them, while addressing, *inter alia*, the following:

(a) securities offerings;

(a1) implementation of a plan under Chapter C1 of the Public Offering Method Regulations and including – the number of securities sold, the number of securities remaining for sale under the plan and the amount received for the securities sold under the plan;

(b) the exercise of options or conversion of securities convertible to shares;

(c) the average volume in the reporting year of long-term loans. The calculations can be made on the basis of monthly data;

(d) the average volume of short-term credit. The calculations can be made on the basis of monthly data;

(e) the average volume in the reporting year of credit from suppliers and the average volume in the reporting year of credit from customers, or alternatively, the range of credit from these sources; explanations shall be provided for the gaps between them, provided that there is a material gap between them; the calculations can be made on the basis of monthly data.

6. Key data appearing in the description of the entity's business shall be explained in accordance with Regulation 8A of the main regulations, for which explanations had not been given within the framework of paragraphs 2 through 5.

7. (Repealed).

Second Schedule

(Regulations 10(b)(7) and 48(c)(7))

Information regarding market risk exposure and its management which must be included in the board of directors' report:

Definitions

1. In this schedule –

"Person in charge" – the person in an entity charged with market risk management;

"Indexation base" – an index, rate or a price to which a financial instrument is linked or in which it is denominated, including various

foreign currencies, various currency exchange rates, price indices, securities or financial instrument price indices at fair value through profit or loss or available-for-sale financial instruments;

"Hedge" – means used to offset market risk.

"Financial liability", "firm commitment" "equity instrument", "financial instrument", "financial instruments at fair value through profit or loss (FVPL)", "available-for-sale financial instruments" "derivative", "embedded derivative", "financial asset", and "fair value" – as their definition in generally accepted accounting principles;

"Financial instrument" – (deleted);

"Derivative family" – (deleted);

"Derivative" – (deleted);

"Fair value of a derivative" – (deleted);

"Face value" – (deleted);

"Position in a derivative" – (deleted);

"Sell position in a derivative" – (deleted);

"Buy position in a derivative" – (deleted);

"Mark-to-model fair value" –

(1) with respect to a share – is fair value;

(2) with respect to another sensitive instrument as defined in Section 12(a) – its fair value according to an accepted valuation technique.

Reporting Details

2. The following information shall be provided according to their order in the sections of this schedule with a heading for each section:

a. **The person in charge of market risk management in the entity**

The name of the person in charge; should the person in charge not be an officer of the entity, his educational background, skills, business experience over the past five years and his other positions in the entity; should the person in charge be a senior officer in the entity, his position as the person in charge shall be noted within the framework of the information provided with respect to him in the periodic report, under Regulation 26A, and reference shall be given to the place in the periodic report in which the information about him is provided; should there be several people in charge, the said information for each one of them separately shall be provided, and in addition to this, the division of responsibilities between them and the decision-making process shall be specified; if a person in charge was not appointed, this fact shall be stated and the reason for it shall be provided.

b. **Description of market risks**

A detailed description of the market risks to which the entity is exposed; the description shall address information on market risks that must be provided in the financial statements; for entities

whose activity in derivatives is not intended for hedging, in addition to the said description, this fact shall be explicitly noted.

c. **Entity's market risk management policy**

(1) the entity's policy for managing market risk, including whether it targets market risk management to accounting exposure or to economic exposure - whenever there is a discrepancy between them, as well as a quantitative note regarding the degree of exposure it is willing to undertake and the decision on this matter.

(2) a description of the division of responsibility and the scope of authority in the entity, with respect to existing exposures, their increase, opening new exposure as well actions undertaken to reduce exposure, noting quantitative restriction as set by the entity, if so set; if quantitative restrictions as stipulated have not been set, this shall be stated and the reasons for this specified; the party that sets the said restrictions shall be noted; a description shall also be given of the mechanisms which facilitate an immediate response to extraordinary developments in the various markets and a description of the events leading to the discussion of such developments before the board of directors.

(3) the entity's investment policy in bodies primarily engaged in derivatives transactions and short sales (such as hedge funds).

(4) a description of the changes in market risk management occurring in the course of the reporting year.

d. **Supervision of the market risk management policy and its implementation**

a description of the manner in which the policy is exercised and the means of supervising it, including:

(1) the nature, scope and frequency of market risk management issues during the reporting year;

(2) the entity's internal control mechanisms designed to prevent deviations from its risk management policy, making note of significant deviations from the planned policy occurring in the course of the reporting year;

(3) an entity, which does not retain original detailed internal documentation with respect to the intended use of all its financial instruments for hedging, in those cases in which the intent is hedging – this fact shall be noted; in this context, "original detailed internal documentation" – documentation indicating the relation between the financial instrument and the exposure it is designed to hedge, which was prepared close to, insofar as possible, the date of the transaction, the date its purpose was set or to any change of it.

e. **Indexation Base Statement**

a report noting the indexation bases, as of the dates of the statements of financial position included in the financial statements, which must be filed in accordance with these regulations and with the Financial Statements Regulations, as specified below:

(1) The line items of the entity's statement of financial position shall be segmented and represented in columns, as specified in paragraph (2), according to indexation base and the balances of unlinked financial instruments; the arithmetic difference between the total of specified columns and the line items of the statement financial position shall be presented in the balance column, and finally, a column representing the sums of all the said columns and is identical to all the balances in the entity's statement of financial position shall be presented; as well as all the net balances (assets minus liabilities) (in this schedule – total net balances) for each column; within the context of this subsection, "line items of the entity's statement of financial position" – according to their presentation in the statement of financial position.

(2) Each indexation base for which the financial assets or financial liabilities denominated or linked to it exceeds five percent of the total financial assets or the financial liabilities, respectively, shall be presented in separate columns; both the assets and the liabilities shall be provided with respect to each indexation base presented, as stipulated above, in a separate column; the remaining indexation bases shall be presented in a single column.

In order to determine which indexation base is relevant to a certain balance, data such as the currency of exercise or redemption as well as the contractual terms governing the exercise or redemption value must be taken into account; balances for which different portions of the balance are denominated or linked to various bases, shall be divided into indexation bases in accordance with the manner in which they were assessed for presentation in the financial statements; a balance, the terms of which, include optional linkage between various indexation bases, shall be presented according to its assessment for the purpose of its presentation in the financial statements.

(3) If, according to the board of directors' assessment, the total net balances in a given indexation base included in the indexation base statement for the end of the reporting year, including an indexation base which does not appear in it, reflect exposure to market risks which materially differs from the market risk characteristic of the reporting year, one of the following shall be presented as well:

(a) the average total net balance for the period based on the obligatory indexation bases, specifying the frequency of measurement;

(b) the representative range of all the net balances of the obligatory indexation bases for the period.

(4) If, according to the board of directors' assessment, the total net balances of a given indexation base in the indexation base statement for the end of the reporting year, including indexation bases which do not appear in it, reflect exposure to market risks that very materially differ from the maximum exposure in the reporting year, in addition, the net balance as of the date of maximum exposure of the required indexation bases shall be presented, specifying the frequency of its measurement, and all according to the existing information held by the entity for the purpose of tracking its exposure to market risk and its management, insofar as such exists; an entity which does not have the said information at its disposal or does not make use of it for the purpose of tracking its exposure to market risk and its management – shall note this and shall not be obligated to present the said information.

f. **Sensitivity Analysis**

(a) With respect to goods or services traded on commodities markets, and with respect to all financial instruments, even if classified as inventory held by the entity, and with respect to a firm commitment according to which the payment or receipt of goods or services traded on commodities markets or financial instruments (in this schedule – the sensitive instruments) –

(1) The mark-to-model fair value for the end of the reporting year shall be presented;

(2) The model, the facts, assumptions, assessments and the projections used to determine the mark-to-model fair value shall be specified;

(3) Should the mark-to-model fair value differ from the fair value, the fair value shall be given as well;

(4) The distinctions in the mark-to-model fair value shall be specified under the assumptions of changes to market factors that could directly affect the said fair value (in this schedule – sensitivity tests) as specified below:

(a) The entity shall perform at least four sensitivity tests, testing the results of changes to market factors at a rate of five percent in each direction and at a rate of ten percent in each direction;

(b) Should, within the course of the ten years preceding the reporting date, the degree of daily

change be greater than that specified in subparagraph (a), the entity shall perform sensitivity tests based on the highest change rate found in the said period, in addition to the rates set in subparagraph (a); the entity shall note that the test was conducted in accordance with the provisions of this subparagraph, and one of the following shall be noted as well:

(1) A daily change rate exceeding ten percent was not found;

(2) A daily change rate exceeding ten percent was found, and the highest daily change found in the test shall be noted as well as the date it occurred;

(c) When conducting a sensitivity analysis, the entity may combine several sensitive instruments that react in a similar manner to changes in the same market factors, and that are measured according to the same assessment model, provided that the results of the sensitivity test do not materially differ when the instruments are not combined;

(d) The sensitivity tests shall be conducted for the dates of the statements of financial position included in the financial statements, that must be filed under these regulations and the Financial Statement Regulations;

(5) The data stipulated in paragraphs (1) through (4) shall be presented in a detailed table according to the tabular format provided in sub-section i as specified below:

(a) There shall be a separate table for each market factor; the entity is required to give additional data under paragraph (9), and these shall be given in accordance with provisions of this paragraph as well;

(b) The sensitive instruments shall be sorted into the following sub-groups:

(1) sensitive instruments designed to hedge other sensitive instruments that are presented in the table, which are recognized in the financial statements as part of hedge accounting and immediately following these, the financial instruments hedged by them, should such exist;

(2) sensitive instruments designed to hedge other sensitive instruments, which are presented in the table but are not recognized in the financial statements as part of hedge accounting, and immediately following these, the financial instruments hedged by them, should these exist;

(3) sensitive instruments not designed for hedging;

(6) Should the entity change the model used for measuring the mark-to-model fair value of sensitive instruments, these changes shall be described and the reasons for the changes shall be provided; in addition, data regarding the mark-to-model fair value of sensitive instruments and the sensitivity analysis shall be provided, as they were presented as if the new model had already been applied on the dates included for comparison; alternatively, the figures for the reporting year based on the previous model shall be provided as well;

(7) Should there be a change in the facts, assumptions, assessments or projections underlying the determination of the market-to-model fair value presented for the previous year, this change shall be described and explanations for it shall be provided, provided that the change has led to a material modification of the mark-to-model fair value or of the results of the sensitivity analysis;

(8) Should the effect of the changes in market factors on the mark-to-model fair value materially differ from their effect on the entity's comprehensive income, distinguishing between "profit or loss" and "other comprehensive income", the entity may present, in addition, the effect of changes in market factors on the comprehensive income, distinguishing between "profit or loss" and "other comprehensive income"; should the entity choose not to do so, the board of directors' explanations with respect to the material gap and its implications shall be provided;

(9) Should the end-of-reporting year data fail to adequately reflect the exposure the entity had over the course of the reporting year, data from the sensitivity tests run on additional dates during the reporting year (in this schedule – the additional measurement) shall be provided as well; the additional measurement shall be conducted at uniform intervals and on fixed dates, and the board of directors' reasoning behind these dates and frequency shall be provided; should the entity modify the frequency and the

dates of the additional measurement, the board of directors' reasons for these changes shall be provided.

(b) An entity may combine several sensitive instruments in their presentation, if this does not entail a loss of material information necessary for understanding the exposure to the entity's market risks; the following shall be considered *prima facie* presumptions of the absence of a loss of material information:

(1) The mark-to-model fair value of the sensitive instrument that the entity seeks to combine, in terms of absolute value, comprises less than 5% of the mark-to-model fair value of all the instruments sensitive to a given market factor;

(2) The results of a sensitivity test according to the sensitive instrument that the entity seeks to combine, comprises less than 5% of the total results of the sensitivity tests for all instruments that are sensitive to a given market factor;

(c) An entity shall disclose whether a cumulative weekly change has occurred in the past ten years, which, if it would occur on the reporting date, would impinge on the going concern assumption which underlay the preparation of the financial statements.

g. **Fair value-at-risk**

Should the entity's main business be in the area of finance or trading goods and services traded on commodities' markets, its reporting shall also include a mark-to-model analysis under the value-at-risk model (in this subsection, VaR);

(1) In the measurement, at least all the financial instruments and goods and services traded on commodities markets (in this subsection- the items included in the VaR measurement) for which a price-driven market with frequent quotations exists, including over-the-counter (OTC) markets (in this subsection – quote-driven market) shall be included; should financial instruments not traded on a quote-driven market be integrated into the market risk management policy, these instruments shall also be included in the VaR measurement;

(2) In exceptional cases, in which there is no generally accepted pricing model for a sensitive instrument included in the VaR measurement, which is an item comprised of several components (usually embedded derivatives) (in this subsection –"complex item", and "components", respectively), the entity may exclude the subcomponents of a complex item in the VaR model;

(3) An entity shall conduct a measurement of VaR according to accepted models; the entity shall describe the model, its assumptions as well as additional parameters necessary for a reasonable investor to understand the measurement and its results, including the complex items or the subcomponents included in the measurement, and the

reasons for excluding these items or subcomponents from the measurement shall be provided, as shall the limitations of the model and specification of the critical estimates in its application; additionally, information regarding the frequency of measurements shall be given;

(4) The VaR shall be measured at least once weekly, and at fixed intervals between measurements;

(5) The confidence level in conducting the measurement shall be at least 95%; the measurement shall be performed for the value-at-risk of one day in advance;

(6) The reporting shall include the value as of the date of measurement, as well as, at the very least, information on the value of the maximum loss, the value of the minimum loss and the average loss, as these are measured by the model in the reporting period, or alternatively the distribution of these values; in addition, the entity shall note the percentage of the times the loss was greater than that measured by the VaR model relative to the total measurements conducted during the reporting period;

(7) The measurement of VaR shall be conducted for the dates of the statements of financial position included in the financial statements that must be filed under these regulations and the Financial Statement Regulations.

For the purpose of this subsection "area of finance" – including the holding of financial instruments or trading in them.

g1. **Board of directors' explanations**

The board of directors' explanations shall be provided on the following issues:

(1) exposures, as made evident from the indexation base statement, the sensitivity analysis table and, when necessary, under subsection g, from VaR tests;

(2) the degree of compatibility between the market risk management policy and actual risk management.

g2. **Sensitivity analysis table**

A sensitivity analysis table presented under subsection f(a)(5) shall be prepared in a tabular format as follows:

Example of a Sensitivity Analysis Table for Instruments Sensitive to Market Factor Changes

	Profit (Loss)** from the Changes			Profit (Loss)** from the Changes	
Sensitive Instrument	10% increase of market factor*	5% increase of market factor*	Fair Value	5% decrease of market factor*	10% decrease of market factor*
Total instruments for recognized hedge accounting					
Total instruments for unrecognized hedge accounting					
Total non-hedging instruments					
Total					

* The market factor on which the sensitivity was tested shall be noted in the table.

** The amount of the loss, if there is one, shall be written in parentheses.

A separate table as stipulated in this schedule shall be provided for each market factor.

B. Example of a Sensitivity Analysis Table for Instruments Sensitive to Market Factor Changes in Cases in Which Additional Sensitivity Testing Is Necessary Under Section 2(f)(a)(4)(b) of the Schedule

	Profit (Loss)*** from the Changes				Profit (Loss)*** from the Changes		
Sensitive Instrument	X% increase market factor**	10% increase market factor*	5% increase market factor*	Fair Value	5% decrease market factor*	10% decrease market factor*	X% decrease market factor**
Total instruments for recognized hedge accounting							
Total instruments for unrecognized hedge accounting							
Total non-hedging							
Total							

*The market factor on which the sensitivity was tested shall be noted in the table.

** To be filled according to the rate set under section 2(f)(a)(4)(b) of the schedule.

*** The amount of the loss, if there is one, shall be written in parentheses. A separate table as stipulated in this schedule shall be provided for each market factor.

e. A description and explanation of significant events and changes in exposure to market risks and the management of market risks, which occurred after the statement of financial position date shall be provided.

Additional Information

3. An entity that adds quantitative information regarding exposure to market risks and their management, in addition to what is required under Section 2(e) through (g), shall also describe the model and its limitations and the facts, assumptions,

assessments, projections and the parameters demanded for understanding the additional information.

Presentation in Financial Statements

4. (a) Should the information required under this schedule, and according to its provisions, be presented in the entity's financial statements, this information shall be provided as it was presented in the said financial statements.

(b) Should the information required under this schedule, and according to its provisions, be fully presented in the entity's financial statements, the required information under this schedule shall be incorporated by reference to the said financial statements.

Third Schedule

(Regulation 8B(d))

Issues that must be addressed in an attached valuation:

Identification of the Subject of the Valuation

1. specification and identification of the subject of the valuation;

Details of the Engagement Contract

2. details of the contract between the person ordering the valuation and the appraiser conducting the valuation, including the following details:
   (a) the identity of the entity ordering the valuation and the identity of the organ of the said entity that decided to engage with the appraiser conducting the valuation;
   (b) the date of the contract between the person ordering the valuation and the appraiser performing the valuation;
   (c) the reasons for which the entity ordered a valuation;
   (d) the name of the appraiser conducting the valuation, its signature on the engagement contract and the date of the signature; should the appraiser conducting the valuation be an entity, the details of the individual giving the valuation and his signature shall be attached as well;
   (e) details regarding the educational background of the individual conducting the valuation;
   (f) the prior consent of the appraiser conducting the valuation to the valuation's attachment;
   (g) conditions, should there be any, as to the fees to which the appraiser conducting the valuation are entitled; in addition, the degree to which the said conditions may have an impact on the results of the valuation;
   (h) agreement, if such exists, to compensate the appraiser conducting the valuation for his work; should such an agreement exist, the terms of the compensation and the identity of the compensator shall be specified in the valuation.
   (i) Information regarding the experience of the appraiser in conducting valuations of a similar or larger scale to those which are the subject of the current valuation.

Determined Value

3. The valuation (in this context, "value" – including minimum value), shall include details pertaining to the value determined in it, including the following:
   (a) the value determined by the appraiser;
   (b) the valuation's validity date;
   (c) sensitivity analyses of the valuation for the valuation's key underlying assumptions;
   (d) Should the subject of the valuation be an item presented in the entity's financial statements, its value, as it appears in the financial statements close to the valuation's validity date shall be noted; should the subject of the valuation be an entity, the equity of the assessed entity shall be noted in the financial statements;
   (e) Should the subject of the valuation be traded on a securities exchange, its highest price, lowest price, and average value of the asset in the six months preceding the validity date shall be noted, while taking into consideration distributions, splits or rights offerings in the course of the said period; for this purpose, "securities exchange" – as defined in Section 50A(a) of the Law;
   (f) Should there have been, to the best of the entity's knowledge, prior transactions in the subject of the valuation, during the two years preceding the validity date, the value of these transactions shall be specified;
   (g) Should the value determined in the valuation deviate by twenty-five percent or more from the average value on the securities exchange in the six months preceding the validity date or from the value derived from prior transactions as stipulated in sub-item (f), the difference between the said value and the valuation and the justification for it shall be explained;
   (h) Should the value determined in the valuation deviate by forty percent or more from the value determined in other valuations made public within the framework of reporting under the Securities Law over the course of the two years preceding the valuation, the data from the other valuations and their underlying assumptions shall be provided;
   (i) material modifications to a valuation conducted in response to disclosure requests or clarification made by the Authority or an employee it has authorized for this.

Valuation Methodology

4. The valuation shall include information pertaining to the valuation method used, including the following:
   (a) a description of the asset, which is the subject of the valuation; if the subject of the valuation is activity, a description of the industry and the business environment in the subject of the valuation is engaged shall be provided, as well as an analysis of the opportunities and risks facing it;
   (b) the facts, assumptions, calculations and projections on which the valuation is based;
   (c) key factors that could have an impact on projections;

(d) assumptions and projections that the entity provided and on which the valuation is based; the appraiser shall note in the valuation if material changes were made to the said assumptions and projections for the purpose of the valuation and shall specify the feasibility tests its conducted with respect to these assumptions and projections;

(e) the methodology used by the appraiser in preparing the valuation and the reasoning behind his choice to employ this methodology; should calculation method chosen by the appraiser differ from the discounted cash flow method, the appraiser shall explain the reason this method was chosen;

(f) the sources of information at the appraiser's disposal; should, in the appraiser's opinion, there be other sources of information worthy of use for the preparation of the valuation, which he was prevented from receiving or obtaining, the appraiser shall disclose this fact, noting the reason for it;

(g) Should the appraiser make use of a discount rate, the chosen discount rate chosen shall be specified and detailed explanations for the choice of this discount rate and how it is calculated shall be given;

Appraiser's Prior Valuations

5. A valuation shall include information about prior valuations of the subject of the valuation conducted by the same appraiser, including the following:

(a) Should a prior valuation be given in the three years preceding the valuation's validity date, the appraiser shall specify the prior valuation's validity date, the value determined in them and the reasons for which they were given;

(b) Should the value determined in the prior valuations deviate by twenty percent or more from the value determined in the valuation, should the profit or loss calculated in accordance with the prior valuations deviate by ten percent or more from the profit or loss calculated according to the valuation, or should the valuation methodology differ from the method used in the prior valuations, the appraiser shall disclose this and shall explain the primary distinctions in the various assumptions and material estimates, noting the facts leading to these distinctions;

(c) Should there be discrepancies between the financial results underlying the prior valuations and the actual financial results, these discrepancies shall be noted and an explanation for them shall be given;

Reliance on Experts

6. Should the valuation rely on material assessments by additional experts –

(a) The assessments of the additional exports shall be attached in the valuation;

(b) All the information required under this schedule shall be provided also with respect to the assessments of the additional experts, *mutatis mutandis*.

Fourth Schedule

(Regulation 10(b)(11))

Information regarding an entity's internal controller that must be included in the board of directors' report, in the order provided below:

Internal Controller Details

1. The following information about the internal controller shall be specifically noted:
    (1) his name;
    (2) the date of the commencement of his tenure;
    (3) should the internal controller fail to meet one of the conditions set in Section 3(a) of the Internal Audit Law – the conditions he failed to meet shall be noted;
    (4) the internal auditor's compliance with the provisions of Section 146 (b) of the Companies Law and the provisions of Section 8 of the Internal Audit Law;
    (5) Should the entity learn that the internal auditor holds securities of the audited entity or of a party related to it, these holdings shall be specified, and it shall be noted whether this affects the quality of the internal auditor's work; in this schedule, "related party" – the controlling party of the audited entity or whoever is controlled by the audited party or by a controlling party of it, or by related parties of one of them;
    (6) Should the internal auditor have material business relations or other material relations with the audited entity or with a party related to it, these relations shall be noted as well as whether they create a conflict of interest with his function as internal auditor;
    (7) whether the internal auditor is an employee of the entity or an outside service provider to the entity, specifying the identity of the external party on the behalf of which the internal auditor provides his services to the entity, as well as other functions he fulfills, in the entity and outside of it;
    (8) In paragraphs (5) and (7), "internal auditor"- including the outside party on the behalf of which he operates.

Manner of Appointment

2. The date the appointment was approved by the audit committee and the board of directors shall be provided, as well as a summary of their reasons for approving the appointment, while addressing the obligations, powers and the functions imposed on the internal auditor under law and while taking into consideration, *inter alia*, the type of entity, its size, scope of activity and the complexity of its activities;

End of Tenure

3. (a) Should the tenure of the internal auditor be discontinued during the reporting period, the date of the discontinuation of the tenure and its circumstances shall be specified.

(b) Should the tenure of the internal auditor be discontinued with his consent, the said discontinuation's compliance with Section 153 of the Companies Law shall be noted.

Identity of the Internal Auditor's Superior

4. (a) The identity of the internal auditor's organization superior shall be noted.

(b) Should the organizational superior of the internal auditor be other than is required under Section 148 of the Companies Law, the reasons for this shall be stated.

Work Plan

5. (a) Whether the work plan is annual or periodic shall be noted, should the plan be periodic – the length of the period shall be noted.

(b) The manner in which the content of the work plan is determined shall be specified, including reliance on a risk assessment prepared by the entity's internal auditor.

(c) The factors involved in determining the work plan shall be noted.

(d) The identity of the organ in the entity that receives the work plan and approves it shall be noted; should a recipient or an approver be other than those required under Section 149 of the Companies Law, the reasons for this shall be stated.

(e) Whether the work plan allows the internal auditor the discretion to deviate from it shall be noted; should such discretion be limited or subject to approval – details shall be given with respect to this.

(f) Should the entity undertake material transactions during the reporting period, whether or not these transactions were vetted shall be noted, including procedures as to their approval by the internal auditor; for this purpose, "material transactions" – including a material acquisition or sale of activity, transactions stipulated in Section 270 of the Companies Law and an extraordinary transaction as defined in the Companies Law.

Controls Abroad of an Investee Entity

6. (a) It shall be noted whether the audit plan addresses the entity's material investee entities as well; should the investee entity have an additional internal auditor, the way the work is divided between them shall be noted; in this schedule "controlled entity" – a consolidated entity or an entity treated under the book value system.

(b) It shall be noted whether the audit plan addresses the entity's activity or the activity of its controlled entities outside of Israel.

Scope of Engagement

7. (a) The scope of the internal auditor's engagement in terms of the annual number of working hours shall be specified, the reasoning behind this scope and the degree of its flexibility; the number of hours of engagement shall be presented in a table, noting in separate columns the hours invested in auditing of activity in Israel and hours invested with respect to activity outside of Israel; should the activity be audited by an additional auditor, either in the entity or in a related party, this fact shall be noted and the scope of the additional internal auditor's engagement for that activity shall be specified.

(b) Should the scope of the internal auditor's work be reduced during the reporting period relative to the previous reporting period, the reasoning behind the said reduction shall be provided.

Audit Preparation

8, (a) The accepted professional standards according to which the internal auditor prepares the audit plan shall be specified, as stipulated in Section 4(b) of the Internal Audit Law.

(b) How the board of directors satisfied itself that the internal auditor met all the requirements determined in the standards stated in subsection (a) shall be noted; should the internal auditor fail to meet all the requirements set in these standards, the reasons for this, to the best of the board of directors' knowledge, shall be specified as well as how it intends to act with respect to it.

Access to Information

9. (a) It shall be noted whether documents and information were provided to the internal auditor as stipulated in Section 9 of the Internal Audit Law, and whether he was given access to the information as stipulated in that section, including ongoing and direct access to the entity's information systems, including financial data.

(b) Should the audit plan include the examination of controlled entities or activity outside of Israel – how compliance with the provisions of subsection (a) was ensured under these circumstances shall be noted.

Internal Auditor Report

10. (a) The fact that the auditor's report was submitted in writing shall be noted.

(b) The dates on which a report on the internal auditor's findings was submitted and the identity of the organ in the entity to which the report was submitted shall be noted.

(c) The dates on which a discussion was held in the audit company or the board of directors on the findings of the internal auditor shall be noted; if not discussion was held – the reasons for this shall be specified.

Board of Directors' Assessment

11. It shall be noted whether, in the board of directors' opinion, the scope, character and continuity of the internal auditor's activity and his work plan are

reasonable under the circumstances, and if they are capable of fulfilling the goals of the entity's internal control.

Compensation

12. (a) The manner and size of the internal auditor's compensation shall be specified; for this purpose, "compensation" – as defined in Regulation 21.

(b) Should the internal auditor be given securities as part of the terms of his engagement, whether the securities are those of the audited entity or of a party related to it shall be noted.

(c) The board of directors shall provide its position regarding the potential impact that the compensation of the internal auditor may have on the exercise of his professional judgement.

Disclosure of Exposure for Not Meeting Criteria

13. Should the criteria with respect to an internal auditor under this schedule or any law not be met, the reasons for this shall be specified.

Fifth Schedule

(Regulation 36(a1))

Stages of a Transaction

1. The stages of an anticipated transaction shall be outlined, noting the stage the transaction is in on the date of the report, and the following information about shall be provided with respect to the transaction:

(1) in the negotiation stage – a general description of the asset, the estimated acquisition price as well as the estimated schedule for completion of the negotiations;

(2) in the preliminary agreement contracting stage – the primary terms of the agreement, including a general description of the asset, its price, range of prices or mechanism for setting a price, if agreed-upon, the estimated schedules for completing the transaction, suspensive conditions for completing the transaction and a referral to the immediate report submitted during the negotiation stage, if such an immediate report was filed; for this purpose, "preliminary agreement" – an agreement in principle, memorandum of understanding, protocol or a similar agreement, whether written or oral, which includes the agreement of the parties to the principal terms of the transaction.

(3) in the stage of signing an acquisition agreement – full disclosure with respect to the acquisition; the scope of the disclosure shall be determined in accordance with degree

of the asset's materiality for the entity. The disclosure must address all of the following:

(a) the date of the acquisition;

(b) the manner of acquisition – including purchase, barter, merger, consolidation of assets or acquisition through leasing;

(c) a brief description of the acquired asset; should the asset be among the assets specified in Section 2 of this schedule, it shall be described as stipulated in that section;

(d) the consideration for the asset, the manner in which it was determined and the payment dates;

(e) the manner in which the acquisition is financed, noting the portion that was financed through a loan; should a material portion of the acquisition be through a loan – the date the loan was extended, its amount and terms, including the period of the loan, the dates of its repayment, interest rates, collateral and compliance with financial ratios or other limitations shall also be specified;

(f) Should the seller be a body that is related to the entity – the nature of the said relations shall be noted; body related to – including a related party, principal shareholder, senior officer, their relatives or entities controlled by them;

(g) tax liability or levies stemming from the acquisition;

(h) legal restrictions or legal arrangements pertaining to the asset's owners, which restrict their ability of its use;

(i) the entity's plans with respect to the acquired asset and its purpose, including an estimate of anticipated investments in the asset following its acquisition; should the acquired asset be a plant, equipment or other tangible asset, the manner in which the asset served the seller as well as whether the entity intends to use the asset in a similar manner or intends to repurpose the asset for other use, shall be noted, while noting the intended repurposed use;

(j) suspensive conditions for implementing the agreement;

(k) the personal interests of the entity's principal shareholders in the acquisition and its nature;

(4) the closing stage – a report shall be filed according to the following:

(a) Should the date for executing the agreement be set as a date later than the agreement's signing date – a report shall be filed on the said anticipated date, in which it shall be articulated whether the agreement was indeed implemented in accordance with the stipulations of the report filed during the signing stage of the agreement, whether the agreement was executed under terms or in a manner other than what was determined there, or whether execution was postponed, while giving explanations for all these;

(b) Should the agreement be contingent on compliance with certain conditions – an update report shall be filed with respect to the compliance with the said conditions, or alternatively – with respect to the noncompliance, in whole or in part, with these.

Type of Acquired Asset

2. The acquired asset shall be described in detail; should the acquired asset be one of the types specified below, the description shall address, *inter alia*, the following as well:

(1) real estate –

(a) the type of property – vacant or developed land, in whole or in part; should the land be developed – the building constructed on it shall also be described;

(b) intended use of the property;

(c) location of the property, including note of the block and parcel number;

(d) the area of the property (m^2); should the property be developed – the area of the building shall also be noted;

(e) whether a material portion of the acquired property's value is affected by construction rights;

(f) (1) Should the acquired property be investment property, a detailed description shall also be given of the existing lease agreements, including mention of the number of renters, the property's occupancy rate and the annual rents derived from it;

(2) Should the entity be a real estate investment fund as defined in Section 64A2(a) of the Income Tax Ordinance, the effect of the acquisition on the fund's compliance with the requirements pursuant to its status under the Income Tax Ordinance;

(g) anticipated investment in the property and the entity's plans for it;

(2) the securities or activity of an entity –

(a) a description of the acquired entity, its activity and business environment, including primary areas of operation and the industries in which the entity operates;

(b) main financial data from the acquired entity's financial statements for the period starting two years prior to 1 January of the year in which the immediate report is filed and ending immediately before the acquisition date, including the mention of total assets and liabilities, revenue turnover, the earnings of the acquired entity;

(c) The accounting principles, according to which the financial statements of the acquired entity were prepared shall be noted;

(d) Should the entity be unaware at the acquisition agreement signing stage of one or more of the items of information specified in paragraph (a) or (b), this issue shall be explicitly noted in the report;

(e) Should the object of the acquisition be the activity of an entity, the information specified in paragraphs (a) and (b) shall be provided, while adjusting for the acquired activity, noting the source of the information and the assumptions underlying the preparation of the adjustments;

(f) Should the object of the acquisition be the securities of a reporting entity, the entity shall be considered as if it met the requirements of this section, if it included in the report, the reporting entity's periodic report for the last year ending prior to the report's publication date and its periodical reports that were published following the publication date of the said periodic report, provided that any material modification or update occurring to the entity's businesses on any issue that must be described in the periodic report, up until the report publication date, however with respect to interim financial statements, the entity may attach only the latest financial statements; the said inclusion can be by way of incorporation by reference as stipulated in Regulation 5A.

(3) intangible assets –

(a) the nature of the asset, such as: patent, trademark, brand name, license, franchise, software or other intellectual property;

(b) the manner in which the asset is anticipated to serve the entity;

(c) the estimated life span of the asset;

(d) the anticipated investment costs in the asset;

(4) a machine or production line –

(a) production output capacity of the machine or production line;

(b) the entity's estimate as to the anticipated output from the machine or production line in the coming years;

(c) the impact of the acquisition on existing production activities;

(d) the anticipated investments in the machine or production line.

Sixth Schedule

(Regulations 21 and 37A3)

Part A

Definitions

"Immediate or special report" – a report under Regulation 37A3, under the Controlling Party Transaction Regulations or under Securities Regulations (Private Offering of Securities in a Listed Company), 5760-2000.

Part B

(1) the dates involved in granting compensation and the period of entitlement to compensation;

(2) terms for terminating the contract;

(3) modifications of the compensation made in the course of the reporting year.

Part C

(1) Details of compensation payments shall be provided in the following table, with the addition of verbal explanations, even beyond that required under the other paragraphs of this schedule, insofar as is necessary for understanding the nature of the compensation, its terms and how it is calculated; in an immediate or special report with respect to compensation the amount of which comes to light only at the end of the reporting year, its principles alone shall be described as well as how it is calculated;

Receiver of the Compensation				Compensation for Services							Other Compensation			
Name	Position	Employment scope	Percentage equity holdings	Salary	Bonus	Equity compensation	Management fees	Consulting fees	Commissions	Other**	Interest	Rent	Other**	Total

*The amount of compensation shall be provided in terms of cost to the entity.

** Other – specify type of compensation.

(2) The components of the compensation, including components which are not required to be included in the table pursuant to paragraph (1), the date of the agreement to grant the compensation, and if the agreement is not non-recurring – the date of its beginning and date of its end;

(3) Should compensation granted by a party that is not an entity be included in the table, including an entity controlled by him or a controlling party of the entity, this shall be stated, as well as the identity of that party and the scope of the compensation he granted;

(4) Should compensation be granted in securities, including an equity-based payment, the components of the compensation and their characteristics shall be specified, as well as the dates related to granting this compensation, the terms of receiving it, the quantity of securities of each class granted and their fair value; in this context, "fair value" – according to generally accepted accounting principles;

(5) Compensation granted to directors and its ancillary expenses, which does not deviate from what is generally accepted shall be noted in the total for all the directors combined; with respect to this, it is presumed that compensation to directors that exceeds the maximum amount under Regulations (4) and (5) of the Companies Regulations (Rules Regarding Compensation and Expenses to an Outside Director), 5760 – 2000, as well as compensation exceeding the amount set under Regulation 7 of the same regulations, shall be considered compensation deviating from what is generally accepted; however, in an immediate or special report, disclosure shall be given with respect to each director individually;

(6) Should compensation be given within the framework of the entity's or of an entity controlled by its general compensation plan, the terms of this plan and the date of its approval shall be specified;

(7) Should the compensation, in whole or in part, be based on the entity's performance or on its meeting certain targets, a detailed description of the mechanism for determining the compensation shall be provided, including the indices and the targets serving its determination; it shall also be noted whether the financial performance of activity or of companies that are to be acquired in the future comprise part of the calculation of the compensation, as well as the mechanism for calculating the compensation for this performance;

(8) Should the compensation be calculated according to a formula based on data contained in the financial statements, the components of the formula shall be specified; with respect to compensation, the amount of which comes to light only at the end of the reporting year, the amount to which an officer or a principal shareholder is entitled under the formula based on the data for the last reporting year and the year preceding it, shall be noted in an immediate or special report. Should the amounts of the compensation based on the data of the reporting year and the year preceding it not accurately reflect the anticipated compensation to a senior officer or a principal shareholder, these sums shall not be provided and the fact of their inaccuracy shall be noted, accompanied by the board of directors' explanations;

(9) Should the compensation include sums for non-recurring performance or results, the performance or results shall be noted. With respect to compensation, the amount of which comes to light only at the end of the reporting year, and said compensation was given for an event, which is highly likely to occur on the date of the compensation's approval, this fact and its implications shall be noted in an immediate or special report;

(10) Should the compensation be contingent on the occurrence of an event, including a change in the index, resignation from a term of office, attainment of financial results or another target, the conditions for receiving the compensation shall be specified, as well as the scope of the compensation assuming that it was given on the report date; material events, known to the entity on the date of the report, which could have a material impact on fulfilling the conditions, shall also be specified.

(11) Should the compensation of a senior officer or a principal shareholder of the entity be linked to the compensation granted another, the terms of this linkage shall be specified;

(12) Should a commitment to compensation not specified in a table under paragraphs (1) or (7) be made, including for severance or end-of-tenure, the conditions shall be specified, including the scope of the compensation anticipated under it.

Part D

(1) the manner of determining the compensation, the parties responsible for determining the compensation and its approval, the date of the compensation's approval and details regarding the information provided to these parties prior to the compensation's approval;

(2) The reasoning behind the determination of the compensation shall be specified, including –

(a) the board of director's reasoning as well as that of the audit committee, in cases requiring its approval as well, for approving the compensation and all of its components, while addressing the component parts of the compensation;

(b) If there was opposition to approving the compensation, this fact shall be noted and the opponents' reasoning shall be detailed;

(c) Whether compensation data of similar companies or standard industry compensation data were examined shall be noted, and it shall be clarified whether the compensation given to a senior officer or a principal shareholder is reasonable under the circumstances; should the said data be presented to the audit committee and the board of directors, whether and to what degree the compensation given to a senior officer or to a principal shareholder deviates from these data shall be noted;

(d) Should compensation for the chief executive officer or the chairman of the board of directors, which materially differs from compensation given by the entity for the same position in the past, be brought for approval, the compensation given to them in past shall also be specified, as well as the reasoning behind the change.

Seventh Schedule

(Regulation 10(b)(12))

Information regarding an entity's independent auditor that must be included in the board of directors' report, in the following order:

Specification of the Fees and Hours of Work

1. The following shall be presented in detail for each of the entity's independent auditors:

(1) his name;

(2) total fees paid to him for auditing services, audit-related services, including audit-related tax services;

(3) total fees for services provided by the auditor which are not included in paragraph (2), a description of the said services and their nature;

(4) (deleted);

(5) The principles for determining the independent auditor's fees with respect to the reporting year and parties, which approved these fees shall be specified;

(6) The data required in paragraphs (2) and (3) shall be presented with respect to the reporting year and with respect to the preceding reporting year separately, according to the timing of the service provision;

(7) In cases in which the fees for auditing comprises less than one half of the comprehensive income of the auditor from the entity in the reporting year, the board of directors shall comment on the auditor's compliance with the principle of independence applicable to him, as well as whether the board of directors intends to continue to engage with the accountant under these circumstances; should it be decided to continue with the engagement – the reasoning behind the said decision shall be provided.

Disclosure Regarding a Consolidated Entity

2. Should the entity's financial statements be consolidated with another of the entity's material entity (in this schedule – other entity) – the aforesaid in Section 1 shall be specified collectively for all the other entities audited by the same independent auditor;

Change of Fees or Work Hours

3. Should a material change occur to the procedure of the reporting year or the previous reporting year which is one of the following, the change shall be specified and the board of directors' explanations regarding it shall be provided:

(1) a change in the principles for determining the independent auditor's fees or in the parties approving the auditor's fees;

(2) a reduction of the independent auditor's total fees for auditing services and audit-related services, including audit-related tax services; within this context, changes to fees emanating solely from changes in currency exchange rates between the currency of the engagement and the reporting currency in the financial statements shall be taken into account;

(3) (deleted).

Changing Auditors

4. Should a change in the identity of the auditor occur during the reporting year, the change and the date of change shall be noted; should the change involve circumstances that must be brought to the attention of the entity's securities holders, the circumstances surrounding the change shall be specified and the board of directors shall address these circumstances.

Eighth Schedule

(Regulations 10(b)(13) and (14) and 31D1 (b))

Part A (with respect to Regulations 10(b)(13) and 48(c)(12))

Information regarding each series of debt securities in circulation that must be included:

(1) The following shall be provided in a tabular form:
- (a) the date of the offering;
- (b) the total par value on the date of the offering;
- (c) its par value;
- (d) its par value when it is revalued according to linkage conditions as of the report date and if the debt securities were subject to revaluation under varying conditions, the revaluation shall be carried out according to the condition of the securities rendering the highest sum;
- (e) the amount of accrued interest;
- (f) its fair value as included in the latest financial statements;
- (g) should the debt securities be listed on a securities exchange – the value on the exchange;
- (h) the type of interest (fixed or variable); should the interest be fixed – the interest rate shall be noted; should the interest be variable, the formula for determining it shall be noted; should there be a liability for an additional payment – its details shall be noted, including the mechanism for determining it;
- (i) principal payment dates;
- (j) interest payment dates;
- (k) Should either the principal or interest be linked, the indexation base and its terms shall be specified;
- (l) Should it be determined that the debt securities are convertible to another security – this fact shall be noted;
- (m) the entity's right to exercise early redemption or a forced conversion of the debt securities to other securities, provided that the conditions for exercise are met;
- (n) Should a guarantee be given to pay the entity's liabilities under a deed of trust – the name of guarantor;

(2) Details of the trustee – the name of the trust company shall be noted, the name of the person responsible for the debt securities series at the trust company, the contact information for the trustee and its address for sending documents;

(3) Should the debt securities be convertible, the details regarding the underlying security shall be noted in an

additional table, the conversion ratio determined for this, the main terms of the conversion, including suspensive conditions for exercising a conversion and the execution of adjustments for distributions; the right of the issuer to exercise a forced conversion of the debt securities, to the extent that this right exists, and terms of its exercise;

(4) Should a series of debt securities in circulation be rated by a rating company, the updated rating report shall be attached, and the following shall be specified in a table for each series individually: the name of the rating company; the rating determined as of the date of the series' offering; the rating determined as of the rating report date as well as additional ratings determined between the series' offering date and the report date, including their dates; should the entity learn of the rating company's intention to consider a change of the current rating, it shall provide information on this matter; within this context, "rating company" – as defined in the Prospectus Regulations.

(5) The entity shall note whether, at end and over the course of the reporting year, it met all the conditions and obligations of the deed of trust and it shall note whether there are grounds for placing the debt securities for immediate redemption or for seizing collateral given to secure the payment to the debtholders; notwithstanding the above, should the trustee of the entity give notice that the entity does not meet the said conditions or obligations, or that there are grounds for placing the debt securities for immediate redemption or a seizure of its collateral, the entity shall disclose this fact and shall stipulate the reasons for the difference between its position and the position of the trustee;

(6) Should the entity be found to violate an obligation or condition, other than technical, set in the deed of trust during or at the end of the reporting year, or if there were grounds for placing the debt securities for immediate redemption or seizure of collateral, the violation or the grounds, as applicable, shall be described, the period in which the violation occurred and the entity's exposure stemming from it shall be noted, and the actions that were undertaken by the entity to correct this shall be described; should no such action be taken – this shall be noted;

(7) Should the trustee require the entity to undertake various actions at the end of or during the reporting year, including convening a debtholders' meeting, this shall be stated, and the reason for the demand and the actions taken by the

entity in response to the trustee's demand shall be described; should changes be made or proposed to the terms of the debt securities during the reporting period – these changes shall be noted, as well as the date on which they entered into effect or are expected to enter into effect and the way in which the change was approved or is expected to be approved;

(8) A description of the assets pledged under the terms of the debt securities to secure the entity's liabilities, insofar as these exist, shall be provided, as well as the type of pledge and its ranking, including the value of the pledged assets in the entity's financial statements, and including any change to them during the reporting period; the entity shall describe any restriction applied to it concerning the origination of additional pledges on its assets or concerning its authority to issue additional debt securities; the entity shall state whether the pledges to which it committed in the prospectus or at any other time are valid under any law and according to the entity's incorporation documents; information shall be provided regarding the terms set in the debt securities for the amendment of, release from, exchange or cancellation of a pledge, guarantee or other commitment given to secure the entity's liabilities under the debt security as well as details regarding any said amendment, release, exchange or cancellation that occurred during the reporting period and the manner in which these were approved; in this section, "pledged asset" – as defined in Regulation 8B(a1)(3).

Part B (regarding Regulation 10(b)(14) and 48(c)(13)) Specification of the Entity's Existing and Anticipated Financial Resources and Liabilities Included in a Disclosure Regarding a Projected Cash Flow

(1) The breakdown of the financial sources included in the disclosure regarding the projected cash flow shall be made by distinguishing between sources derived from the entity's operations and sources derived from a investee company, as its definition in the Financial Statements Regulations (in this schedule – investee company), divided according to sources derived from current activity, investment activity and from financing activity, while the following provisions shall apply:

(a) Should the entity anticipate a negative cash flow from its current operations – this fact shall be noted;

(b) Within the framework of separating investment activity and financing activity, disclosure shall be given to each source derived from these activities, and with respect to an entity engaged primarily in the

acquisition, construction, and disposal of tangible assets, for which, material asset divestment is anticipated in the projected cash flow period, disclosure shall be given for each source derived from current activity as well.

(2) Disclosure regarding the projected cash flow shall not include sources of funds derived from an investee company, including dividends, management fees, and the repayment of loans, unless the board of directors is satisfied that their timely receipt on the scheduled date is anticipated, and this after vetting compliance with the restrictions placed on transferring the sources to the entity and is satisfied that there are no reasonable concerns that these restrictions will prevent the transfer of the financial resources to the entity.

(3) Notwithstanding the above in Section (2), the entity may include, within the framework of financial resources, dividends from a company in which it holds shares but does not control, provided that all of the following apply:

(a) The dividend distribution is anticipated to be part of the explicit or implicit policy of the company of which the entity is a shareholder but does not control;

(b) The entity is unaware of any restrictions that raise reasonable concerns about receiving the dividends.

(4) Existing and anticipated liabilities included in the disclosure of the projected cash flow shall be specified, while distinguishing between liabilities derived from current activity, investment activity, and financing activity, and divided as specified below:

(a) liabilities derived from credit extended by banking corporations;

(b) liabilities derived from the issuance of the entity's debt securities, including the entity's commercial paper, while distinguishing between debt securities offered to the public and debt securities offered by the entity in a private placement as defined in the Securities Regulations (Private Offering of Securities in a Listed Company), 5760-2000;

(c) other impermeable contractual financial liabilities - according to the type of liability;

(5) Should the redemption date of a material liability occur during the first six months of the projected cash flow period, the entity shall note this date and shall specify the sources of funds designated for the redemption of the said liability, identifying precisely each financial source individually and noting the amount anticipated from it; however, if this potentially prevents the completion of an action taken by the entity or a transaction to which the entity is party or in which it has an interest, or if it could significantly worsen the terms of the transaction, the entity may specify the type of source without precise identification, provided that the information regarding that event or issue has not been made public and that the entity disclosed that it has acted under this provision.

Part C: (With Respect to Regulations 10(b)(14) and 48 (c)(13)) Presentation of a Disclosure Regarding a Projected Cash Flow and Attachment of a Comparative Table in the Periodic Report

(1) A disclosure regarding the projected cash flow shall be presented in tabular form as specified in Section (3), and according to the periods as specified below:
   (a) from the end of the reporting year up until the end of the following reporting year, or from the date of the report up until the end of the same year, as applicable;
   (b) the entire following year;
   (c) The remaining period up until the end of the projected cash flow period;

(2) Should the entity publish a disclosure regarding one or more of its projected cash flows over the course of the reporting year (in this section – prior projected CF), a comparative table shall be attached to the board of directors' report included in the periodic report for that year, according to the format stipulated in Section (4), comparing the disclosure data of the prior CF with the actual cash flow data, and all referring to a period which has already passed; the comparative table shall make reference to data for which there was a material deviation between the forecast and the actual performance, the board of directors' explanation for this discrepancy shall be provided.

(3) The structure of the disclosure about a projected cash flow –
   (a) The structure of a disclosure regarding the projected annual cash flow shall be as specified below:

	1 January - 31 December following year	1 January - 31 December year after the following year
Opening balance	XXXXX	YYYYY*
Solo resources:		
cash flow from current operations		
cash flow from financing activities		
bank loan (illustrative example)		
share and options offering (series 2) (illustrative example)		
cash flow from investment activity		
sale 2 German hotels (illustrative example)		

	1 January - 31 December following year	1 January - 31 December year after the following year
redemption of long-term deposits (illustrative example)		
Resources from investee companies:		
from current activity of investee companies - dividends		
from current activity of investee companies – management fees		
from current activity of investee companies – repayment of loans		
from capital raised by investee companies – receipt of loan		
from capital raised by investee companies – loan repaid to it		
Anticipated liabilities (anticipated uses):		
cash flow for financing activities		
redemption of bank loan (illustrative example)		
redemption of principal bonds (series c) (illustrative example)		
Cash flow for investment activity:		
acquisition French investment property (illustrative example)		
acquisition Swiss hotels (illustrative example)		
Closing Balance	YYYYY	ZZZZZ

* Equals the closing balance of the preceding period.

(b) The structure of a disclosure regarding of a projected quarterly cash flow shall be as specified below:

	From report date up until the end of the current reporting year	Entire following reporting year	Remainder of projected cash flow period
(illustrative example)	1/4/2011 - 31/12/2011	1/1/2012 – 31/12/2012	1/1/2013- 31/12/2013
Opening balance	XXXXX	YYYYY	ZZZZZ*
Solo resources:			

	From report date up until the end of the current reporting year	Entire following reporting year	Remainder of projected cash flow period
cash flow from current operations			
cash flow from financing activities			
bank loan (illustrative example)			
share and options offering (series 2) (illustrative example)			
cash flow from investment activity			
sale 2 German hotels (illustrative example)			
redemption of long-term deposits (illustrative example)			
Resources from investee companies:			
from current activity of investee companies - dividends			
from current activity of investee companies – management fees			
from current activity of investee companies – loan repayment			
from capital raised by investee companies – receipt of loan			
from capital raised by investee companies – loan repaid to it			
Anticipated liabilities (anticipated uses):			
cash flow for financing activities			
redemption of bank loan (illustrative example)			
redemption of principal bonds (series c) (illustrative example)			

	From report date up until the end of the current reporting year	Entire following reporting year	Remainder of projected cash flow period
Cash flow for investment activity:			
acquisition French investment property (illustrative example)			
acquisition Swiss hotels (illustrative example)			
Closing Balance	YYYYY	ZZZZZ	

*Equals the closing balance of the preceding period.

(4) A comparative table as stipulated in Section (2) shall be presented according in the following format:

	1 January -31 December current year (published projection) (illustrative example)	1 January -31 December current year (actual) (illustrative example)
Solo resources:		
Cash flow from current operations		
Cash flow from financing activity		
bond offering (illustrative example)		
Cash flow from investment activity		
sale of investment real estate in Germany (illustrative example)		
Anticipated liabilities (anticipated uses)		
cash flow for financing		
bond buyback (illustrative example)		
Closing balance		

Ninth Schedule

(Regulations 9B and 38C)

(1) Report on internal controls over financial reporting and disclosure:

(a) An annual report on the effectiveness of internal controls over financial reporting and disclosure under Regulation 9B(a):

The management, under the supervision of the board of directors of …… (name of entity) (hereinafter – the Entity), is responsible for determining and implementing the appropriate internal controls over the Entity's financial reporting and disclosure.

For this purpose, the members of the management are:

1. (Name)……., Chief Executive Officer
2. The rest of the managers [the rest of the management team shall be listed; for each manager, the full name and position shall be specified]
   ……
   ……
   ……

The internal control system over financial reporting and disclosure includes the Entity's existing inspections and procedures, that were planned by the Chief Executive Office and the most senior financial officer or whoever is under their supervision, or by whoever actually serves in this capacity, under the supervision of the Entity's board of directors, which are designed to provide a reasonable measure of confidence as to the reliability of the financial reporting and the preparation of the reports according to law, and to ensure that the information that the Entity is obligated to disclose in the reports it makes public under law are compiled, summarized and reported on the date and in the format determined in law.

Internal controls include, *inter alia*, inspections and procedures that were designed to ensure that the said information that the Entity is obligated to disclose has been accumulated and processed for the Entity's management, including for the Chief Executive Officer and the most senior financial officer or for whoever actually serves in this capacity, in order to facilitate timely decision-making, with regard to the disclosure requirements.

Given their structural limitations, internal controls over financial reporting and disclosure are not meant to provide absolute certainty that an erroneous representation or an omission of information in the reports shall be either prevented or discovered.

The management, under the supervision of the board of directors, conducted an examination and assessment of the internal controls over the Entity's financial reporting and disclosure as well as of their effectiveness;

The assessment of the effectiveness of the internal controls over financial reporting and disclosure that the management conducted

under the supervision of the board of the directors included: [details regarding the scope of the effectiveness assessment shall be provided, including the components of the internal control system prepared by the management under the supervision of the board of directors within the framework of the internal control effectiveness assessment]:

……

……

……

[The following paragraph shall be included only when the Entity has chosen to implement the provisions of Regulation 9B(f2) with respect to banking corporations or institutional bodies that were consolidated in the financial statements].

The …….. (name of the company) company, a subsidiary of the Entity, is a banking corporation/institutional body [cross out the unnecessary], to which instructions given by the Supervisor of Banks/ Director General of the Israel Capital Market Insurance & Savings Authority [cross out the unnecessary] apply, regarding the assessment of the effectiveness of internal controls over the financial reporting.

With respect to the said subsidiary, the management under the supervision of the board of directors conducted an examination and assessment of the internal controls over financial reporting and their effectiveness, based on: [specify the provisions applicable to the subsidiary on which the effectiveness assessment of financial reporting was based]

……

……

Based on this assessment, the Entity's board of directors and management have come to the conclusion that the internal controls over financial reporting, while taking the internal control system in a banking corporation/institutional body [cross out the unnecessary into consideration] as of …… [date of the financial statements] is: [select the relevant text]

[ ] effective

[ ] ineffective, due to a material weakness as specified below: [should there be material weaknesses, they shall be described in this paragraph as well as their impact on the financial reporting and disclosure].

……

……

……

Based on the effectiveness assessment conducted by the management under the supervision of the board of directors as stipulated above, the Entity's board of directors and management

have come to the conclusion that the internal controls over financial reporting and disclosure as of …… [date of the financial statements] are: [select the relevant text]

[ ] effective

[ ] ineffective, due to a material weakness as specified below: (should there be material weaknesses, they shall be described in this paragraph as well as their impact on financial reporting and disclosure, the actions taken up until the report date to correct them as well as the schedule and the actions that the Entity intends to take to complete the correction).

……

……

…….

[The following paragraph shall be included only when the internal controls were assessed as being ineffective] The management and the board of directors have taken actions, as specified below, to ensure that, despite the existence of material weaknesses in the internal control system, the reports are prepared according law:

……

……

……

Specification of the material weaknesses that were corrected over the course of the reporting year up until the reporting date, including the date on which they were initially reported;

Additional information [in this paragraph, the Entity may note details regarding material deficiencies that were discovered in the internal control as of the report date]

……

……

…….

(b) A quarterly report on the effectiveness of internal controls over financial reporting and disclosure under Regulation 38C(a):

The management, under the supervision of the board of directors of …… [name of the entity] (hereinafter- the Entity), is responsible for determining and implementing the appropriate internal controls over the Entity's financial reporting and disclosure.

For this purpose, the members of the management are:

3. (Name)……., Chief Executive Officer
4. The rest of the managers [the rest of the management team shall be listed, for each manager, the full name and position shall be specified]

……

……

The internal control system over financial reporting and disclosure includes the Entity's existing inspections and procedures, that was planned by the Chief Executive Office and the most senior financial officer or whoever is under their supervision, or by whoever actually serves in this capacity, under the supervision of the Entity's board of directors, that is designed to provide a reasonable measure of confidence as to the reliability of the financial reporting and the preparation of the reports according to law, and to ensure that the information that the Entity is required to disclose in the reports it makes public under law are compiled, summarized and reported on the date and in the format determined in law.

Internal controls include, *inter alia*, inspections and procedures that were planned to ensure that said information the Entity is required to disclose has been accumulated and processed for the Entity's management, including for the Chief Executive Officer and the most senior financial officer or for whoever actually serves in this capacity, in order to facilitate timely decision-making with regard to the disclosure requirements.

Given their structural limitations, internal controls over financial reporting and disclosure are not meant to provide absolute certainty that an erroneous representation or an omission of information in the reports shall be either prevented or discovered.

[The following paragraph shall be included only when the entity elected to implement the provisions of Regulation 38C(f2) with respect to banking corporations or institutional bodies that have been consolidated in the financial statements]:

The ……. (name of the company) company, a subsidiary of the Entity, is a banking corporation/institutional body [cross out the unnecessary], to which instructions given by the Supervisor of Banks/ Director General of the Israel Capital Market Insurance & Savings Authority [cross out the unnecessary] apply, regarding the assessment of the effectiveness of internal controls over financial reporting. With respect to the internal controls applied by the said subsidiary, the Entity implements the following provisions [specify the provisions applicable to the subsidiary]

……

……

……

……

……

In the quarterly report on the internal controls for the first quarter:

In the annual report on the effectiveness of internal controls over financial reporting and disclosure that was attached to the periodic report for the period ending on ……. (hereinafter – the latest annual report on internal controls), the board of directors and

the management assessed the Entity's internal control system; based on this assessment, the board of directors and the management came to the conclusion that the said internal control system, as of [date of the periodic report] …… is effective/ineffective [cross out the unnecessary].

[Select the relevant text] –

[ ] Up until the report date, no event or issue was brought to the attention of the board of directors and management that could change the assessment of the effectiveness of internal controls, as was provided in the latest annual report on internal controls;

[ ] Up until the report date, an event or issue that could change the assessment of the effectiveness of internal controls, as was provided in the latest annual report on internal controls, was brought to the attention of the board of directors and management, as specified as follows: [describe the event or the issue and its impact on the effectiveness of internal controls assessment]

……

……

As of the date of the report, based on the assessment of the effectiveness of internal controls contained in the latest annual report on internal controls, and based on information brought to the attention of management and the board of directors as stipulated above:

[Select the relevant text] –

[ ] The internal control system is effective;

[ ] There are material weaknesses in the internal control system, rendering the internal controls ineffective.

……

In the quarterly report on the internal controls for the second or third quarter:

In the quarterly report on the effectiveness of internal controls over financial reporting and disclosure that was attached to the quarterly report for the period ending on…… (hereinafter – the latest quarterly report on internal control), the internal control was found to be effective/ineffective [cross out the unnecessary].

[Select the relevant text] –

[ ] Up until the report date, no event or issue was brought to the attention of the board of directors and management that could change the assessment of the effectiveness of internal controls, as was provided in the latest quarterly report on internal controls;

[ ] Up until the report date, an event or issue that could change the assessment of the effectiveness of internal controls, as was provided in the latest quarterly report on internal controls, was brought to the attention of the board of directors and management, as specified as

follows: [describe the event or the issue and its impact on the effectiveness of internal controls assessment]

……

……

As of the date of the report, based on the assessment of the effectiveness of internal controls contained in the latest quarterly report on internal controls, and based on information brought to the attention of management and the board of directors as stipulated above:

[Select the relevant text] –

[ ] The internal control system is effective;

[ ] There are material weaknesses in the internal control system, rendering the internal controls ineffective.

……..

Specification of the existing material weaknesses, the date on which these were first disclosed, their impact on the financial reporting and disclosure, the actions taken up until the report date to correct them and the schedules and actions the Entity intends to take to complete this correction:

……

……

……

The management and the board of directors took actions, as specified below, to ensure that despite existing weaknesses in the internal control system, the financial statements are prepared according to law:

……

……

……

The specification of material weaknesses that were disclosed in the latest annual/quarterly report [cross out the unnecessary] on the internal control system, that were corrected as of the date of the report:

……

……

……

(2) **Managers' Declarations:**

(a) Declaration of the Chief Executive Officer under Regulation 9B(d)(1):

Managers' Declaration

Declaration of the Chief Executive Officer

I, …….. (name of the signatory), hereby declare that:

(1) I examined the periodic report of …….. (name of the entity) (hereinafter: the Entity) for the year …… (hereinafter – the reports);

(2) To the best of my knowledge, the reports do not contain any material misrepresentation of facts, nor do they omit any material fact that is necessary in order to prevent the representations included in them, in light of the circumstances in which such representations were made, from being misleading with respect to the reporting period;

(3) To the best of my knowledge, the financial statements and other financial information contained in the reports adequately reflect, from any material standpoint, the Entity's financial position, its operating results and cash flows as of the dates and for the periods to which the reports refer;

(4) I disclosed to the Entity's independent auditor, its board of directors and to the board of directors' audit committee*, based on my most recent assessment of the internal controls over financial reporting and disclosure:

(a) all the significant deficiencies and the material weaknesses in the determination or operation of the internal controls over financial reporting and disclosure that could reasonably adversely affect the ability of the Entity to collect, process, summarize or report financial information in a manner that places doubt as to the reliability of its financial reporting and the preparation of financial reports according to law; and –

(b) any fraud, whether material or immaterial, in which the chief executive officer or whoever is directly subordinate to him is involved, or in which other employees holding significant positions in the internal control over financial reporting and disclosure are involved;

(5) I, either alone or together with others in the Entity:

(a) determined controls and procedures, or verified the determination of and compliance to these controls and procedures under my supervision, which are designed to ensure that material information pertaining to the Entity, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 5770 – 2010, is provided to the best of my knowledge by others in the Entity and its consolidated companies:**, particularly in the course of the preparation of the reports; and –

(b) determined controls and procedures, or verified the determination of and compliance to these controls and procedures under our supervision, that are designed to reasonably ensure the reliability of its financial reporting and the preparation of its financial statements according to law, including generally accepted accounting principles;

(c) have assessed the effectiveness of the internal controls over financial reporting and disclosure, and I have presented in

this report the conclusions drawn by the board of directors and management regarding the effectiveness of the said internal controls as of the date of the reports.

Nothing in the above derogates from my liability, or that of any other person, under any law.

Date……. Signature and title……

*If there is a financial statement committee which is not the audit committee, the text read "I disclosed to the Entity's independent auditor, to the board of directors and to the Entity's audit and financial statement committees"; for reporting entities which do not have an audit committee, adjustment of the text is required.

** For entities that do not have consolidated companies, in paragraph 5(a), the wording: "including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 5770-2010, is provided, to the best of my knowledge, by others in the Entity and its consolidated companies" shall be replaced by "is brought to my attention by others in the Entity".

(b) Declaration of the Most Senior Financial Office Under Regulation 9B(d)(2):

Managers' Declaration

Declaration of the Most Senior Financial Officer

I, …….. (name of the signatory), hereby declare that:

(1) I examined the financial statements and other financial data including in the reports of …… (name of the entity) (hereinafter: the Entity) for the year …… (hereinafter – the reports);

(2) To the best of my knowledge, the reports do not contain any material misrepresentation of facts, nor do they omit any material fact that is necessary in order to prevent the representations included in them, in light of the circumstances in which such representations were made, from being misleading with respect to the reporting period;

(3) To the best of my knowledge, the financial statements and other financial information contained in the reports adequately reflect, from any material standpoint, the Entity's financial position, its operating results and cash flows as of the dates and for the periods to which the reports refer;

(4) I disclosed to the Entity's independent auditor, its board of directors and to the board of directors' audit committee*, based on my most recent assessment of the internal controls over financial reporting and disclosure:

(a) all the significant deficiencies and the material weaknesses in the determination or operation of the internal controls

over financial reporting and disclosure that could reasonably adversely affect the ability of the Entity to collect, process, summarize or report financial information in a manner that raises doubt as to the reliability of its financial reporting and the preparation of financial reports according to the provisions of the law; and –

(b) any fraud, whether material or immaterial, in which the chief executive officer or whoever is directly subordinate to him is involved, or in which other employees holding significant positions in the internal control over financial reporting and disclosure are involved;

(5) I, either alone together with others in the Entity:

(a) determined controls and procedures, or verified the determination of and compliance to these controls and procedures under my supervision, which are designed to ensure that material information pertaining to the Entity, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 5770 – 2010, insofar as it is relevant to the financial statements and other financial data included in the reports, is provided, to the best of my knowledge, by others in the Entity and its consolidated companies:**, particularly in the course of the preparation of the reports; and –

(b) determined controls and procedures, or verified the determination of and compliance to these controls and procedures under my supervision, that are designed to reasonably ensure the reliability of its financial reporting and the preparation of its financial statements according to the provisions of the law, including the generally accepted accounting principles;

(c) I have assessed the effectiveness of the internal controls on financial reporting and disclosure, insofar as it is relevant to the financial statements and other financial data included in the reports as of the date of the reports, my conclusions regarding my said assessment have been brought to the board of directors and management and are integrated into this report.

Nothing in the above derogates from my liability, or that of any other person, under any law.

Date……. Signature and title……

*If there is a financial statement committee which is not the audit committee, the text read "I disclosed to the Entity's independent auditor, to the board of directors and to the Entity's audit and financial

statement committees"; for reporting entities which do not have an audit committee, adjustment of the text is required.

** For entities that do not have consolidated companies, in paragraph 5(a), the wording: "including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 5770-2010, is provided, to the best of my knowledge, by others in the Entity and its consolidated companies" shall be replaced by "is brought to my attention by others in the Entity".

(c) Declaration of the Chief Executive Officer Under Regulation 38C(d)(1): Managers' Declaration

Chief Executive Officer's Declaration

I, …….. (name of the signatory), hereby declare that:

(1) I examined the quarterly report of …….. (name of the entity) (hereinafter: the Entity) for the year …… (hereinafter – the reports);

(2) To the best of my knowledge, the reports do not contain any material misrepresentation of facts, nor do they omit any material fact that is necessary in order to prevent the representations included in them, in light of the circumstances in which such representations were made, from being misleading with respect to the reporting period.;

(3) To the best of my knowledge, the financial statements and other financial information contained in the reports adequately reflect, from any material standpoint, the Entity's financial position, its operating results and cash flows as of the dates and for the periods to which the reports refer;

(4) I disclosed to the Entity's independent auditor, its board of directors and to the board of directors' audit committee*, based on my most recent assessment of the internal controls over financial reporting and disclosure:

(a) all the significant deficiencies and the material weaknesses in the determination or operation of the internal controls over financial reporting and disclosure that could reasonably adversely affect the ability of the Entity to collect, process, summarize or report financial information in a manner that raises doubt as to the reliability of its financial reporting and the preparation of financial reports according to the provisions of the law; and –

(b) any fraud, whether material or immaterial, in which the chief executive officer or whoever is directly subordinate to him is involved, or in which other employees holding significant positions in internal control over financial reporting and disclosure are involved;

(5) I, either alone together with others in the Entity:

(a) determined controls and procedures, or verified the determination of and compliance to these controls and procedures under my supervision, which are designed to ensure that material information pertaining to the Entity, including its consolidated companies as defined in the Securities Regulations the effectiveness

assessment (Annual Financial Statements), 5770 – 2010, is provided to the best of my knowledge by others in the Entity and its consolidated companies:**, particularly in the course of the preparation of the reports; and –

(b) determined controls and procedures, or verified the determination of and compliance to these controls and procedures under our supervision, that are designed to reasonably ensure the reliability of its financial reporting and the preparation of its financial statements according to, including the generally accepted accounting principles;

(c) [Select the relevant text] -

No event or issue occurring during the period between the date of the latest report (quarterly or periodic, as applicable) as of the date of this report, that could change the conclusions reached by the board of directors and management pertaining to the effectiveness of internal controls over the Entity's financial reporting or disclosure, has been brought to my attention;

or

In this report, I have presented all events and issues that have occurred over the course of the period between the date of the latest report (quarterly or periodic, as applicable) and the date of this report that change the conclusions reached by the board of the directors and management with respect to the effectiveness of internal controls over financial reporting and disclosure, and to their effect on the said internal controls.

Nothing in the above derogates from my liability, or that of any other person, under any law.

Date……. Signature and title……

*If there is a financial statement committee which is not the audit committee, the text read "I disclosed to the Entity's independent auditor, to the board of directors and to the Entity's audit and financial statement committees"; for reporting entities which do not have an audit committee, adjustment of the text is required.

** For entities that do not have consolidated companies, in paragraph 5(a), the wording: "including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 5770-2010, is provided, to the best of my knowledge, by others in the entity and its consolidated companies" shall be replaced by "is brought to my attention by others in the Entity".

(d) Declaration of the Most Senior Financial Office Under Regulation 38C(d)(2):

Managers' Declaration

Declaration of the Most Senior Financial Officer

I, ……., (name of the signatory), hereby declare that:

(1) I examined the interim financial statements and other financial data including in the reports of ……. (name of the entity) (hereinafter: the Entity) for the …….. quarter of the year …… (hereinafter – the reports);

(2 To the best of my knowledge, the reports do not contain any material misrepresentation of facts, nor do they omit any material fact that is necessary in order to prevent the representations included in them, in light of the circumstances in which such representations were made, from being misleading with respect to the reporting period.

(3) To the best of my knowledge, the financial statements and other financial information contained in the reports adequately reflect, from any material standpoint, the Entity's financial position, its operating results and cash flows as of the dates and for the periods to which the reports refer;

(4) I disclosed to the Entity's independent auditor, its board of directors and to the board of directors' audit committee*, based on my most recent assessment of the internal control over financial reporting and disclosure:

(a) all the significant deficiencies and the material weaknesses in the determination or operation of the internal control over financial reporting and disclosure that could reasonably adversely affect the ability of the Entity to collect, process, summarize or report financial information in a manner that raises doubt as to the reliability of its financial reporting and the preparation of financial reports according to law; and –

(b) any fraud, whether material or immaterial, in which the chief executive officer or whoever is directly subordinate to him is involved, or in which other employees holding significant positions in internal control over financial reporting and disclosure are involved;

(5) I, either alone together with others in the Entity:

(a) determined controls and procedures, or verified the determination of and compliance to these controls and procedures under my supervision, which are designed to ensure that material information pertaining to the Entity, including its consolidated companies as defined in the Securities Regulations the effectiveness assessment (Annual Financial Statements), 5770 – 2010, insofar as it is relevant to the financial statements

and other financial data included in the reports, is provided, to the best of my knowledge, by others in the Entity and its consolidated companies:**, particularly in the course of the preparation of the reports; and –

(b) determined controls and procedures, or verified the determination of and compliance to these controls and procedures under our supervision, that are designed to reasonably ensure the reliability of its financial reporting and the preparation of its financial statements according to the provisions of the law, including the generally accepted accounting principles;

(c) [Select the relevant text] -

No event of issue occurring during the period between the date of the latest report (quarterly or periodic, as applicable) as of the date of this report, that could change the conclusions reached by the board of directors and management pertaining to the effectiveness of internal controls over the Entity's financial reporting or disclosure, has been brought to my attention;

or

All events and issues that have occurred over the course of the period between the date of the latest report (quarterly or periodic, as applicable) as of the date of this report, that could change my conclusions with respect to the effectiveness of internal controls over financial reporting and disclosure, insofar as it refers to the financial statements and other financial information included in the reports, have been brought before the management and the board of directors and have been integrated into this report.

Nothing in the above derogates from my liability, or that of any other person, under any law.

Date……. Signature and title……

*If there is a financial statement committee which is not the audit committee, the text read "I disclosed to the Entity's independent auditor, to the board of directors and to the Entity's audit and financial statement committees"; for reporting entities which do not have an audit committee, adjustment of the text is required.

** For entities that do not have consolidated companies, in paragraph 5(a), the wording: "including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 5770-2010, is provided, to the best of my knowledge, by others in the Entity and its

consolidated companies" shall be replaced by "is brought to my attention by others in the Entity" instead.

Tenth Schedule

(Regulation 9C)

Details of financial data drawn from the entity's consolidated financial statements, attributable to the entity itself as a parent company, and additional information that must be included with respect to the entity itself as a parent company:

(1) information regarding -

(a) the amounts of assets and liabilities included in the consolidated financial statements attributable to the entity itself as a parent company, broken down according to types of assets and liabilities; these data shall be classified in the same manner they are classified in the entity's consolidated financial statements; these amounts shall reflect the assets and liabilities included in the consolidated financial statements, excluding the sums for the assets and liabilities of investee companies;

(b) the net amount based on the consolidated financial statements, attributable to the owners of the parent company, of total assets, after deducting total liabilities, that present financial information for investee companies, including goodwill, in the entity's consolidated financial statements;

(2) information concerning -

(a) the amount of income and expenses included in the consolidated financial statements, distinguishing between "profit or loss" and "other total profit" attributable to the entity itself as a parent company, broken down according to types of income and expenses; these data shall be classified in the same manner they are classified in the entity's consolidated financial statements; these amounts shall reflect the income and expenses included in the consolidated financial statements, after deducting the income and expenses of the investee companies;

(b) the net amount based on the consolidated financial statements, attributable to the owners of the parent company, after deducting the total expenses from total income, that represent the operating results of investee companies in the entity's consolidated financial statements, including the reduction or deduction of goodwill; these data shall be provided while distinguishing between "profit or loss" and "other total profit".

(3) the amounts of an entity's cash flows included in the consolidated financial statements that are attributable to the entity itself as a parent company shall be specified, as they are taken from the entity's consolidated cash flow report, classified according to: the cash frow from current operations, the cash flow from investment activity and the

cash flow from financing activity, including details of their respective components; these data shall be classified in the same manner as they are classified in the entity's consolidated financial statements; these amounts shall reflect the cash flows included in the consolidated financial statements, excluding cash flows for investee companies;

(4) any additional material information that could influence an investor's economic decision-making, insofar as this information is not included in the entity's consolidated financial statements explicitly as belonging to the entity itself as the parent company; this additional information shall include, at the very least –

(a) the cash balance and cash value presented according to paragraph (1)(a), distinguishing in their presentation between the balances linked to the entity's functional currency and the balances linked to a currency which is not the entity's functional currency;

(b) a disclosure regarding the financial assets presented under paragraph (1)(a), specified as set in Regulation 14 of the Financial Statements Regulations;

(c) a disclosure regarding the financial liabilities presented under paragraph (1)(a), according to the disclosure requirements set in the generally accepted accounting principles with respect to financial liabilities;

(d) a disclosure regarding the balances of deferred tax assets and deferred tax liabilities, presented under paragraph (1)(a), according to the disclosure requirements set in generally accepted accounting principles with respect to deferred taxes;

(e) a disclosure regarding tax income or tax expenses that are presented under paragraph (2)(a), according to the disclosure requirements set in generally accepted accounting principles with respect to tax income and expenses;

(f) a description of the entire complex of existing material relations, contracts, loans, investments and transactions between the entity and its investee companies, regardless of whether it is recognized and measured in the consolidated financial statements and received expression in the financial data mentioned in paragraphs (1) through (3) or not;

(5) Information as stipulated in paragraphs (1) through (4) shall be given with respect to each of the periods included in the financial statements pursuant to these regulations and the Financial Statements

Eleventh Schedule

(Regulation 36 (a2) and38F)

Part A: General

Professional Terminology

1. The professional terms listed in Part D of this schedule shall have the meaning as designated for them in "Petroleum Resources Management System (2007), as published by the Society of Petroleum Engineers (SPE), the American Association of Petroleum Geologists (AAPG), the World Petroleum Council (WPC) and the Society of Petroleum Evaluation Engineers (SPEE) on the SPE website (https://www.spe.org/media/filer_public/0c/83/0c835db9-501f-4ce7-97f1-a1d6bb4e3331/prmgmtsystem_v103.pdf) as it shall be amended from time to time.

Disclosure Exemption

2. (a) The Authority may exempt an entity from the provisions of this schedule, in whole or in part, if it is convinced, after hearing the entity's claims, that the said exemption is not meant to harm the interests of the investing public.

(b) The Authority may make the exemption contingent on disclosing other information.

Inclusion of the Share of Partner Holdings in a Petroleum Property in Each Immediate Report

3. For each petroleum property held by the entity, a list of the partners to the petroleum property and their respective share of holdings shall be attached.

Part B: Reportable Events or Issues

(concerning Regulation 36(a2))

Decision Regarding Performance of a Test Verification Drilling

4. Should the partners in a petroleum property decide or should the entity either directly or indirectly make a decision to participate in an exploration, verification, evaluation or development drilling on the petroleum property it holds, the report shall include the following details:

(1) the date on which the decision was made;
(2) the reasons for the decision;
(3) the conditions for conducting the drilling and for the entity's participation in conducting the drilling, distinguishing between the conditions that have been met and the conditions not yet met;
(4) the name of the drill site;

(5) the location of the drill site, including noting whether it is an offshore or onshore drilling;

(6) the anticipated drilling dates – the drilling launch date, and the duration of the drilling;

(7) the drilling's target layers;

(8) the type of drilling, its purpose and a general discussion of future stages contingent on its findings;

(9) the final depth of the drilling and if an offshore drilling, the depth of the water as well;

(10) the total drilling budget;

(11) for drillings which include production tests - the entity's assessment and the approved budget, if such exist, to conduct the production texts, should there be a need for this;

(12) the name of the operator;

(13) the name of entity conducting the drilling;

(14) the share of the reporting entity's equity rights holders in the drilling budget and the possible income that will be derived from it;

(15) the names of the partners in the petroleum property in which the drilling is conducted and their share in the drilling's budget, to the best of the entity's knowledge;

(16) a referral to the description of the petroleum property in the periodic report; if the said disclosure has not yet been made – disclosure of all the information about the petroleum property held by the entity required for the periodic report shall be given;

(17) with respect to an exploratory drilling – details regarding the prospective resources in the petroleum property as specified in the Third Schedule of the Prospectus Regulations, as they are updated to a date as approximate as possible to the reporting date.

Decision to Abstain from Taking Part in Conducting a Drilling

5. Should the partners of in a petroleum property decide or should the entity, either directly or indirectly, decide not to take part in conducting a drilling, the report shall include the following details:

(1) a statement of the fact that it was decided not to take in the drilling;

(2) the reasons for not taking part in the drilling;

(3) the impact of the decision on the entity's rights in the petroleum property.

Discovery of Signs of Petroleum in an Exploratory Drilling

6. (a) Should an exploratory drilling be concluded at a certain target layer in which verification drilling (such as: open-hole logging while

drilling; drill stem test) was conducted, on the basis of which the entity came to a substantiated conclusion that significant signs of petroleum are found in the said layer, the report shall include the following details:

(1) the name of the drill site;

(2) the date the signs of petroleum were found;

(3) starting depth;

(4) net layer thickness;

(5) the type of tests (class of logs) that were prepared to substantiate the information about the existence of significant signs of petroleum;

(6) types of petroleum;

(7) findings that led the entity to satisfy its opinion and accept the signs' reliability;

(8) if the drilling has not yet reached its final depth – this fact shall be noted;

(9) a warning worded as follows: "It should be clarified that production tests have not yet been conducted at the drill site; signs of gas or petroleum do not necessarily indicate a "discovery"' as its meaning in the Petroleum Resources Management System rules or a "discovery", as its meaning in the Petroleum Law, 5712 – 1952".

(b) If, prior to completing the drilling on a certain target layer, signs of petroleum were discovered as aforesaid, and information about the discovery of signs of petroleum was made public prior to the reporting entity's release of a report as stipulated, the report shall include the entity's position regarding the said publication, even if it has not yet finished the drilling at this target layer; should the entity's position include a notice regarding the signs of petroleum in the report, the notice shall include the warning articulated in subsection (a).

Material Event in an Exploratory Drilling

7. Should a material event that could cause an unusual delay in drilling activities, a material deviation from the drilling budget, a material exposure for the entity or a material unexpected development in the exploratory drilling, including production tests, verification drilling, evaluation drilling or development drilling, the entity shall publish a report with respect to the reporting entity's information and expectations prior to the drilling, as was reported to the public, the report shall include the following:

(1) the nature of the event;

(2) the causes of the event;

(3) the event's impact on the course of the drilling, its budget, its results and the nature of the changes and the implications

regarding the reporting entity's expectations prior to the drilling, as was reported;

(4) the entity's third-party exposure resulting from the event.

Exploratory Drilling, Verification, Evaluation or Dry Development

8. Should it be found that a drilling is a dry hole, the report shall include a notice of this.

Well Abandonment

9. Should a well abandonment, including a temporary well abandonment, be decided, the report shall include the reasons for the decision, the final depth to which the drilling reached, the cash amount expended up until the well abandonment and the expected expense to rehabilitate the drill site, including the reporting entity's equity rights holders' actual share of this budget.

Production Testing

10. Should it be decided to perform production tests at a drill site, the report shall take note of the decision; following this reporting, the entity shall report the information required under Section 11.

Detailed Plan for Conducting Production Tests

11. Prior to the start of the performance of production tests, the report shall include details of the plan to perform the tests, in which the following details shall be noted:

(1) an estimate of the pace of production prior to the test, if such an estimate exists;

(2) the dates the production tests are conducted – starting date and finishing date;

(3) types of tests conducted;

(4) the budget, including the effective portion of the reporting entity's equity rights holders in it.

Notice of Exploratory Drilling Results

12. (a) Should petroleum be discovered at the drill site – the report shall note this fact, and the following provisions shall apply:

(1) if the drilling is an exploratory drilling – the reasons for the notification of the discovery;

(2) with respect to an exploratory drilling, a warning shall be included in the report, in the following words: "Discovery is defined in the SPE-PRMS as 'one petroleum accumulation, or several petroleum accumulations collectively, for which one or several exploratory wells have established through testing, sampling, and/or logging the existence of a significant quantity of potentially moveable hydrocarbons. In this context,

"significant" implies that there is evidence of a sufficient quantity of petroleum to justify estimating the in-place volume demonstrated by the well(s) and for evaluating the potential for economic recovery."

(3) With respect to an exploratory drilling conducted under rights by virtue of the Petroleum Law, 5712- 1952, a warning shall be included in the report in the following words:" In this respect, a "discovery" as is declared in this report is not a "discovery" with respect to the Petroleum Law, 5712-1952.";

(4) This report does not replace the report required under Section 13.

(b) Should the drilling be completed and petroleum discovered, but notice about the discovery was not delivered - the report shall include details about the drilling discovery, the fact that the notification about the discovery had not been delivered shall be noted in bold print and the actions that the entity intends to take pertaining to this shall be specified.

Technical Notice at the Conclusion of Production Testing

13. Should the production tests be concluded, the report shall include the following details, the specification of which shall be provided separately for each one of the layers tested, unless the entity's management position is that separate reporting for each layer does not provide material information:

(1) the total quantity of petroleum produced and the cumulative time in which this quantity was produced, segmented according to petroleum classification;

(2) petroleum quality;

(3) average quantity of produced water and the ratio of produced water to oil;

(4) initial flow rate, final flow rate and average flow rate;

(5) initial reservoir pressure under which the tests were conducted, including whether a pressure transient analysis was conducted in the well and whether there was a significant decline of the reservoir pressure;

(6) the duration of the test conducted;

(7) the effects of performing artificial stimulations in the well.

Sample Table [assuming that the layers were consolidated for reporting purposes]	
Technical notice at the end of the production tests at the drilling side re: total amount of petroleum produced [by type, including quality]:	
Average amount of produced water and produced water/oil ratio:	

Initial flow rate:	
Average flow rate:	
Final flow rate:	
Pressure conditions, reservoir pressure [starting]	
Whether pressure transient analysis conducted:	
Significant decline in reservoir pressure:	
Duration of conducting the test:	
Effects of performing artificial simulations:	
Miscellaneous	

Reporting on Another Issue or Event Pertaining to an Exploratory, Verification, Evaluation, and Development Drilling on a Petroleum Property

14. (a) Should an entity request to report on an event or issue pertaining to an exploratory, verification, evaluation or development drilling on a petroleum property the entity holds, which is not listed in this schedule, including by virtue of Regulation 37A2, or a request to include information that was not specifically required in this schedule in its reporting, the report shall include the following details:

(1) a notice in bold font at the beginning of the report, which clarifies that this reporting is not listed in the schedule or that the reporting includes information that was not explicitly required in this schedule;

(2) the identity of the parties in the entity that approved the publication of the report;

(3) an explanation as to why information not explicitly required in this schedule was published, and why this information is important to a reasonable investor weighing whether to buy or sell the entity's securities;

(4) the main facts and data that served as the basis for the information included in the report, the controls imposed by the entity to ensure its accuracy;

(5) If forward-looking information is at issue – the information determined in Section 32A(b)(1) through (3) of the Law.

(b) Should an entity request to report about an event or issue pertaining to a an exploratory, verification, evaluation or development drilling on a petroleum property the entity holds, which is listed in this schedule, but on a date other than that set in this schedule, the report shall include the following details:

(1) a notice in bold font at the beginning of the report, which clarifies that the reporting was given on a date other than that set in the schedule;

(2) the identity of the parties in the entity that approved the publication of the report;

(3) an explanation as to why the report was published on a date other than that required in this schedule, and why

the said timing of the publication of this information is important to a reasonable investor weighing whether to buy or sell the entity's securities;

(4) the main facts and data that served as the basis for the information included in the report, the controls imposed by the entity to ensure its accuracy;

(5) If forward-looking information is at issue – the information determined in Section 32A(b)(1) through (3) of the Law.

Immediate Reports Pertaining to the Assessment of Reserves or Contingent Resources

15. (a) Should the entity report a discovery, details shall be provided regarding the assessment of the resources within sixty days of the date the production tests on the exploratory drilling were completed, or within sixty days of the date on which the discovery was reported, the earlier of the two, in any case, however, it shall be no later than the date either verification or evaluation drilling started on the petroleum property to which the discovery refers.

(b) Should the entity conduct a verification drilling or evaluation drilling, updated resource assessment information shall be provided within sixty days of the drilling's completion date, but in any case, no later than the date the verification or evaluation drilling started on the petroleum property on which the verification or evaluation drilling was conducted.

(c) The disclosure required in this section shall be prepared as stipulated in Chapter D or E of the Third Schedule of the Prospectus Regulations, as applicable.

(d) Had the entity reported in the past on contingent resources and the contingencies pertaining to these resources, in whole or in part, the following provisions shall apply:

(1) An immediate report on compliance with the conditions pertaining to the issue shall be given;

(2) The report shall include the identity of the reservoir and the quantities therein, noting the contingencies and specifying how they are met and the implications of their fulfillment, including for the classification of resources and for the financing sources required to complete the project. With respect to reserves, discounted cash flow data shall also be provided as determined in Chapter D of the Third Schedule of the Prospectus Regulations, unless discounted cash flow data were included in the past within the resource assessment report and no material changes have occurred since the publication of the said report, including changes in the projected sales price, and the fact that, except for fulfillment of the contingencies specified in the latest report that was published – no material changes have occurred;

(3) Notwithstanding the above, a full reporting of reserves, as required in Chapter D of the Third Schedule of the Prospectus Regulations is not mandatory, unless the said information is at the entity's disposal;

(4) Within the framework of the report, a management declaration, as specified in Chapter D of the Third Schedule of the Prospectus Regulations shall be provided;

(5) Should a full reserves report not be required, an opinion of a reserves appraiser or of an independent reserves auditor as defined in the Prospectus Regulations , who has assessed or audited the previous contingent resources report published by the entity, shall be included in the report, including his certification of the change in classification; should it not be possible to obtain a said opinion of a reserves appraiser or reserves auditor, this shall be noted, including the reasons for the failure to obtain the opinion, with an opinion on this matter of another independent reserves appraiser or reserves auditor.

(e) An entity may postpone reporting as stipulated in this section in order to complete the required evaluation testing, including tests mandated by the Petroleum Commissioner, if such tests are required, while Regulation 35 (c) through (e) shall apply, *mutatis mutandis*.

Immediate Report Following the Publication of Data Held by Related Parties

16. (a) Should a partner, operator or other party that has holdings, directly or indirectly, in a petroleum property or derives a benefit from the said holdings, publish details indicating the quantity, probability, classification or the value of reserves or other resources which materially differs from the information reported by the entity, or when the entity has not yet published the said information, details regarding the reserves or the other resources, as specified in Chapter D or E of the Third Schedule to the Prospectus Regulations, respectively, shall be provided within thirty days of the date of the said publication and the fact that another assessment was published shall be noted.

(b) Notwithstanding the above in subsection (a), an entity shall be exempt from having to attach an opinion under the provisions of Chapter D or E of the Third Schedule of the Prospectus Regulations, provided that it published a report close to the publication of the information held by the partner, which shall come no later than two days after the publication, that shall include a reasoned declaration, specifying that -

(1) Based on the data about the existing petroleum rights as of the reporting date, a decision to drill is not justified, or that the partner's evaluation does not change the entity's latest evaluation as it is published in public filings;

(2) All the information published by the partner was published without the knowledge of the entity, its management or its controlling parties.

Modifications to the Petroleum Property's Work Plan

17. Information shall be provided in the report regarding material modifications of the work plan approved by the Petroleum Commissioner, with respect to the petroleum property held by the entity.

Immediate Report Regarding the Acquisition of a Petroleum Property

18. (a) An immediate report regarding the acquisition of a petroleum property shall include, in addition to the information required under Regulation 36(a1), all the details enumerated in Chapter B of the Third Schedule to the Prospectus Regulations, excluding the details specified in Section 22 of the said Schedule which the entity may report no later than sixty days after the acquisition date.

(b) Notwithstanding the above in subsection (a), at the time of acquiring the petroleum property including resources classified as prospective resources, the inclusion of the information stipulated in Section 22 in the report on the acquisition of a petroleum property is not mandatory, unless one of the following applies:

(1) Prior to the acquisition date a decision, as stipulated in Section 4, was made; in this case, the details shall be published within sixty days of the acquisition date or ten days prior to starting the drilling, the earlier of the two;

(2) Prior to the acquisition date, a partner, operator or another party holding, directly or indirectly, a petroleum property or deriving a benefit from such holdings, published information as specified in Section 16; in this case, the details shall be provided within thirty days of the acquisition date, unless the immediate report filed about the acquisition included a declaration as specified in Section 16;

(c) In this section, "acquisition" – including a contingent acquisition.

Part C: Quarterly Table Pertaining to a Material Petroleum Property on Production

		Year 20X2 [reporting year]		
		Q3	Q2	Q1
Production Type XXX Petroleum	Total production for the period [in thousand barrels]	40,000		
	Average price per unit of production attributable to the	NIS 40/bbl		

		Year 20X2 [reporting year]		
	reporting entity's equity rights holders (in NIS per barrel - NIS/bbl)			
		.....	....	.....
	Average royalties (any payment derived from the production from the petroleum property including from gross income derived from the petroleum property) paid to a production unit* (attributable to the reporting entity's equity rights holders) (in NIS per barrel NIS/bbl)	NIS 5/bbl		
	Average production costs per production unit* (attributable to the reporting entity's equity rights holders) (in NIS per barrel - NIS/bbl)	NIS 10/bbl		
	Average net receipts per production unit* attributable to the reporting entity's equity rights holders) in NIS per barrel -NIS/bbl)	NIS 25/bbl		
	.....			

* The calculation of the ratios shall be as stipulated in Section 38(1) of the Third Schedule to the Prospectus Regulations.

Part D: List of Professional Terms

PRMS Terminology

19. The following is a list of professional terms for the purpose of Section 1 of this schedule: [in the original Hebrew, the Hebrew translation is given alongside the English terminology]
    (1) On Production (in production);
    (2) Contingencies
    (3) Contingent Resources;
    (4) Prospective Resources;
    (5) Well Abandonment;
    (6) Discovered – (petroleum found)
    (7) Reserves
    (8) Petroleum
    (9) Dry Hole
    (10) Discovery

Effectiveness and Temporary Provisions of the 5770 Amendment

1. (a) The "5770 Amendment", excluding the that stipulated in sub-regulations (b) and (c), shall come into effect starting with the periodic reports that include the financial statements prepared as of 24 *b'Tevet* 5771 (31 December 2010) (hereinafter – the effective date); the Chairman of the Authority may determine a later effective date for a certain entity, for reasons that shall be specified.

(b) With respect to an entity that has offered its securities to the public under a prospectus in an initial public offering, the 5770 Amendment, excluding that stipulated in sub-regulation (c), shall enter into effect starting with the periodic report, which includes the financial statements prepared as of 31 December of the year following the year in which the permit to publish the said prospectus was granted (hereinafter – effective date of an IPO).

(c) Regulation 9B(b)(2) of the Regulations, and Regulation 38C(b)(4) of the Regulations shall enter into effect starting with the periodic reports that include the financial statements prepared as of 24 *b'Tevet* 5772 (31 December 2011), and with respect to an entity that has offered its securities to the public under a prospectus in an initial public offering, starting with the periodic report that includes the financial statements prepared as of 31 December of the year following the effective date of the initial public offering.

(d) Notwithstanding that stipulated in sub-regulations (a) through (c), the Chairman of the Authority may determine an earlier effective date, for an entity that has applied for such.

2. (a) In the period between the publication of the 5770 Amendment (24/12/09) and the effective date, information regarding the stages of the entity's preparation and progress in implementing the 5770 Amendment (hereinafter – project implementation) shall be provided in either the board of directors' report or the board of directors' interim report, as applicable, as specified below:

(1) In the board of directors' report attached to the interim report for the year ending on 14 *b'Tevet* 5770 (31 December 2009), the entity shall provide a disclosure regarding the actions it will take up until the report date, including *inter alia* the following information:

(a) a statement that a preparedness plan for implementing the project has been determined;

(b) the name of the person in the entity charged with the project's implementation;

(c) a mapping of the procedures that the entity sees as key to financial reporting and disclosure;

(2) In the interim board of directors' report, to which the quarterly report for the quarter ending on 18 *b'Tamuz* 5770 (30 June 2010) is attached, the entity shall provide a disclosure regarding the actions it took up until the report day, including *inter alia* the following information:

(a) a statement noting that the process of preparing a risk assessment of the internal control system has been implemented and that existing business procedures and internal controls over financial reporting and disclosure have been documented;

(b) a statement noting that the process of analyzing existing discrepancies in the planning of the internal control over financial reporting and disclosure has been carried out.

(b) Notwithstanding the above in sub-regulation (a), should the entity fail to complete the specified actions on the dates set in the said regulation, this fact shall be noted in the board of directors' report or the interim board of directors' report, as applicable; the reason the entity failed to complete the said actions shall also be noted, as well as the schedule it set for completing them.

(c) The said temporary provisions shall not apply to an entity, which has offered its securities to the public under a prospectus, in which the financial statements for periods subsequent the period ending on 31.12.2008 were included.

17 *b'Nissan*, 5730 (21 June 1970)

Pinhas Sapir
Minister of Finance