



רשות ניירות ערך
ISRAEL SECURITIES AUTHORITY

מחלקת תאגידיים . www.isa.gov.il

Staff Notice

March 8, 2020

Disclosures on implications of the Coronavirus outbreak on the business operations of reporting corporations

The world is currently experiencing an event of macroeconomic implications due to the global spread of the Coronavirus (hereinafter “**the Event**” or “**the Virus**”). In an effort to prevent the spread of the Virus, many countries including Israel are taking serious steps, including restrictions on citizens’ movements, prohibition of large assemblies, transportation restrictions on passengers and goods, closure of state borders, and other measures. The Event and actions taken by various countries will clearly have significant consequences for many economies and capital markets worldwide. The recent weeks have been characterized by a sharp decrease in securities prices in many stock exchanges across the world, accompanied by increased volatility in commodity prices and in various risk assets.

The ISA staff is monitoring the Event’s effects on reporting corporations in Israel and on Israel’s capital market investors. Several dozens of reporting corporations operating in a wide range of industries have already published immediate reports on the implications of the Virus for their business operations. Some reports include quantitative assessments of the anticipated effect on their business results in the near future.

The spread of the Virus and the prolongation of the Event may affect and pose considerable challenges for many types of reporting corporations and business sectors as a result of direct and indirect exposure to risks.

To ensure that the public investors receive accurate, detailed, and timely information on the implications of the Virus for reporting corporations, the ISA Staff highlights as follows:

1. Following the reports by the reporting corporations on the Event’s implications for their business operations, corporations whose operations are or may be materially affected by the Event should ensure that they are making due disclosures to investors as follows:
 - (a) By publishing immediate reports on the effects of the Virus on their business operations pursuant to section 36 of the Securities Regulations (Periodic and Immediate Reports) 1970 (hereinafter “**Reporting Regulations**”), including continuous and ongoing reports on material developments related to such implications.
 - (b) By adding a disclosure in the MD&A on the corporation’s periodic and interim reports on the effects of the spread of the Virus on the corporation, including its financial position, the results of its operations, liquidity and financial strength, its sources of financing and ability to service its debts, the state of its businesses, and the plans and measures that the corporation intends to take to mitigate the risks stemming from these implications. Such information should be provided in

connection with events accrued during the reporting period and after the reporting date, as required by Regulation 10 of the Reporting Regulations.

- (c) By performing a qualitative and quantitative assessment of the effects of the events on the corporation's business operations, as far as these implications can be reliably estimated. The ISA Staff clarifies that corporations that provide forward-looking information in an effort to inform investors about material events, including anticipated trends or uncertainty related to future impact of the Virus, may use the safe harbor defined for this purpose in Section 32A of the Securities Law 1968.
 - (d) The ISA Staff highlights that corporations must present the information concerning the implications of the Virus in a clear, detailed, and comprehensive manner that allows investors to make an optimal and balanced assessment of the effects.
2. In view of the Event's potential impact on workplace attendance, for example due to employees' isolation at home ordered by the Ministry of Health, the reporting corporations must confirm that they are able to continue to publish their reports on the MAGNA system in a timely manner, as the law requires.
 3. The ISA Staff expects all reporting corporations to make the proper preparations to publish their periodic reports for year 2019. A corporation that is aware of any issue that prevents it from complying with the defined publication dates as a result of the implications of the Event, is invited to contact the ISA Staff without delay to receive appropriate assistance and instructions.