

# ANNUAL REPORT 2024



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## 2024

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The following include selected data and information. The translation intended solely for the convenience of the reader. The ISA does not assume any responsibility whatsoever as to the accuracy of the translation and is not bound by its contents.

For the complete original text in Hebrew [click here](#).



**Att:**  
MK Bezalel Smotrich  
Minister of Finance  
Finance Ministry

**Att:**  
MK Moshe Gafni  
Chairman, Finance Committee  
Knesset Israel

# MESSAGE FROM THE CHAIRPERSON

Greetings,

7 April 2025

## Re: Report on the Activities of the Israel Securities Authority in 2024

I am honored to present you with this report reviewing the activities of the Israel Securities Authority (ISA) in 2024. Israel's capital market contended with significant challenges in the past year — the Swords of Iron War, the challenging global economic environment, the high interest environment, and concerns of a prolonged inflation environment. All these challenged the financial markets in Israel. As of the date of this report, Israel is still at war, although it is already possible to determine that Israel's capital market has demonstrated extraordinary resilience, investors have responded in an informed and considered manner, and the stock exchange even generated favorable returns for investors. In this period, the Israel Securities Authority (ISA) continued to pursue its goals, placing emphasis on addressing the financial situation precipitated by the war, and building a foundation for advancing Israel's capital market and safeguarding investors in the long term. To promote these goals, the ISA developed a strategic plan and defined objectives that

guided its activities over the major part of the past year and will continue to guide its activities in the coming years. To achieve its vision of an advanced, competitive capital market that plays a significant role in the Israeli economy, the ISA's strategic plan focuses on the following actions:

- **Increasing retail investors' access to capital market investments:** By increasing the public's financial literacy, developing financial instruments suited to retail investors, ensuring a simple and accessible financial intermediary market, and supporting the development of various technological means to facilitate the public's access to capital market investments.
- **Fraud enforcement:** In recent years we have seen evidence of an increase in the scope of investment-related fraud, especially in unregulated markets, unsupervised ventures, and marketing through various agents. The ISA defines the fight against this phenomenon as a key objective of its operations, and will invest supervisory and enforcement

resources in all the layers of activity under its responsibility.

- **Presence in and effective responses to the capital market:** A prolonged response time undermines the effectiveness and relevance of ISA activities. This is true for all supervisory agencies, but is especially pertinent with respect to supervision of a dynamic, constantly evolving capital market. The ISA is focused on reducing its response times to events that call for regulatory intervention or enforcement action, and responding to communications from its supervised entities (e.g., requests for pre-ruling).
- **Adoption of international standards:** Israel is part of the global market, and in any case investments do not distinguish between national boundaries. Therefore any deviation from or delay in adopting accepted international regulatory standards may reduce the presence of foreign investors and actors in Israel's capital market. The ISA will continue to operate in multiple arenas to align the standards accepted in Israel to advanced international standards, while constantly reviewing the changes in financial regulation around the world.

**The key areas in which the ISA was engaged in the past year, and in which it intends to continue its involvement in view of its strategic plan are:**

The first public securitization issue in Israel was completed in 2024, opening the door to a new financial instrument in the domestic capital market. A bill was submitted to the Israeli Knesset to introduce new legislation regulating all aspects of securitization transactions, including taxation issues and a full sale of the SPV. This regulation is expected to create legal and regulatory certainty for investors and entrepreneurs, and increase the financial appeal of securitization transactions. Furthermore, I announced the establishment of a **committee to examine and recommend a method for improving disclosure and**

**reporting**, both in immediate reports and in the directors' report and the chapter on the corporation's business. The committee is expected to submit its conclusions in 2025. In late 2024, a legal amendment came into force permitting the launch of new money funds as part of Israel's **"money market,"** and defining concessions to facilitate the expansion of money funds mediated through new actors. Money funds are transparent and conservative investment vehicles that may compete with and serve as a substitute for bank deposits, and assist investors in generating better returns on their investment. In 2024, a proposed legislation was promoted with the aim of **encouraging capital market activity**, diversifying its investment vehicles and financing channels, and improving its efficiency. The bill proposes to establish infrastructure to create alternative mutual funds ("private investment funds in trust") and to facilitate public investments in alternative assets, regulatory rules regarding general advisory services, and an amendment designed to facilitate listing in Israel for dual-listed companies. As of the submission date of this report, the proposed legislation has been placed before the Knesset's Finance Committee and we hope that its legislation will be completed in the near future. In 2025, after the law regulating payment service providers came into effect, the ISA will issue licenses to entities that meet the licensing requirements. These entities, from Israel and overseas, will offer consumers a range of advanced payment services. An increase in the number of credible and quality actors will expand the banking services market and increase competition in this area in Israel. In 2024, the ISA also took steps to promote a legal memorandum regulating broker-dealer operations in Israel. The objective of the proposed law is to lay a foundation for the comprehensive supervision of broker-dealer operations in Israel in order to provide adequate protection to investors, increase

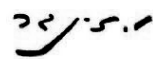


public trust in these operations, and develop the market. This legislative move is also expected to be completed in 2025.

In the past year, the Tel Aviv Stock Exchange, supported by the ISA and the Bank of Israel, took steps to change the trading schedule to extend from Monday to Friday. As a result, trading days in Israel will correspond to the trading days in major global stock exchanges. Until now, foreign market players considered the trading schedule in Israel (from Sunday to Thursday) a significant entry barrier to the Israeli capital market. We intend to complete this change in the forthcoming year, with the new trading schedule coming into force in 2026.

I would like to thank all those supporting us in our efforts, starting with the Minister of Finance and his team, the Chair of the Knesset Finance Committee, and the teams from the government offices with whom we work in partnership, and to thank the dedicated staff of the ISA staff, who approach their work as a calling rather than a job.

We will continue to lead and promote the local capital market and protect investors, achieving the goals toward which we are already working and the new goals that we have set for ourselves for the coming years.



**Seffy Zinger**  
Israel Securities Authority, Chair





Chapter 1

# About the Israel Securities Authority

רשות ניירות ערך  
Israel Securities Authority  
سلطة الأوراق المالية





**The Israel Securities Authority (ISA) operates under the Security Law, which determined that the ISA's role is "to protect the interests of the public investing in securities."**

Over the years, the capital market has become one of the pillars of the Israeli economy. This market allows companies and businesses to raise funds to develop their business operations, which contributes to economic growth, employment, and innovation in Israel. At the same time, the capital market allows the general public to invest and share in the success and profits of Israel's leading companies. The Israel Securities Authority is committed to protect the interests of investors by developing a diverse and competitive market and by setting and enforcing high standards of market conduct and norms.

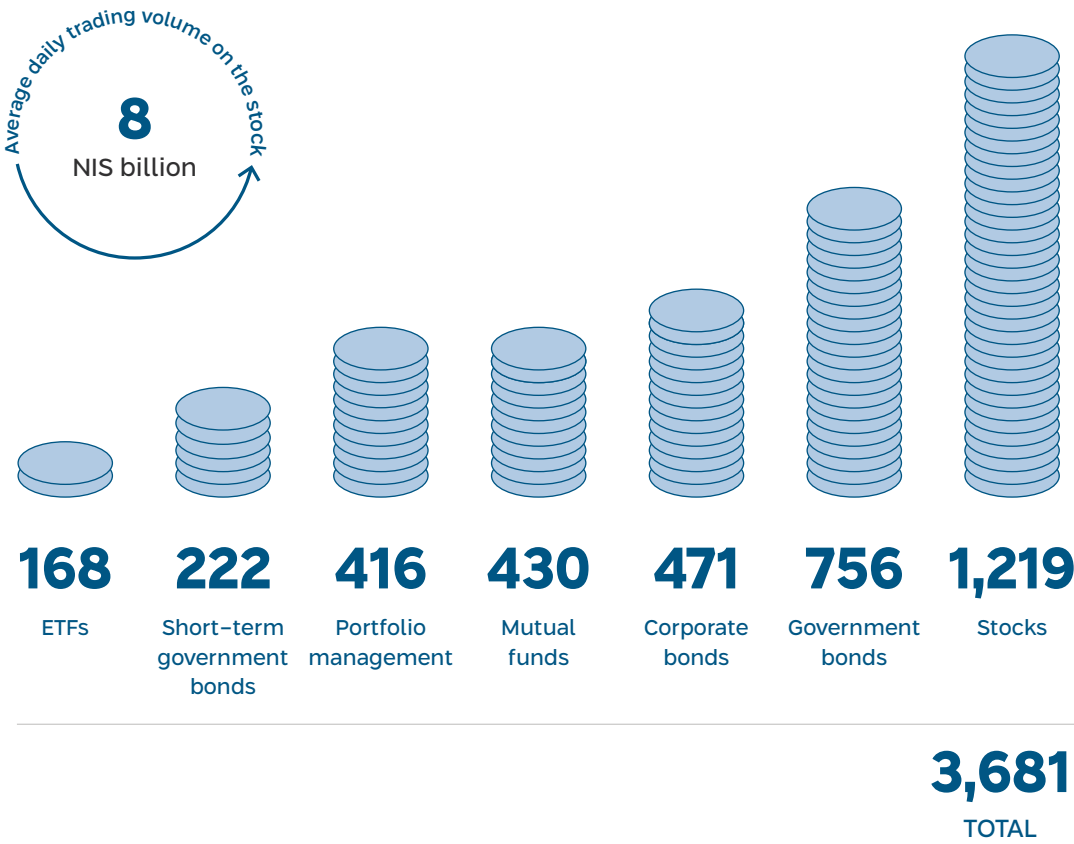
# THE ISA'S MAIN AREAS OF RESPONSIBILITY:

- A. Supervision of corporations that offer securities to the public by inspecting corporations' prospectuses, issuing permits to publish these reports, which provide the basis for public securities offerings, and inspecting corporations' filings.
- B. Supervision of mutual fund managers through the regulation of their operations, which includes issuance of permits to publish prospectuses that provide the basis for mutual funds' offerings to the public.
- C. Licensing of portfolio managers, investment advisers, and investment marketers, and regulation and oversight of their operations.
- D. Oversight of portfolio managers and non-bank exchange members' compliance with their obligations under the Prohibition against Money Laundering Law.
- E. Supervision of the proper and fair management of the stock exchange.
- F. Licensing of trading platforms to their own account, and regulation and oversight of their operations.
- G. Licensing of offering coordinators and oversight of their operations.
- H. Oversight of underwriters' operations.
- I. Licensing of rating companies, and regulation and oversight of their operations.
- J. Licensing of financial information service providers, and regulation and oversight of their operations.
- K. Licensing of payment service providers, and regulation and oversight of their operations.
- L. Audits of the supervised entities' compliance with the Securities Law, the Joint Investments Law, the Investment Advice Law, and other laws under the ISA's responsibility.
- M. Investigations of violations of the Securities Law, the Joint Investments Law, the Investment Advice Law, and other laws related to such violations.
- N. Administrative enforcement proceedings, ranging from inquiries concerning administrative offenses under the Securities Law, the Joint Investments Law, and the Investment Advice Law, to the commencement of administrative proceedings before the Administrative Enforcement Committee, at the order of the ISA Chair.
- O. Jointly with the Institute of Certified Public Accountants in Israel, the ISA participates in funding and operating the Israel Accounting Standards Board.

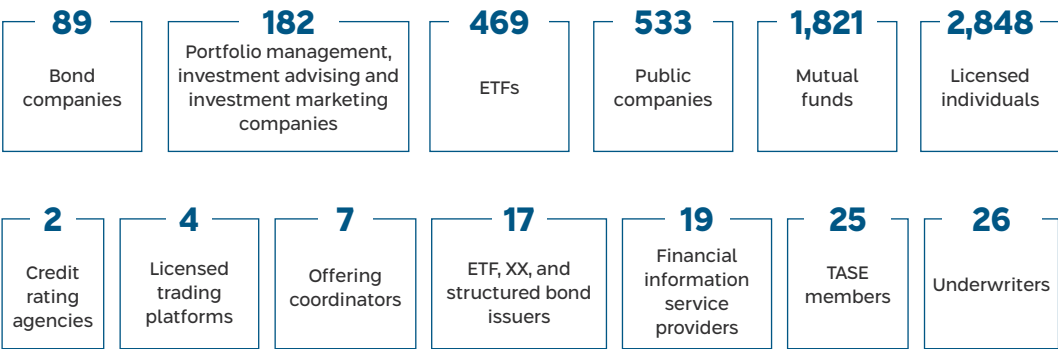


# THE ISA SUPERVISORY LANDSCAPE

(NIS billion)



## Supervised Entities



\* As at end 2024.

# CONTACT THE ISA

The ISA invites public inquiries on all areas of its operations, including inquiries to the Public Inquiries Officer.

Mailing address:  
Israel Securities Authority, 22 Kanfei Nesharim Street, Jerusalem 9546434, Tel: 02-6556555

## Inquiries to the Freedom of Information Officer

To submit a question or an application under the Freedom of Information Law, contact:  
Attorney Chava Binstock,  
email: [hofeshmeida@isa.gov.il](mailto:hofeshmeida@isa.gov.il)  
tel: 02-6556456.

## Inquiries to additional ISA units that offer services to the public

Use the ISA website to contact other units that offer services to the public.

  
**Facebook**  
רשות ניירות ערך / Israel Securities Authority

  
**LinkedIn**  
Israel Securities Authority

  
**ISA's YouTube channel**

  
**X (formerly Twitter)**  
רשות ניירות ערך / SecuritiesIL

  
**Instagram**  
רואים שהשקעת / israelsecurities

  
**Telegram**  
רשות ניירות ערך

## Chapter 2

# The Capital Market in 2024

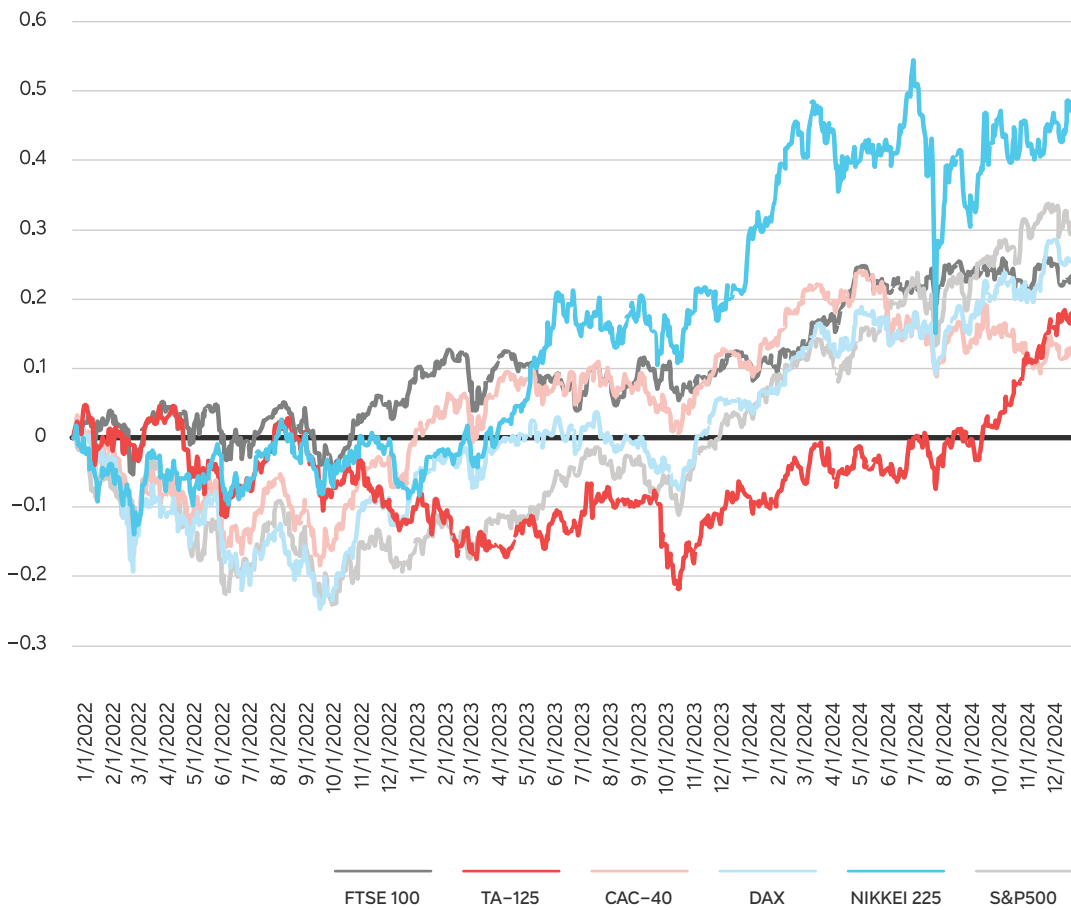


The following review illustrates the scope of the ISA's supervision and the key trends affecting the various asset classes in the local capital market in 2024.

Returns on Leading Indices from an International Perspective

In 2024, local indices continued to recover from their initial response to the war, which began in 2023. The TA 125 index gained 29% in 2024, corresponding to similar yet more moderate gains in leading global indices such as S&P500, which gained 25%, and European indices, which gained less than 20%. However, the cumulative rise in the local index from early 2023 still lags behind the leading global indices, due to the negative returns recorded in 2023.

Cumulative Return of Leading Global Indices From 2022\*

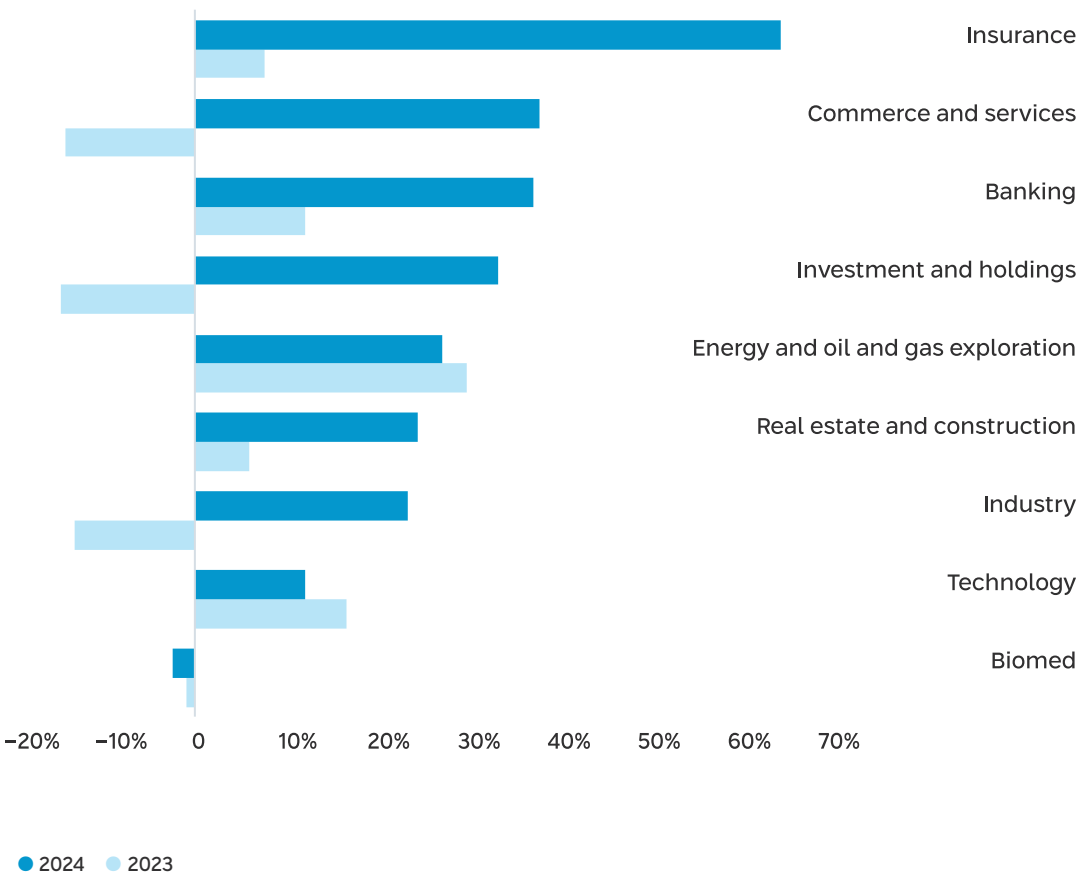


Source: Bloomberg  
\* Net Total Return (including dividends) in local currency.

Returns by Sector

In 2024, all sectors of the stock market enjoyed significant increases, with the exception of biomed. The majority of sectors generated double-digit returns that exceeded 20% and several sectors, including investment and holdings, commerce and services, banking and insurance, even exceeded the 30% mark.

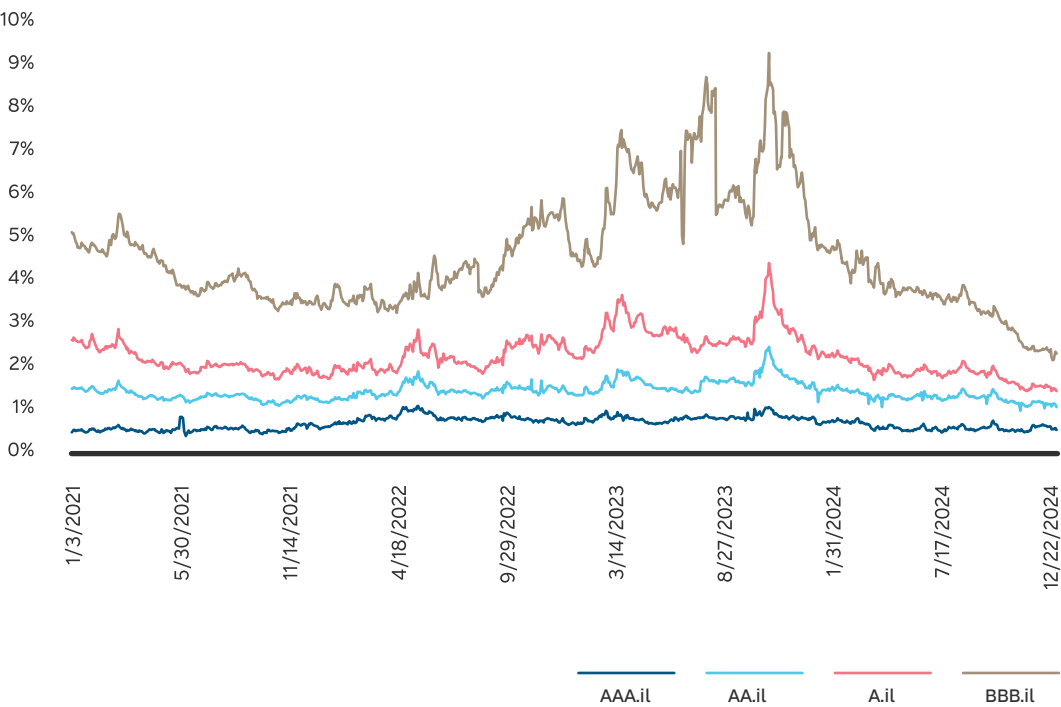
Annual Sector Index Returns 2023–2024



Developments in the Bond Market

Following the rise in government bond yields in 2023, corporate bond yields rose in 2024, although in 2023 the yield spread between corporate bonds and the government yield curve<sup>1</sup> increased in all rating categories (especially during the war) and declined toward the end of the year. Toward the end of 2024, yield spreads of around 1% were recorded in the AAil category,<sup>2</sup> and about 0.6% in the AAAil category. In the Ail category, yield spreads dropped to 1.45%. Moreover, the most significant decline in yield spreads occurred in the lower rating categories, which reflected higher risk. In the ilBBB category, the average yield spread declined from 5% (at end 2023) to 2.3% toward the end of 2024.

Developments in Corporate Bond Yield Spreads in Israel, by Rating Category (Local Scale), 2021–2024\*



Average yield spread from the yield curve  
\* Bonds with an average duration of one year or longer.

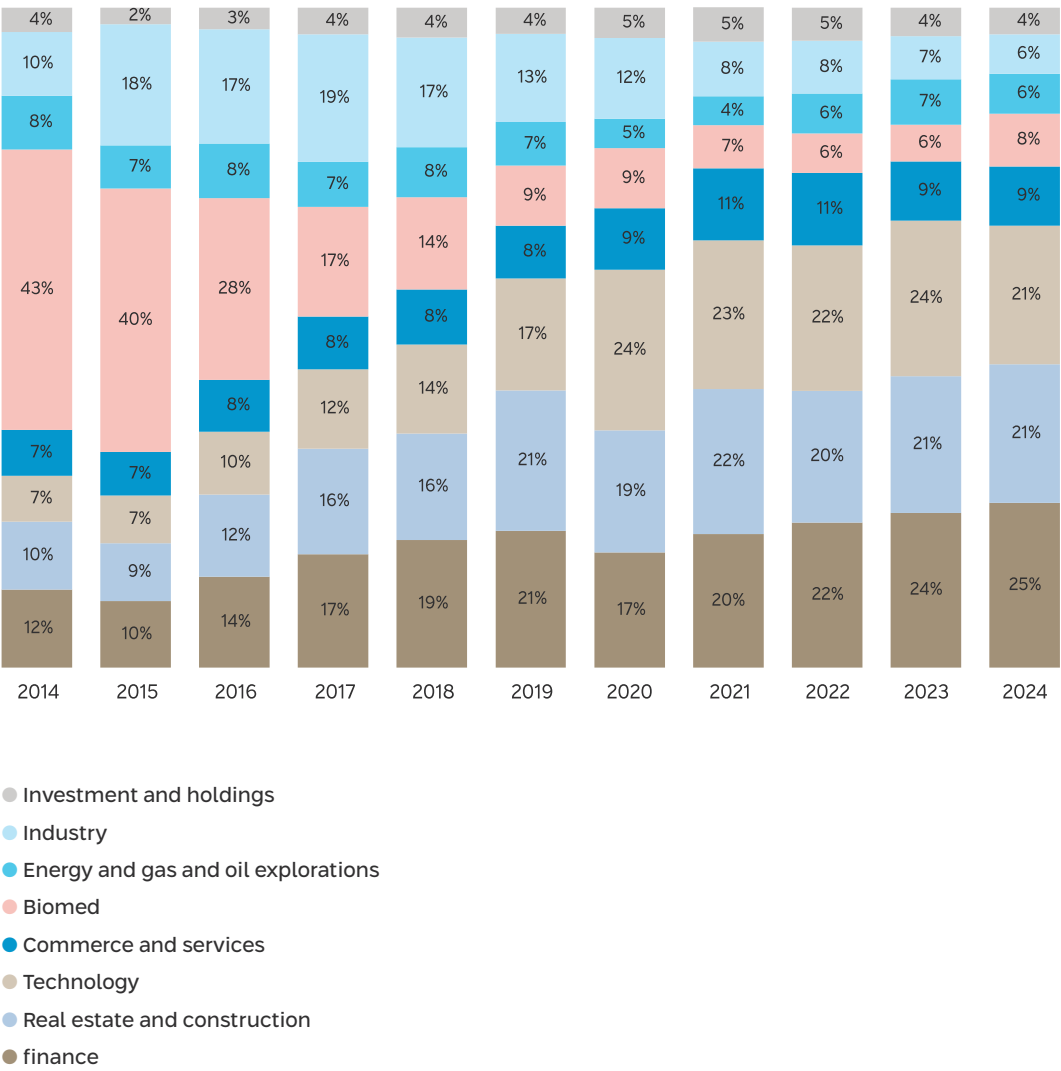
<sup>1</sup> Yield spread was calculated as the difference in yield between corporate bonds and government bonds with the same average duration, and, reflects the assessed risk level attributed to the company itself.  
<sup>2</sup> Each rating category includes three marks around the same rating (on the local scale, according to the lower rating by the rating agencies). For example category AA includes –AA, AA, and +public transportation.



Market Value

In 2024, the market value of the stocks and participation units in the stock market showed a significant 28% increase, reaching NIS 1,219 billion at the end of the year (compared to NIS 952 billion at end 2023). The sectoral composition did not change considerably in 2024: The technology sector recorded a 3% decline after showing considerable growth in the past decade, and currently accounts for 21% of the market value (comparted to 7% in 2014).

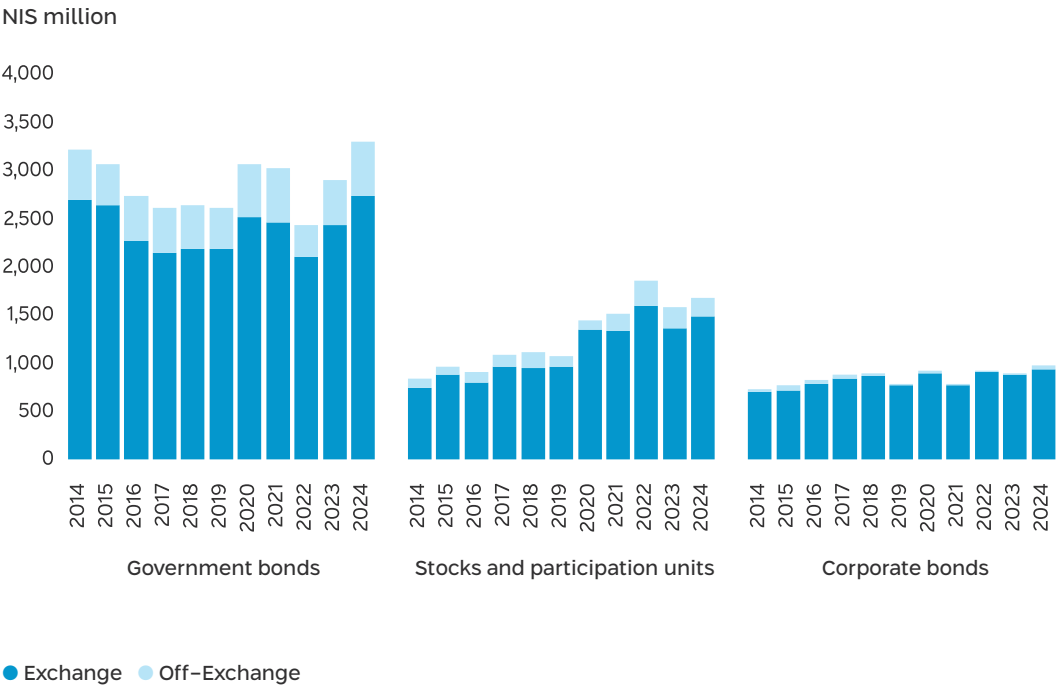
Breakdown of the Market Value of Equity and Participation Units by Sector, 2014–2024



Developments in StockExchange Volumes and Liquidity Indices

In 2024, average daily trading volumes in stocks and participation units rose by 6%, from 2023, reaching NIS 1.7 billion (NIS 1.5 billion excluding off-exchange trading).<sup>3</sup> Trading volumes in government bonds rose by 13%, compared to 2023, reaching an average daily volume of NIS 3.3 billion. In addition, daily trading volume of marketable corporate bonds also rose by 9% from 2023, reaching NIS 980 million.

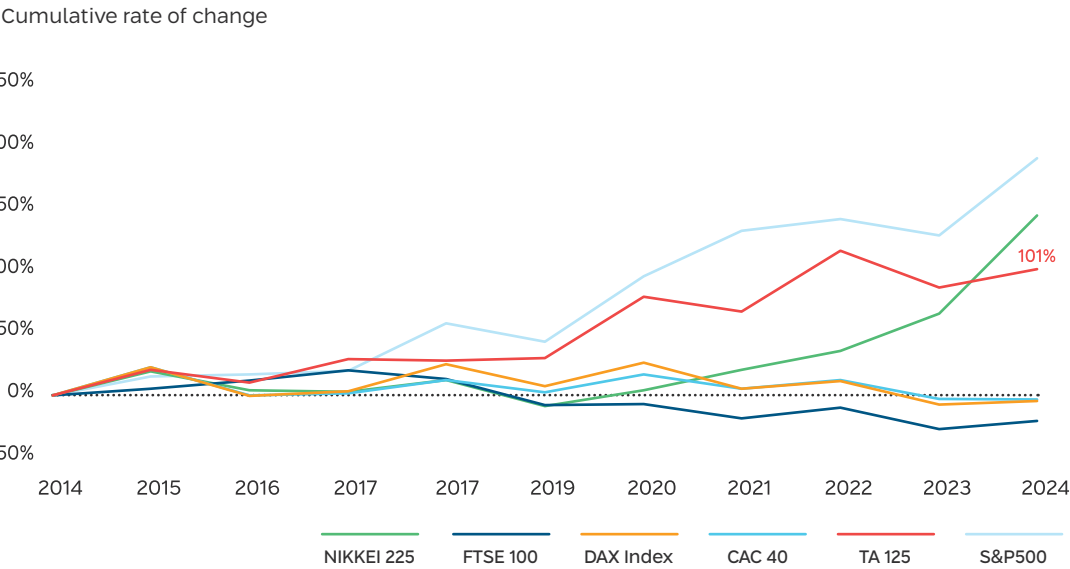
Average Daily Trading Volume 2014–2024 (by Security Class)



In addition to the increase in the average daily trading volume in TA 125, global trading volumes also rose significantly in recent years. In the years prior to 2019, the growth rate in the average trading volume in TA 125 was similar to the growth rate in leading European indices, but in the subsequent five years, trading volume in the local index increased more significantly compared to the European indices, although less than S&P500, which recorded an even larger increase in trading volumes.

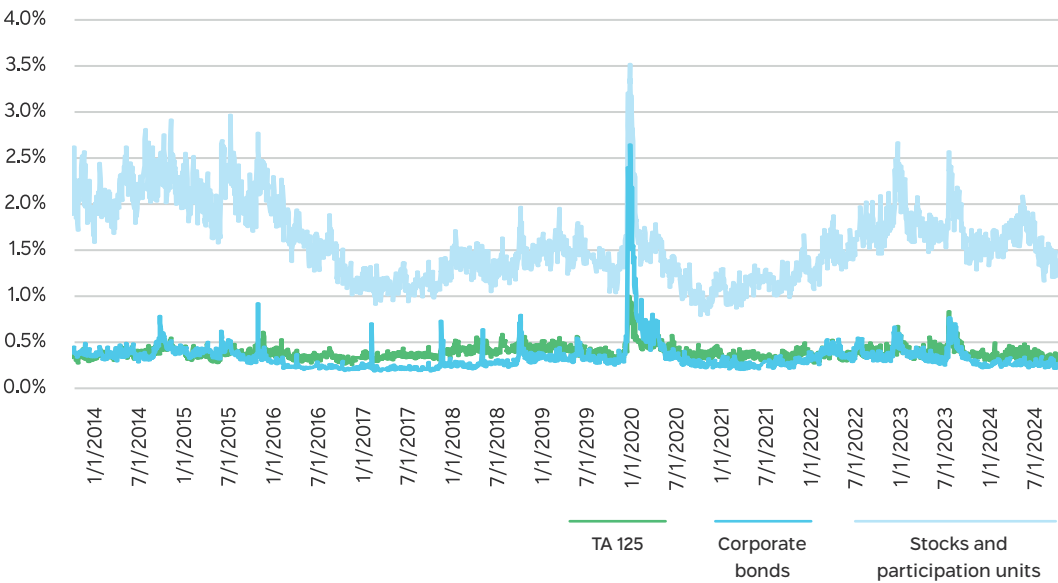
<sup>3</sup> This figure does not include the daily trading volume in stock market index products (ETFs), which totaled an average of NIS 495 million in 2024.

Changes in Daily Trading Volumes in TA 125 and Leading Global Indices, 2024–2025



Bid-ask spreads,<sup>4</sup> another indicator of market liquidity, declined in 2024 (which indicates increased liquidity), especially in the final quarter of the year. In that quarter, median bid-ask spreads on stocks and corporate bonds declined to 1.3% and 0.18%, respectively — the lowest since 2021. In the major stocks represented in TA 125, the median bid-ask spread in Q4/2024 dropped to 0.23%, its lowest level since 2017.

Median Bid-Ask Spread by Security Class, 2014–2024



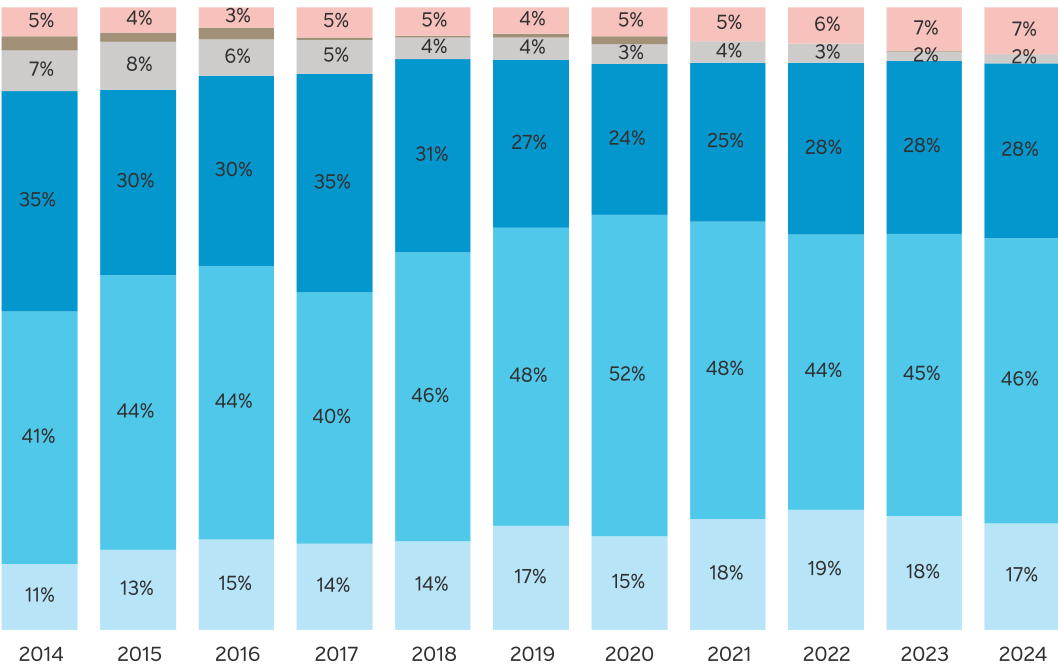
<sup>4</sup> The difference between the highest price a buyer is willing to pay for a security (bid) and the lowest price a seller is willing to accept (ask) at any point in time.

Activities of the Rating Agencies and Changes in Ratings in the Corporate Bond Market<sup>5</sup>

At the end of 2024 737 corporate bond series were traded on the TASE. Their market value totaled NIS 471 billion in 2024, reflecting a 12% increase from the previous year. In the past decade, the market value of corporate bonds almost doubled.

Maalot and Midroog, two rating agencies, gave a rating between ilAAA and ilAA to 37% of the series, and the value of these series accounts for 63% of the total market value; 41% of the series are rated between ilA and ilBBB, and they account for 30% of the total market value; 21% of the series are not rated and account for only 7% of the market value.

Distribution of Corporate Bond Series by Rating Category, 2014–2024



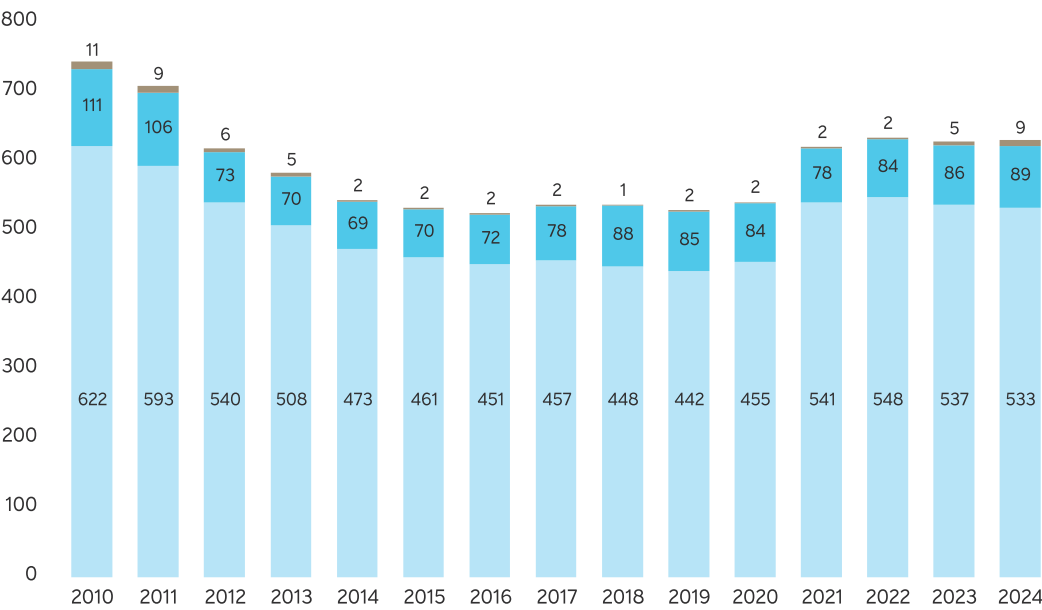
- Not rated
- Under BBBil
- BBBil
- Ail
- AAil
- AAAil

<sup>5</sup> We refer to local ratings only, rated by Maalot and Midroog.



# PUBLICLY TRADED CORPORATIONS

Corporations Trading on the TASE, 2010–2024



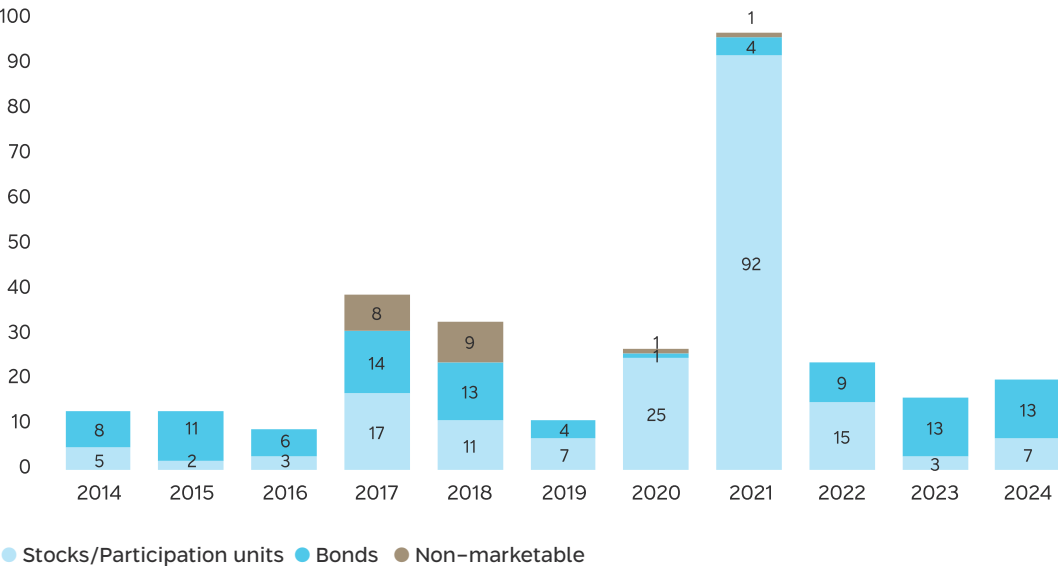
Public companies Bond companies Structured bond companies

The number of corporations trading on the TASE in recent years is affected mainly by IPOs of new companies, delisting of companies, tender offers, and privatization of traded corporations. Until 2019 no significant change occurred in the list of the traded corporations, but in 2020–2021 the number of traded companies increased significantly, especially due to a significant increase in the number of IPOs and a decline in the number of delisted companies. In 2022–2024, the growth rate in IPOs slowed significantly, and the new companies that joined the TASE were mainly bond companies.

Issuances of New Companies vs. Companies That Completed Their Reporting Requirements 2014–2021<sup>6</sup>



IPOs, 2010–2024



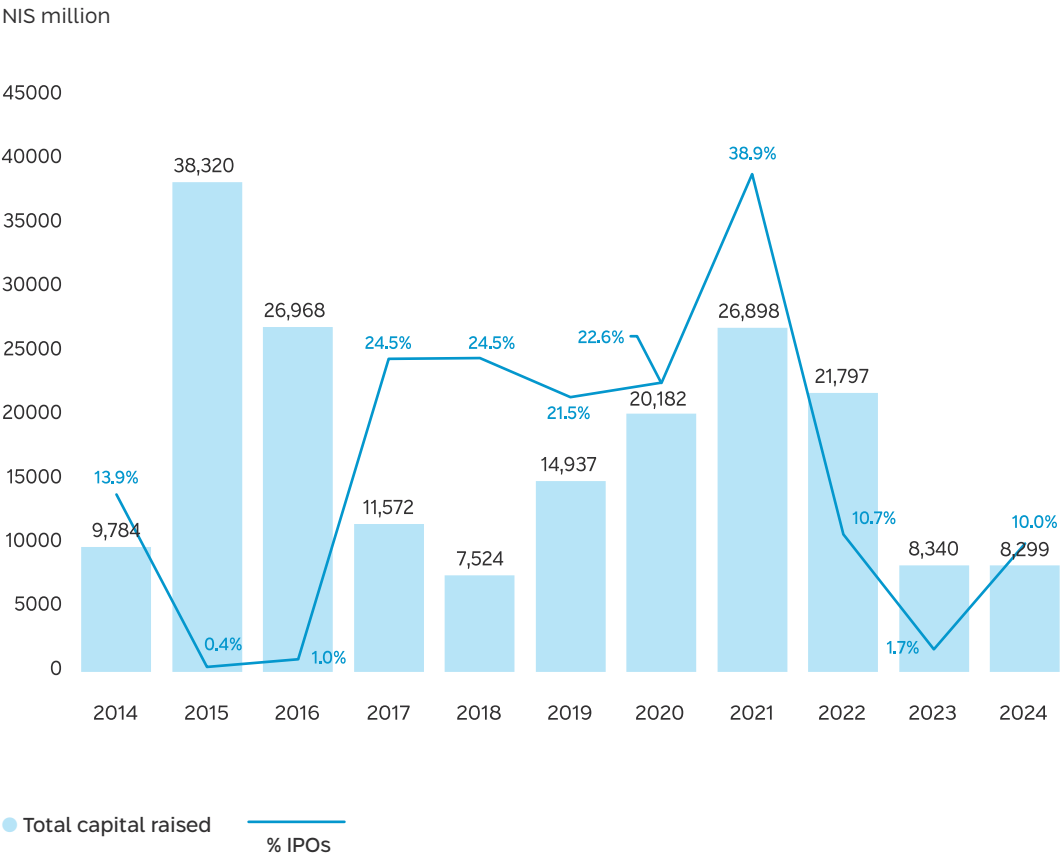
Between 2014 and 2019, the primary market was, for the first time, characterized by few IPOs, which were performed mainly by corporations that issued only certificates of indebtedness (excluding the years 2017–2018, when equity issues also featured prominently). In 2021–2022, this trend was reversed with an unprecedented spurt of issues to the public by 124 corporations. Between 2022 and 2024, this growth trend changed, reflecting a significant slowdown in new issues. In 2024, 17 corporations issued IPOs, of which 13 (most from the real estate development sector) issued only bonds and 3 corporations issued shares.

<sup>6</sup> Issuance data include issuances of new companies that offer stocks or shares to the public or merely listed for trading, and issuances of new unlisted companies. In contrast, data on completing reporting requirements also include unlisted companies that completed reporting requirements.

Capital Raising in the Stock Market in 2024

Similarly to 2023, issues in the equity market totaled NIS 8.3 billion in 2024. In 2024, 5 IPOs were issued, totaling NIS 832 million, in contrast to 2023, when only a single IPO was issued. Nonetheless, these figures are significantly lower compared to the three preceding years that were characterized by a large rise in the number of IPOs, especially in the technology sector.

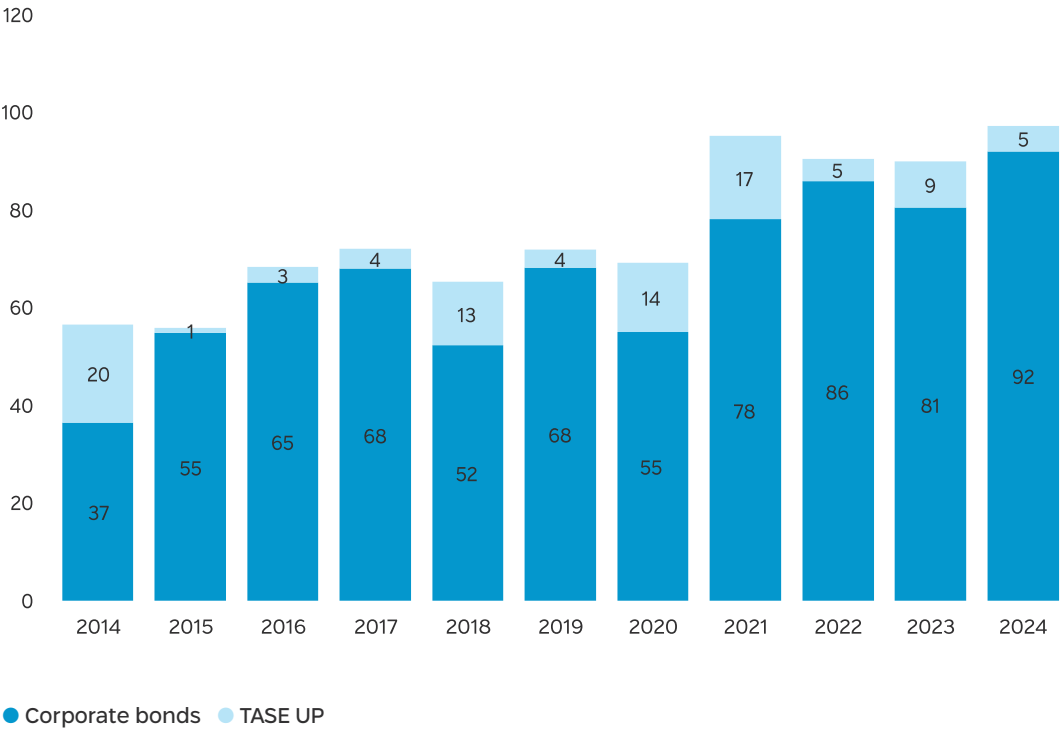
Total Capital Raised through Issues of Equities and Participation Units, 2014–2024



Capital Raised Through Issues of Marketable Corporate Bonds in 2024

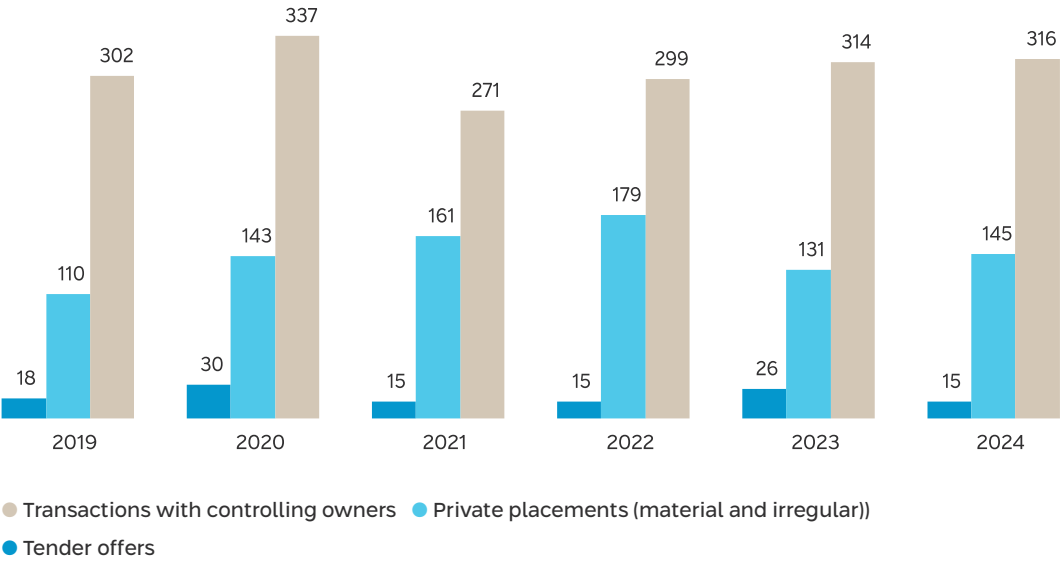
In 2024, capital raised through issues of corporate bonds totaled NIS 97 billion, and were issued by 177 companies. Total capital raised through corporate bond issues in 2024 was similar to the preceding three years (in which total capital raised through corporate bonds was NIS 91–95 billion per year). More than 85% of the issues were rated iIA– or higher, based on the local rating scale. In other words, despite the high inflation environment and continuing war, the bond market remained active and constituted a viable source of financing for companies.

Total Capital Raised Through Issues of Marketable Corporate Bond, 2014–2024





Reported Transactions with Controlling Owners, Private Placements, and Tender Offers, 2019–2014



Debt Settlement Arrangements,<sup>7</sup> 2016–2024

Year	No. of companies <sup>8</sup>	Adjusted nominal value of the debt in the settlement <sup>9</sup> (NIS millions)	Adjusted nominal value of the marketable debt <sup>10</sup> (NIS millions)	% of the debt in settlement of the total marketable debt
2024	7	2,473	451,782	0.55%
2023	9	3,663	423,068	0.87%
2022	2	163	400,910	0.04%
2021	7	7,243	367,118	1.97%
2020	18	16,222	341,364	4.75%
2019	5	3,746	376,601	0.99%
2018	2	1,663	339,752	0.49%
2017	4	838	310,529	0.27%
2016	6	5,106	291,687	1.75%

7 Debt settlement arrangements under court supervision (proceedings have commenced or will commence in the near future) or ad-hoc out-of-court debt arrangements that include modifications to the deed of trust.

8 A company may appear in this table several times if its debt series were part of a debt settlement proceeding in different years or if the company is involved in an additional debt settlement.

9 As of the date the company entered into the settlement proceeding.

10 Corporate bonds and convertible bonds (as of end 2024).

In recent years, the number of companies that entered into out-of-court debt arrangements or modified their trust deed by consent has declined, as has the total debt under settlements arranged in court or out of court, with the exception of 2020, a year that shows an increase in the number of ad-hoc out-of-court debt arrangements that were limited to minor amendments to trust deeds (e.g., change in covenants, short-term postponement of repayment dates, increased collateral in exchange for a waiver of financial covenant tests). In 2023, against a backdrop of rising interest rates and the Swords of Iron War, the number of debt arrangements and companies under court-supervised and out-of-court debt settlement proceedings increased somewhat: Six companies commenced court-supervised debt settlement proceedings (NIS 3.1 billion) and three companies signed ad-hoc out-of-court debt arrangements (NIS 560 million). In 2024, there was no significant change in this trend: four companies entered into court-

supervised debt settlement proceedings (NIS 2.1 billion) and three companies signed ad-hoc out-of-court debt arrangements (NIS 400 million).

Permits to Publish Prospectuses of Reporting Corporations

Section 23A of the Securities Law determines the legal arrangement for publishing a shelf prospectus, on the basis of which securities may be offered to the public on various dates over a 24-month period (including an option to extend this period by an additional 12 months), by publishing a shelf offer report that typically does not require a permit issued by the ISA. The objective of the shelf prospectus arrangement is to facilitate the reporting corporations' access to the capital market. The period from a corporation's decision to raise capital to the actual capital raising was reduced, as were the costs of the process. The majority of permit applications filed by the corporations are for shelf prospectuses.

Prospectus Publication Applications and Permits Issued, 2019–2024

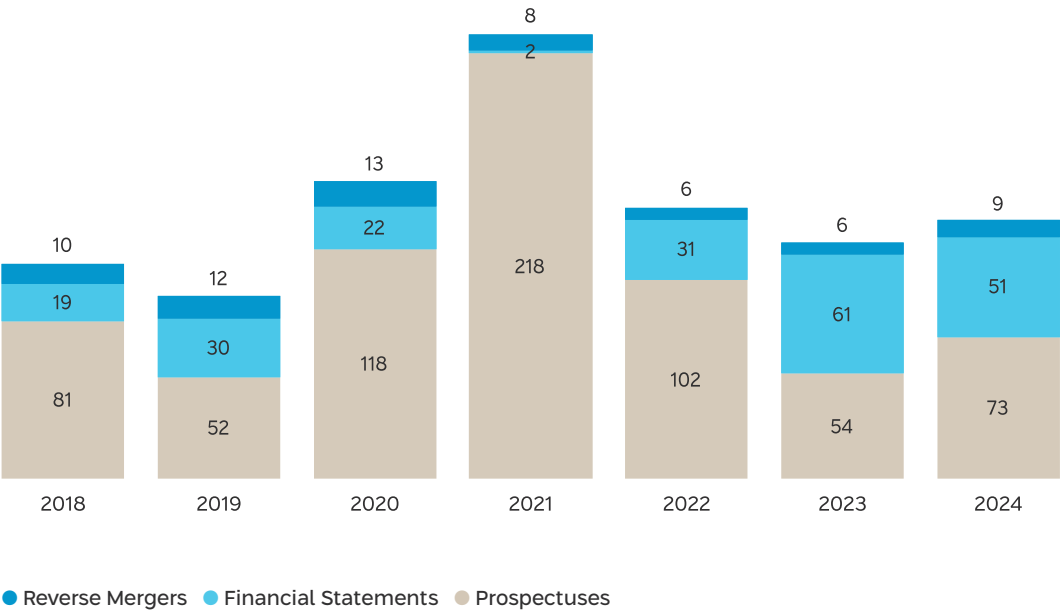
Prospectuses <sup>11</sup>					Offers based on shelf prospectus <sup>12</sup>	
Year	Applications filed	Permits issued	Permits for IPO (% of total permits)	Permits for shelf prospectuses and issue prospectuses (% of total permits) <sup>13</sup>	No. of corporations that offered securities in accordance with a shelf prospectus	Total shelf offer reports
2019	149	134	21 (16%)	113 (84%)	151	252
2020	227	176	71 (40%)	105 (60%)	148	253
2021	293	193	94 (49%)	99 (51%)	170	267
2022	169	140	26 (19%)	114 (81%)	165	246
2023	140	113	13 (12%)	100 (88%)	144	212
2024	172	161	22 (14%)	139 (86%)	177	281

11 The data refer to prospectuses that were filed or were issued a permit between March 1 of the stated year and February 28 of the following year, based on the prospectus filing (and permit issuing) cycle determined in the arrangement rules.

12 The data refer to shelf offers published between January 1 and December 31 of each year.

13 The percentage of issue prospectuses of the total shelf prospectuses and issue prospectuses is negligible.

Full Reviews of Prospectuses and Financial Statements, 2019–2024



The Corporate Finance Department reviews annual and quarterly reports of reporting corporations as part of the prospectus review process, a review initiated by the ISA, or for other reasons (e.g., reverse merger, debt arrangement). Full reviews of corporations are according to a review cycle of 4–5 years. In addition, the Department staff applies a range of considerations and determines priorities, and reviews the information available to the Department to determine the reviewed entity, the timing of the review, the review track (full or partial), and the main topics of the review.

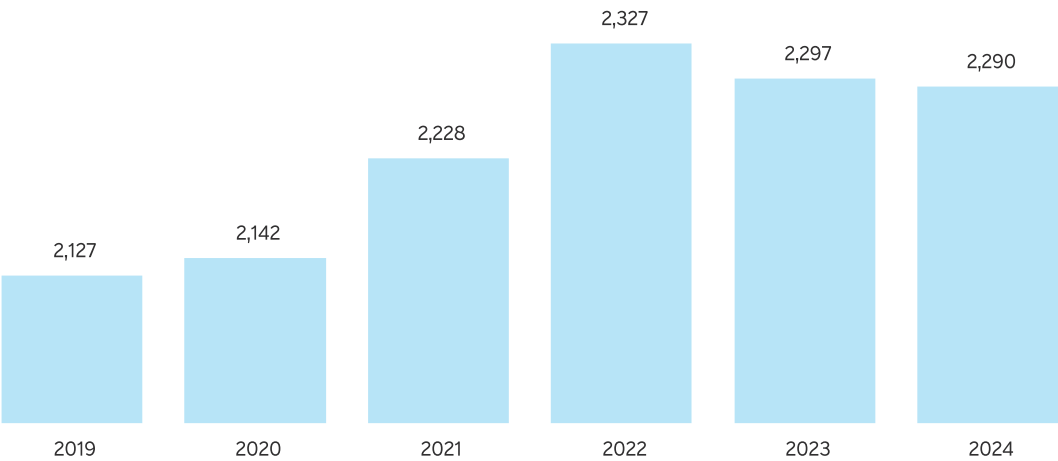
# MUTUAL FUNDS

Mutual funds are investment instruments that allow a large number of investors to invest jointly in a range of investment channels, securities, and financial instruments, including equities, government and corporate bonds, options, and derivatives. In contrast to investors investing directly in the capital market, mutual funds allow investors to obtain a broad exposure to diverse activities and assets in capital markets in Israel and abroad. The ISA approves the company that manages each mutual fund (the fund manager) and also oversees its ongoing operations.

Fund managers' shares of the mutual funds market – as of December 31, 2024.

Fund Manager	% of Total Market Asset Value
Kessem Mutual Funds Ltd.	18.76%
Harel Mutual Funds Ltd.	14.90%
Meitav Mutual Funds Ltd.	14.68%
Migdal Mutual Funds Ltd.	12.75%
I.B.I. Mutual Funds Ltd.	10.95%
Mor Mutual Funds Management (2013) Ltd.	7.49%
Ayalon Mutual Funds Ltd.	5.82%
Yalin Lapidot Mutual Funds Management Ltd.	4.88%
Altshuler Shaham Mutual Funds Management Ltd.	2.97%
Analyst IMS Mutual Funds Management (1986) Ltd.	2.66%
Sigma Mutual Funds Ltd.	1.70%
Forest Mutual Funds Ltd.	1.16%
Ayalim Mutual Funds Ltd.	0.90%
Tamir Fishman Mutual Funds Ltd.	0.34%
Barak Mutual Funds Ltd.	0.03%

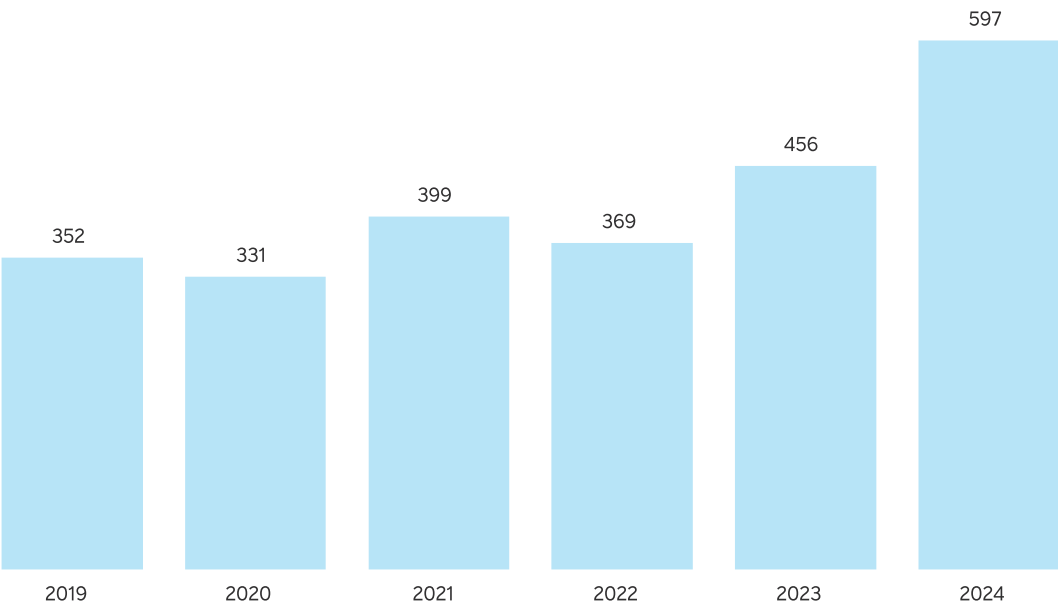
Mutual Funds 2019–2024<sup>14</sup>



Mutual Funds – Asset Value

The value of the assets held by mutual funds continued to grow and at the end of 2024 reached a record high of NIS 597 billion, compared to NIS 456 billion at end 2023. The increase of NIS 141 billion in asset value in 2024 stemmed from appreciation in the amount of NIS 37.1 billion in asset and excess inflows in the amount of NIS 79.5 billion.

Value of Mutual Funds as of December 31, 2019–2024 (NIS billions)



14 The increase in the number of funds in 2018 was the result of the conversion of ETNs to ETFs and to tracker funds that year, under Amendment 28 to the Joint Investments in Trust Law.

According to Section 73(C1)(1) of the Joint Investments in Trust Law, mutual funds' publications must include their classification, based on directives of the Minister of Finance. Fund names are designed to allow fund managers to classify the funds they manage more accurately, based on the fund's investment channel, and also allow the public to compare mutual funds with similar features. The list of categories is available on the ISA website.

Following are statistical data on mutual funds as of end 2024, by category, including the number of mutual funds and total assets in each category:

Asset class	Qty	Total AUM as of end 2024 (M)	Avg AUM in 2024 (M)	% of AUM 2024	Total AUM – 2023 (M)
Domestic bonds – corporate bonds and convertible bonds	430	81,643	190	13.70%	70,068
Domestic bonds –general	391	84,426	216	14.10%	74,052
Israeli government bonds	193	21,303	110	3.60%	22,475
Hybrid domestic bonds	30	1,083	36	0.20%	1,384
Foreign bonds	109	16,467	151	2.80%	10,492
Funds of funds	28	1,444	52	0.20%	1,059
(Other (digital assets	6	5	0.9	0%	18
Flexible	44	4,766	108	0.80%	3,789
For foreign residents only	2	18	9	0%	16
Leveraged and strategic	62	3,339	53.9	0.60%	2,499
Domestic equities	273	91,541	337	15.30%	66,974
Foreign equities	619	139,304	225	23.30%	95,264
Total mutual fund market	2,290	597,393	261	100%	456,500
(Total tracker funds (non–traded	706	102,137	145	17%	74,595
Total managed funds	1,061	177,613	167	29%	256,098
Total ETFs	469	167,723	358	28%	125,596
Commodities	9	379	42	0.10%	323
Hedge funds in trust	39	1,262	32	0.20%	211
Money market funds	54	149,920	2,776	25.10%	107,340
Closed–end funds (CEF)	1	493	493	0.10%	536



The main changes in the public's investment preferences in 2024 were reflected in foreign funds, which recorded new inflows of NIS 18 billion; foreign bond funds, which recorded new inflows of NIS 5 billion; and in domestic corporate and convertible bonds, which recorded new inflows of NIS 5 billion.

Mutual Fund Inflows and Outflows 2023–2024

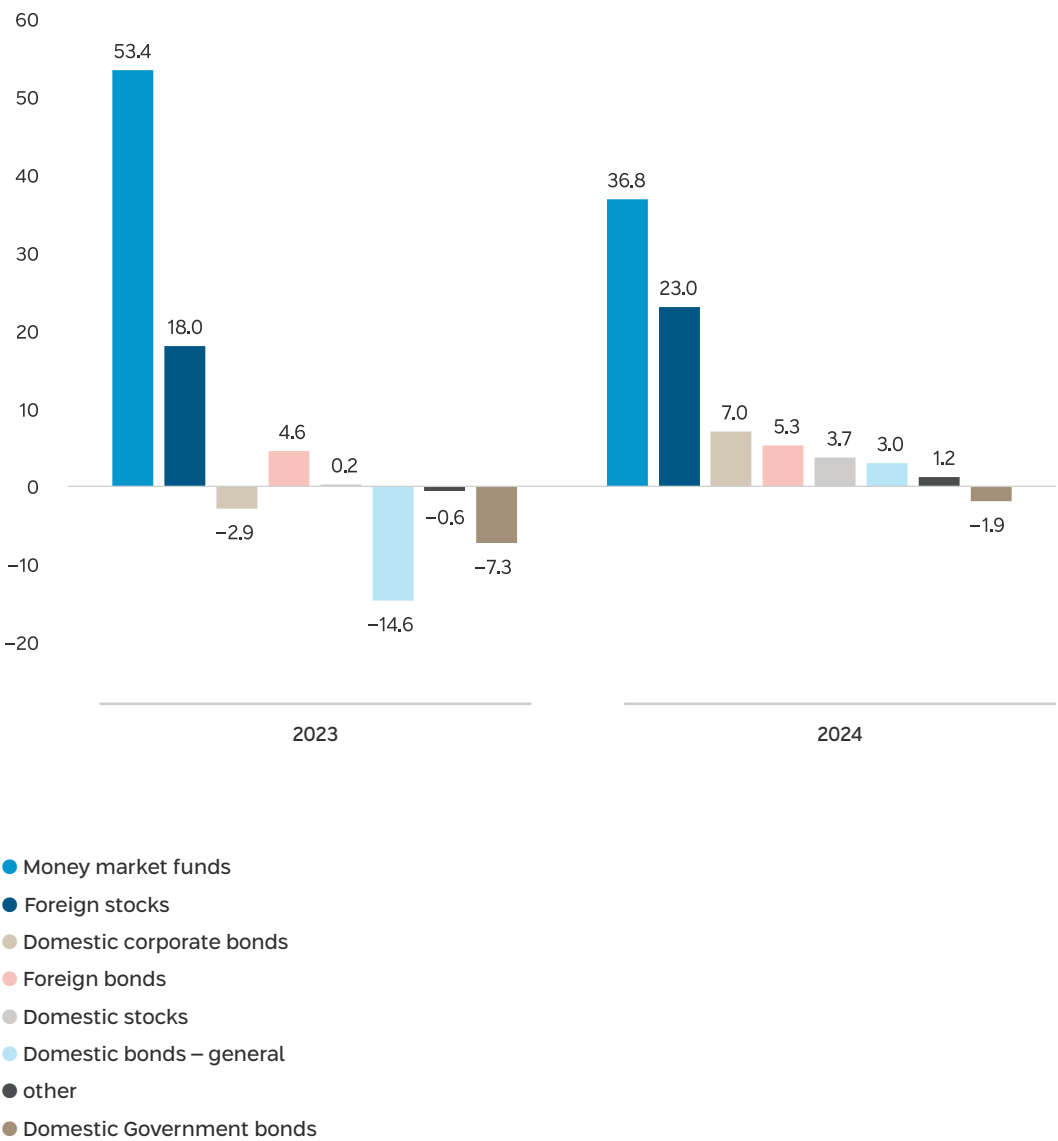
	Inflows		Outflows		Net inflows	
	2023	2024	2023	2024	2023	2024
Domestic bonds – corporate bonds and convertible bonds	22.552B	27.263B	25.1B	19.8B	–2.52B	7.42B
Domestic bonds –general	16.568B	27.588B	30.0B	23.9B	–13.45B	3.70B
Israeli government bonds	4.959B	8.030B	12.0B	9.8B	–7.04B	–1.79B
Hybrid domestic bonds	0.037B	0.172B	0.4B	0.4B	–0.41B	–0.26B
Foreign bonds	7.866B	10.066B	3.3B	4.7B	4.56B	5.41B
Fund of funds	0.471B	0.702B	0.3B	0.4B	0.16B	0.27B
Other (digital assets)	0.023B	0.001B	0.1B	0.0B	–0.03B	0.00B
Flexible	0.758B	1.492B	1.3B	1.4B	–0.54B	0.12B
For foreign residents only	0.002B	0.000B	0.0B	0.0B	0.00B	0.00B
Leveraged	1.227B	1.418B	1.4B	1.7B	–0.22B	–0.26B
Leveraged and strategic	1.026B	1.818B	1.1B	1.6B	–0.06B	0.25B
Domestic equities	21.923B	30.411B	21.6B	26.6B	0.31B	3.80B
Foreign equities	40.260B	53.203B	22.2B	30.1B	18.08B	23.09B
Digital assets		0.005B		0.0B		0.01B
Commodities	0.099B	0.135B	0.2B	0.1B	–0.08B	0.00B
Hedge funds in trust	0.306B	1.737B	0.1B	0.8B	0.21B	0.92B
Money market funds	128.555B	166.284B	75.2B	129.5B	53.40B	36.82B
Total	246.632B	330.324B	194.3B	250.8B	52.37B	79.49B

Money market funds are conservative mutual funds that invest in assets that are highly liquid and have low credit risks. Money market funds, which are money market products, are mutual funds that generate a return similar to the Bank of Israel interest rate and may substitute for bank deposits. At end 2024, the market share of money market funds rose to 25.1%, from 23.5% at end 2023. The interest rate environment, and money market funds' daily liquidity and tax advantages compared to bank deposits drove an increase of NIS 42.5 billion (of which, NIS 36.8 in new inflows). The value of assets managed by money market funds as of end 2024 reached an all-time record high of NIS 150 billion. In April 2023, hedge funds in trust were offered to the public for the first time. A hedge fund in trust is an investment fund whose investment strategy aims to generate returns even under changing market conditions, using, among other things, investment strategies and hedging techniques such as leveraging (margin trading), short sales, and derivatives on foreign currency, securities and interest rates. In 2024, 17 hedge funds in trust were issued and as of end 2024, they managed assets valued at NIS 930 million in total (the total number of mutual hedge funds is 39).

Money Market Funds – Net Inflows

Similarly to 2023, most of the new inflows in 2024 were recorded in money market funds, which were substitutes for bank deposits and therefore more attractive as the Bank of Israel interest rate rose. Following the trend observed in 2023 in this investment channel (net inflows of NIS 53 billion), net inflows in 2024 totaled NIS 36.8 billion and as of end 2024 the total managed assets in this growing investment channel reached NIS 150 billion (25% of all mutual fund assets). Moreover, net inflows of NIS 23 billion were recorded in 2024 in foreign equities category of mutual funds, whose asset value totaled NIS 139 billion. The domestic and foreign corporate bond mutual fund categories showed positive net inflows of NIS 7 billion and NIS 5 billion, respectively. In contrast, the public reduced its exposure to Israeli government bonds by NIS 2 billion. The year 2023 was characterized by reduced exposure to risk assets in Israel in favor of the "safe haven" of money market markets and exposure to equities markets overseas. Although these investment channels continued to be the major channels that attracted inflows in 2024, 2024 also was characterized by a return of positive net inflows in mutual funds in the domestic corporate equities and bonds categories.

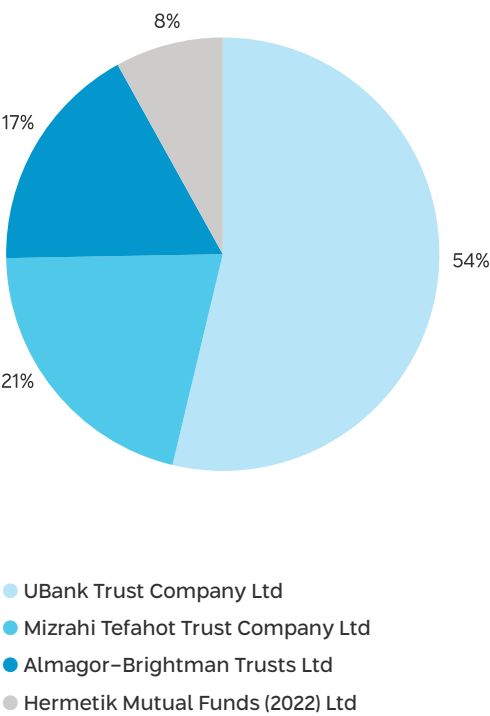
Total Net Annual Inflows, by Mutual Fund Category, 2023–2024



Fund Trustees

Fund trustees must meet the conditions defined by law and their appointment as trustee must be approved by the ISA Chair. In this capacity, a trust company holds the fund's assets on behalf of the owners of the mutual fund units in a bank account or securities account with a stock exchange member. The ISA oversees mutual fund managers' trustees, including compliance of legal directives and all their commitments based on the prospectus. The trustee receives a fee for its services, calculated as a percentage of the fund's asset value, and the fee is collected from the fund's assets. As of end 2024, there were four mutual fund trustees.

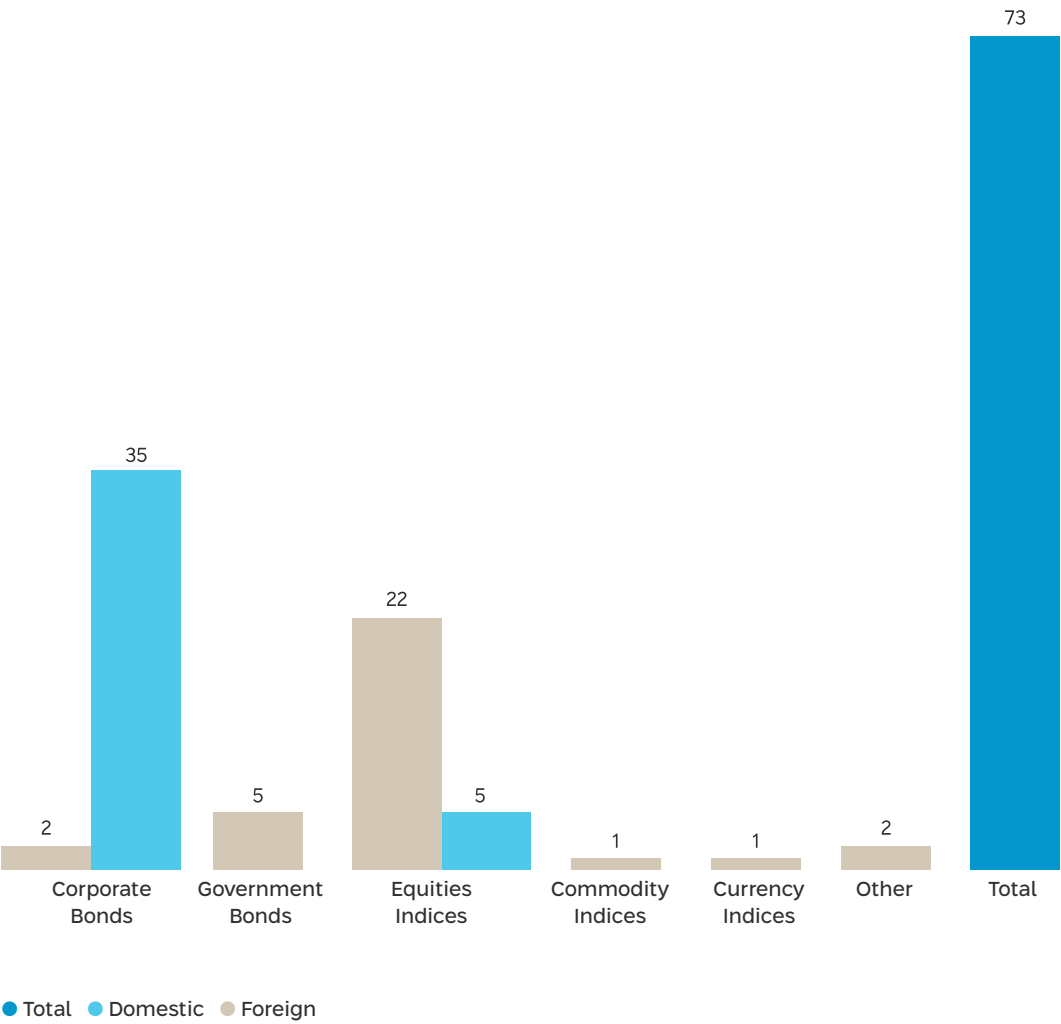
Market Shares of Mutual Fund Trustees as of December 31, 2024 (%)



Funds That Track New Tracked Assets

A tracked fund is an index or an asset that tracks the price of a commodity, designed to generate results that are function of the rate of change in them. Tracker funds aim to generate a return that is closest to the change in the tracked asset's performance, in line with the fund's investment policy. In 2024, ISA staff approved tracker funds that track 73 new indices (compared to 41 indices in 2023). Of these, 35 are domestic corporate bond indices and 27 are equities indices (of these, 22 are foreign equities indices and 5 are domestic equities indices).

New Indices in Israel and Overseas, by Tracked Asset, 2024



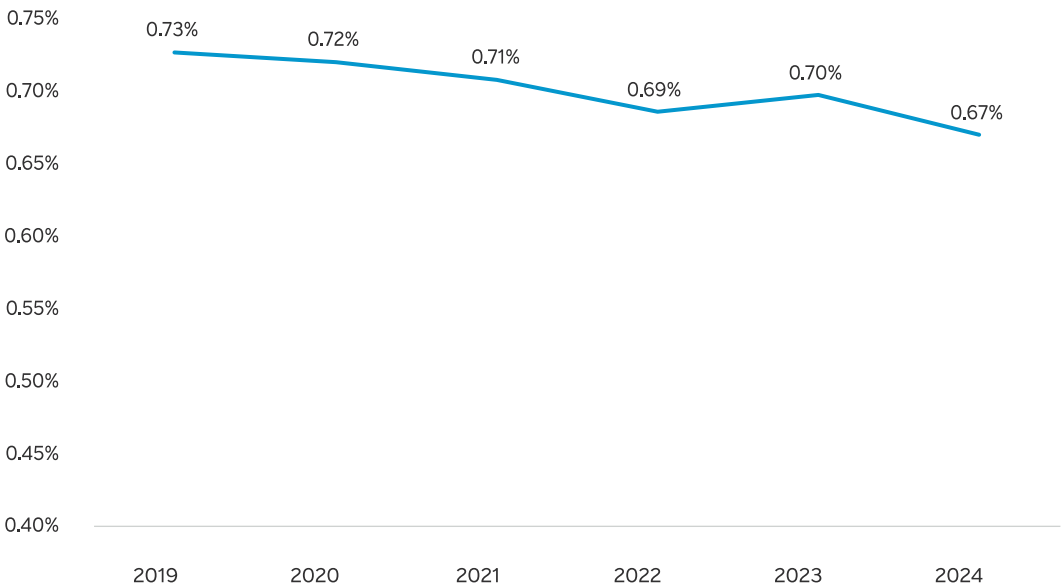
Mutual Fund Management Fees and Restrictions on Fee Hikes

After the Bachar Reform and the broad 2008 reform in mutual funds came into effect, the overall trend shows a steady decline in management fees in the mutual fund sector. In the past eight years, average management fees dropped by more than 50%, and in the past five years, average management fees are below 1% (dropping from 0.69% in 2023 and 0.67% in 2024). The continued downward trend in management fees stems from growing competition in this sector and an increase in the managed asset value of passive investment products (tracker funds) that have relatively low management fees (their distribution model is not based on distribution fees payable by the fund manager, but rather on buy and sell fees payable by the investor), and the increase in the managed asset value of money market funds, whose average management fee is 0.18%.<sup>15</sup>

In 2016, ISA staff developed a uniform outline on commitments regarding management fee hikes, which determined that fund managers may not increase their fees or the load charges in the funds they manage in the course of a single calendar year. The ISA publishes the names of the fund managers that adopted this outline. As of the publication date of this report, all active fund managers have adopted the outline. As a result, the fees that are set on January 1 remain in effect until December 31 of that year.

Average Mutual Fund Management Fees, 2004–2008 (Simple Average)

In 2024, the average mutual fund management fee was 1.01%. In passive mutual funds, the average management fee was 0.40%.<sup>16</sup>



<sup>15</sup> In early 2024, several money market funds increased their management fees. As a result, average management fees in money market funds is 0.193%.

<sup>16</sup> Several tracker funds have a variable management fee mechanism. The average management fee presented in the figure does not include the variable management fees.



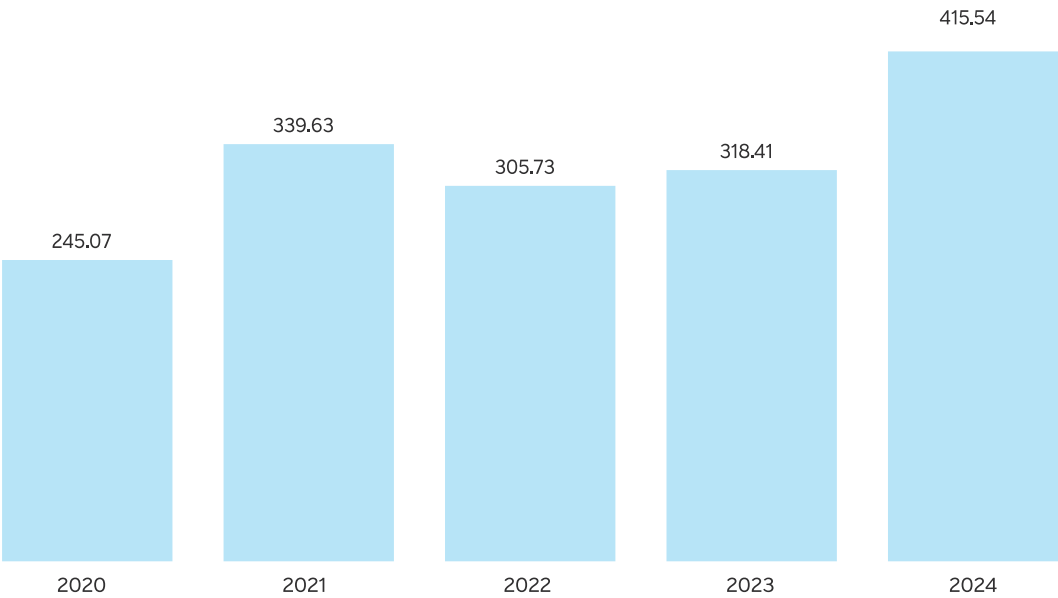
# INVESTMENT ADVISERS, INVESTMENT MARKETERS, AND INVESTMENT PORTFOLIO MANAGERS<sup>17</sup>

Investment advisers, investment marketers, and investment portfolio managers operate vis a vis the general investor public. They are professional individuals or corporations licensed by the ISA to provide advice to investors regarding financial assets and securities traded on the TASE, or to manage investment portfolios that contain such assets for investors. Licensees are required to provide collateral to cover their liability to their customers for any negligent act or omission. Licensed investment advisers, marketers and portfolio managers that are companies are also required to holds the minimum shareholders' equity levels determined by law. Investment advisers and investment marketers inquire into the customer's needs, recommend investments that match their customers' needs, and the decision to execute a transaction remains in the customer's hands. In contrast, portfolio

managers receive power of attorney to act in their customers' accounts. They use their discretion and decide on the most suitable investment for each customer, on behalf of the customer, based on an inquiry into the customer's needs that was performed earlier. Similarly to an investment adviser, an investment marketer recommends investments to their customers but investment marketers have a link to the entity offering the financial assets (e.g., mutual funds) to the public; Similarly to investment advisers and portfolio managers, investment marketers are obligated to match the service to the customer's needs and instructions, and have a duty of trust, caution, non-disclosure, and confidentiality toward the customer. Portfolio managers are also subject to requirements to report the activities in the managed portfolio to their customers.

<sup>17</sup> A summary report that includes the data related to the portfolio management sector is published every year on the ISA website.

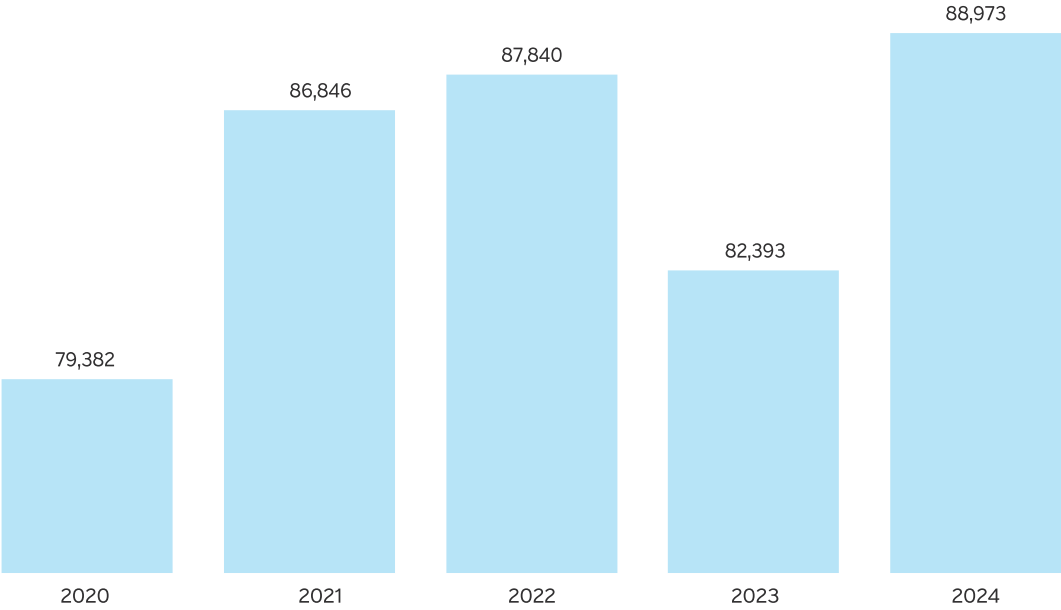
Managed Asset Value as of December 31, 2024



Managed Asset Value, Excluding Institutional Investors, as of December 31, 2024

Asset value (NIS millions)	No. of portfolio management companies	% of total no. of companies	% of total asset value
Less than 50	26	19.4%	0.7%
51–100	15	11.6%	0.7%
101–500	41	31.8%	6.0%
501–1,000	15	11.6%	2.9%
1,000–5,000	20	15.5%	12.9%
Over 5,000	13	10.1%	76.9%
Total	130	100%	100%

Managed Portfolio Customers



# TRADING PLATFORMS

Israel has four licensed trading platforms.  
The list of licensed trading platforms is available on the ISA website.

**No. of active customers in 2024:**  
**17,456**

**Total customers' money as of end 2024:**  
**NIS 60.1 million**

83% of all the active customers who incurred losses on the trading platforms based on the trading platforms most recent annual reports filed to the ISA.





A low-angle, upward-looking perspective of several modern skyscrapers. The buildings are constructed with glass and steel, featuring repetitive window patterns and architectural details like balconies and external piping. The sky is a pale, overcast grey. The entire image is overlaid with a semi-transparent purple filter, which is darker on the left side where the text is located.

Chapter 3

# International Activities



**The ISA's Department of International Affairs and Market Development is responsible for promoting and managing the ISA's international relations and developing Israel's capital market. The Department is active in multiple channels to strengthen Israel's status in the global financial arena and promote Israel's capital market in the international arena.**

Within its international activities, the Department represents the ISA in leading international forums, manages relations with foreign regulators, and promotes various collaborations with them. Activities include MOUs, sharing of regulatory information, and active participation in international organizations and events.

In the area of market development, the Department promotes projects to improve the regulatory infrastructure of Israel's capital market, aligning them with leading international trends and standards, and to convey the advantages of the Israeli public capital market to international parties. The Department emphasizes activities that encourage financial innovation and remove regulatory barriers, and takes various steps to promote the entry to Israel of major international financial entities.

# INTERNATIONAL ACTIVITIES – INTERNATIONAL COMMITTEES AND FORUMS

Through the Department of International Affairs and Market Development, the ISA is an active participant in committees and working groups of international organizations dealing with securities and corporate law and financial innovation. The goal of its involvement is to gain a deep familiarity of regulatory processes, oversight, enforcement, and innovation in different markets in order to improve similar processes in the local market. In addition, the Department's active roles in these forums allows the ISA to influence global policy setting in securities regulation and corporate law at the international level, consult with foreign regulators in these fields on various aspects of Israeli regulation and Israel's public capital market.

The ISA conducts most of this activity within the framework of the International Organization of Securities Commissions (IOSCO). IOSCO is the preeminent forum for cooperation between securities authorities worldwide, with 238 members from over 130 jurisdictions. To a great extent, IOSCO sets the agenda for regulators in the financial world. The organization defines unified international policies and rules, and its principles are recognized as the leading standards in

the analyses and financial assessments of international bodies, such as the reports of the International Monetary Fund, and as the foundation for financial legislation. In 2024, the ISA continued play an active and significant part in the deliberations of the organization's following committees:

- **Accounting, Audit and Disclosure Committee (C1)**
- **Committee on the Regulation of Financial Intermediaries (C3)**
- **Committee on Enforcement and the Exchange of Information (C4)**
- **Committee on Investment Management (C5)**
- **Committee on Retail Investor Education (C8)**
- **Assessment Committee (AC)**
- **European Regional Committee (ERC)**
- **Committee on Emerging Risk (CER)**

In addition to the ISA's prolific activity in IOSCO, the ISA is active in additional international organizations and forums, including:

- **OECD – Corporate Governance Committee**
- **Global Financial Innovation Network (GFIN)**

# MARKET DEVELOPMENT ACTIVITIES – OPENING THE ISRAELI CAPITAL MARKET TO GLOBAL MARKET PLAYERS

A highly significant part of the activities of the Department of International Affairs and Market Development focuses on promoting and increasing the efficiency of Israel's capital market, in order to increase its attraction and relevance for major global market participants. From the ISA's perspective, the entry of these parties to the Israeli capital market will expand the public capital market, open it up to new participants, encourage competition, and raise the standard of local market operations, which will all strengthen Israel's economy.

Over the past year, the Department's staff continued to work with global market players to showcase the opportunities that Israel's capital market offers. ISA staff also conducted physical meetings in Israel and overseas, as well as virtual meetings, lectures, and webinars, with senior representatives of these entities, and maintained an ongoing dialogue with investment banks, underwriters, investment funds and publicly traded companies, in order to raise awareness of the potential of Israel's capital market.

Another motivation of these meetings is to identify regulatory barriers that prevent these entities from operating in Israel, and to promote regulatory amendments designed to remove these barriers.





# THE DEPARTMENT'S MAIN PROJECTS IN 2024

## Amending the TASE's Trading Days

In 2025, with the support of the ISA and the Bank of Israel, the TASE intends to promote a change in the trading days on the stock exchange (Monday through Friday) to match the trading days of the major global exchanges. Overseas market players noted that the trading days in Israel (currently Sunday to Thursday) constitute a significant barrier to their entry into the Israeli capital market.

## Delegation to the U.S. Headed by ISA Chair

In 2024, the Department led a delegation to the U.S., headed by ISA Chair, which focused on two main aims: meetings with corresponding regulators in the U.S. and meetings with major market players. The delegation met with the Chair of the U.S. Securities and Exchange Commission (SEC), the Chair of the Commodity Futures Trading Commission (CFTC), and with the senior staff members of these organizations to discuss shared issues. The delegation's meetings with major market players including meetings with representatives of Nasdaq, investment banks, investment funds, underwriters, and legal firms.

## Professional Documents Forum

Within its activities in the international arena, the Department updated materials that are frequently used in its interactions with international market players to convey the benefits of the Israeli public capital market. These included professional materials on the Israeli bond market, the capital market, dual-listed companies and mutual funds, global issuances, and payment services, as well as slide decks on the Israeli capital market and the ISA's areas of activity.

## Legislative Support

In 2024 the Department was intensely involved in promoting legislative initiatives in the areas under the ISA's authority in order to align Israeli regulation to international standards in order to increase the appeal and relevance of Israel's capital market for foreign investors. These legislative proceedings include a proposed broker-dealer law; an amendment to the law regulating investment advising, marketing, and portfolio management, which will allow general investment advising; and new rules under the Regulation of Payment Services and Payment Initiation Law.



## International Investment and Trade Agreements

Within the ISA's work in the international arena, the ISA participates in inter-ministerial efforts and negotiations over international investment and trade agreements. These agreements, led by the Ministry of Economics and the Ministry of Finance include sections on financial services. The agreements are designed to establish frameworks that encourage trade between Israel and other countries and remove trade barriers by preventing discrimination against foreign services providers, market accessibility, local presence, senior management, and board members.

## Collaboration with Economic Attaches of the Ministry of Economy and Industry

In 2024, fruitful collaboration continued between the ISA and the Foreign Trade Administration at the Ministry of Economics and Israel's economic attaches in relevant countries, with the aim of assisting in the developing of the Israeli capital market and opening it to international entities, to the benefit of the Israeli economy. These collaborative efforts included professional meetings and discussions, including meetings with foreign investors, and face-to-face meetings with investment banks and senior investment managers overseas. Activities in 2024 constituted a direct continuation of the collaboration that commenced in the past and established a solid foundation for ongoing work with the economic attaches, led by the Department.



