

June 4, 2013

To:

Prof. Shmuel Hauser

Chairman of the Israel Securities Authority

Dear Sir,

Re: The Committee for Promotion of Investments in Publicly Traded Research & Development Companies – Interim Report

We are hereby honored to submit to you the interim report of the inter-ministerial Committee for Promotion of Publicly Traded Research & Development Companies, which was established in September 2012 (hereinafter - the Committee).

The Committee's mandate was to examine the reasons for the state that hi tech companies do not conduct IPOs on the Tel Aviv Stock Exchange (hereinafter - the Exchange) as would be expected from their share in the economy. Based on the above, the Committee examined what means and incentives are needed in order to create a supportive infrastructure that would facilitate these companies' ability to raise capital through the Exchange in an efficient and worthwhile manner, enabling them to develop and grow in Israel in lieu of being acquired by foreign companies at an early stage.

The Committee held numerous discussions, some of which included entities active in the technology and biomed industries, following which it examined the issues below:

- What kind of companies should be targeted for trading on the Tel Aviv Stock Exchange (in this context, the Committee examined, *inter alia*, criteria such as market capitalization, revenues, value and percentage of outstanding shares);
- The need for making adjustments to prospectus disclosures and ongoing reporting provisions;
- The need to establish dedicated trading rules while assessing whether a separate trading list is justified;
- Whether to encourage analyst reviews of such companies;
- How to make the Exchange more accessible to foreign investors and foreign companies;
- How to encourage institutional investments;
- Incorporation structure;
- Tax benefits for investors.

The Committee agreed on a number of recommendations intended to encourage investments in research and development companies through the Exchange, while making it more worthwhile for these companies to raise funds in this manner.

We wish to thank all those who submitted material to the Committee and appeared before it.

The Committee believes that applying all recommendations presented in the report will contribute to making the Exchange a significant alternative for financing hi tech companies, thus increasing the chances of these companies to grow in Israel instead of being acquired.

The submission and publication of this report marks the first phase in the work of the Committee. Prior to developing its final recommendations, the Committee hereby requests the public to submit their written views and proposals regarding the interim recommendations until July 18, 2013. The Committee will consider the views and proposals in developing its final recommendations, and may invite some of the respondents to express their views before the Committee. The Committee considers this process highly significant, and looks forward to a fruitful cooperation with the public.

Due to the novelty and complexity of some of the Committee's recommendations, we recommend establishing a follow up team, which will assess the implementation of the Committee's recommendations, their effectiveness and the need to make adjustments thereto.

We would like to thank the members of the Committee, who contributed their efforts and experience to forming the recommendations in a dedicated and professional manner. In addition, we would like to thank Ms. Anat Peyer, CPA from the Finance Ministry's Capital Markets Division; Mr. Benny Yona, CPA and Mr. Ophir Cohen, CPA (Adv.) from the Israel Tax Authority; and Mr. Haim Sachs, Adv., from the Ministry of Justice for their contribution to the Committee.

Finally, we would like to thank Ms. Revital Hayek, the Committee's secretary, for her dedicated work for the Committee.

Respectfully,

Sraya Orgad, Adv.
Chair of the Committee,

Hani Shitrit Bach
Chair of the Committee

CC:

- **Mr. Shaul Bronfeld, Chairman of the Tel Aviv Stock Exchange**
- **Ms. Esther Levanon, CEO of the Tel Aviv Stock Exchange**
- **Prof. Eugene Kandel, Chairman of the National Economic Council**
- **Mr. Gal Hershkovitz, Budgets Commissioner at the Finance Ministry**
- **Prof. Oded Sarig, Capital Markets, Insurance & Savings Commissioner at the Finance Ministry**
- **Mr. Moshe Asher, Adv., CPA, Tax Authority Director**
- **Avi Licht, Adv., Deputy Legal Advisor to the Government**

Executive Summary

1. The Committee for Promotion of Investments in Publicly Traded Research & Development Companies (hereinafter - the Committee) was established on September 6, 2012 by Prof. Shmuel Hauser, Chairman of the Israel Securities Authority, and its members include representatives of the Capital Markets Division and Budget Division at the Ministry of Finance, Tax Authority, National Economic Council, Ministry of Justice, Tel Aviv Stock Exchange (hereinafter – The Exchange) and the Israel Securities Authority.

The Committee's letter of appointment is attached to this report as Appendix A

2. Recognizing that hi tech – in its many aspects – is the industry of the future and a growth driver of the Israeli economy, the State of Israel has decided to promote it.
3. Throughout the years, a number of committees have been established with the aim of promoting this industry through finding solutions for various development stages, so as to increase the likelihood that these companies continue to grow in Israel rather than be acquired. As a result, the State has helped develop and promote this industry in a number of ways, *inter alia* by:
 - Training programs intended to produce skilled manpower;
 - Financial assistance to companies dispensed by the Ministry of Economics' Chief Scientist;
 - The Program for Encouraging Israeli Institutional Investments in Hi Tech Companies, which granted institutional investors investing in venture capital funds (which invest in Israeli hi tech companies) risk participation by the State.
 - The "Angels' Law", which grants tax benefits to individuals investing in start up companies.
4. In this context, it seems appropriate to cite from the explanatory notes to the Proposed Bill of Economic Policy for 2011 and 2012 (Amendment), 2010 regarding the hi tech industry:

"Large hi tech companies are highly important to the Israeli economy, since their positive external impact on other economic sectors is more obvious than that of smaller companies. Such impact includes creating more employment opportunities so as to include a larger variety of jobs for employees of various education levels, preserving a larger portion of the value chain in Israel, improving competition and contributing to a positive spillover of employees and executives to other industries. In addition, larger companies are relatively stable, which leads to a higher return for the economy over the years. "
5. A review of the companies listed on the Tel Aviv Stock Exchange reveals that, excluding biomed companies, the Exchange has not served as an effective financing alternative for hi tech companies, especially for relatively large ones.
6. The Israeli capital market is expected, *inter alia*, to finance and enable companies' growth as well as (indirectly) promote social causes (such as economic and social mobility). In addition, it is expected to offer savers a variety of securities, enable them to build effective savings portfolios, and encourage

private savings. The Israel hi tech industry contributes to economic and social mobility and can offer savers a variety of securities embodying various risk levels.

7. In light of the above, the Committee was established so as to examine and recommend various means and initiatives which may encourage investment in high tech companies through the Exchange, without compromising either the interests of the investing public or orderly trading.
8. The Committee conducted numerous discussions with entities active in the technology and biomed industries, including venture capital funds, institutional investors, private and public companies, lawyers, accountants, as well as representatives from the Ministry of Economy's Chief Scientist.

The list of entities which appeared before the Committee is attached to this report as **Appendix B**.

9. The Committee examined, *inter alia*, the following issues: the suitability of prospectus disclosure provisions and current reporting provisions; establishing dedicated trading rules and examining whether a separate trading list is justified; encouraging reviews of hi tech companies by analysts; making the Exchange more accessible to foreign investors and companies; encouraging investments by institutional investors; incorporation structure; tax benefits for investors.
10. The Committee agreed on a number of recommendations, presented in the report, and believes that implementing all of them will contribute to making the Exchange a viable option for financing young hi tech companies, thus raising the likelihood that these companies continue to grow in Israel in lieu of being acquired.
11. Leaving these companies in Israel will encourage, as aforesaid, employment across various education levels; ensure the preservation of a large part of the value chain in Israel; contribute to improving market competition and to a positive spillover of employees and executives to other industries
12. The Committee believes that making the Exchange a viable option for hi tech companies to raise capital on will, on the one hand, vary the capital sources available to hi tech companies, increase investments in such companies and reduce dependence on other economies, and on the other hand – contribute to creating a more efficient market for the benefit of all investors.
13. Due to the dependency of young hi tech companies on foreign funds, and the fact that over 95% of these companies are acquired by foreign corporations, the Committee recommends implementing a number of measures which will contribute, in the aggregate, to producing an efficient and worthwhile option for raising funds – through the Exchange – for medium- as well as large-size companies, publicly traded venture capital funds, and R&D partnerships which invest in earlier stage companies. Thus, rather than relying on foreign capital, the local market can become a viable option, resulting in a larger number of companies remaining in Israel.

14. The Committee recommends promoting three main solutions in order to encourage financing of hi tech companies through the Exchange: encourage IPOs of relatively large hi tech companies as well as the establishment of publicly traded venture capital funds and R&D partnerships. The latter two would, in turn, invest in, and support, a number of earlier stage companies that are, in general, unsuited for direct public offerings.
15. The Committee believes that the success of the proposed Exchange-related solutions depends on three foundations: ensuring proper pricing through a more efficient local capital market; adjusting regulatory provisions to the companies' and funds' characteristics and to investors' needs, while reducing the cost of their implementation; granting incentives to encourage the creation of the market.
16. In addition to the aforesaid capital market solutions, and as a complementary step, the Committee believes in promoting two public financing solutions for young start ups outside the capital market, in the form of crowdfunding, i.e., raising small amounts of money from a large number of investors from the general public and sophisticated investor clubs (i.e., approaching sophisticated investors for fund raising).
17. **The following is a summary of the Committee's key recommendations:**
18. **Recommendations regarding local IPOs for hi tech companies:**
 - 18.1. **Target companies** – the Committee believes that relatively large companies, which are usually at the growth stage and have significant capital needs, should be encouraged to go public. Thus, the main condition for target companies is a (post-IPO) market capitalization of at least NIS 250 million or annual sales of at least NIS 80 million on average and a market cap of at least NIS 185 million.
 - 18.2. **The Tech Elite list** – the Exchange will create a new list, which will include newly traded hi tech companies which qualify as target companies as well as older hi tech companies which are already traded on the Exchange and have a market cap of at least NIS 400 million.
 - 18.3. **Indices and index tracking products** – in order to increase the investment liquidity of Tech Elite stocks, the Exchange will launch the Tech Elite list, in lieu of the Bluetech 50 and will examine ways to cooperate with world renowned index providers in order to create indices and index tracking products which include shares of Israeli or Israeli-oriented companies listed on the Tel Aviv Stock Exchange along with those traded solely on foreign exchanges.
 - 18.4. **Encouraging independent analyst reviews of hi tech companies** –
 - 18.4.1 The Exchange will promote an independent analyst program, under which the Exchange will enter into an agreement with at least one

research firm, which will review publicly traded biomed companies wishing to be included in the program.

- 18.4.2 After assessing the program for biomed companies, this model (or a similar one) will be extended (subject to amending the Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law of 1995)¹ – so as to include all companies classified by the Exchange as technology companies (including venture capital funds and research & development partnerships as defined below).
- 18.4.3 To determine that companies wishing to be included in the Tech Elite index will be required to participate in the analyst program from its very inception, as of their IPO, excluding companies reporting under the provisions of Chapter E3 of the Securities Law (Dual Listing)

18.5. Tax aspects –

- 18.5.1 To determine, as part of a temporary provision (from its effective date until December 31, 2015), that the cost of investing in stock purchased as part of an IPO of a research and development company which joined the Tech Elite list immediately after its IPO, shall be recognized, on the investment date, as a capital loss eligible for set-off, in lieu of its being recognized as cost at the date of selling the stock and calculating capital gain, provided that: (a) The investment was made as part of a research and development company's stock issue on the Exchange; (b) The company's business is focused on research and development and it possesses a certificate to that effect issued by the Chief Scientist; (c) The company is committed to pursuing research and development for three years from the date of its IPO; (d) Capital loss shall be recognized until a maximum of NIS 5 million; (e) The company conducted its IPO in Israel (under the Tech Elite list) during the time that the temporary order has been in effect.
- 18.5.2 To determine, as part of a temporary order, that individuals who are controlling shareholders in research and development companies conducting their IPOs in Israel (as part of the Tech Elite list, during the time that the temporary order has been in effect) through the Exchange will be charged a 25% capital gains tax for the increase in the value of their stock options (received prior to the IPO) under Section 102 of the Income Tax Order, capital track (rather than under Section 3(i) of the Order, which requires the realization of options by controlling shareholders at a marginal tax

¹ Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law, 1995 (hereinafter – the Advice Law).

rate). The distribution of gains until the IPO date and from the IPO until the exercise date shall be linear.

18.6. Exemptions and adjustments to disclosure requirements for current reporting and prospectuses –

18.6.1 To enable target companies to prepare their financial statements, Board of Directors' report and description of the company business (included in the IPO prospectus) for a period of two years only (rather for than three years as required for other companies).

18.6.2 To enable such companies to enjoy the exemptions listed below for a period of five years from the date of the IPO or until their market capitalization exceeds NIS 1 billion (the earliest of the two) (hereinafter – the Exemption Period):

18.6.2.1 To enable such companies to enjoy disclosure exemptions granted to smaller companies in accordance with the Israel Securities Authority's Roadmap² even if they do not qualify as small companies;

18.6.2.2 To fully exempt such companies from iSox requirements (including the requirement to provide management declarations even if it continues to apply to small companies);

18.6.2.3 To allow them to prepare their financial statements in accordance with IFRS or US GAAP (see below) with no need for additional information required under applicable securities provisions;

18.6.2.4 To allow them to file quarterly reports which include financial statements and a review of the main developments only (without the need to file a board of directors' report);

18.6.3 To grant the Israel Securities Authority the power to exempt companies that are listed on the Exchange and qualify as biomed or technology companies from disclosure requirements for prospectuses and current reports, including the power to require

² The main exemptions considered for smaller size corporations are revoking the requirement to issue internal control reports (iSox) and an auditor's report on internal controls for smaller companies as well as an exemption regarding the provisions of the Second Amendment to the Immediate and Periodic Reports Regulations regarding analysis of market risks (the Galai Report) for smaller companies whose exposure risk to financial instruments is low.

such companies to meet certain conditions as a prerequisite, so that the ISA may adjust, from time to time and as necessary, local disclosure requirements for prospectuses and current reports to those applicable to hi tech companies in the United States and England.

18.6.4 To allow target companies to state in their IPO prospectuses that adopting reporting in accordance with the provisions of Chapter E3 of the Securities Law (Dual Listing) is contingent upon holders' approval.

18.7. **Financial statements prepared in accordance with US GAAP** – to allow target companies incorporated in Israel to prepare their financial statements included in prospectuses and in periodic and quarterly reports in accordance with US GAAP (and to include in them a note describing adjustments made to IFRS) provided they meet the following conditions prior to completing their initial public offering: (a) More than 50% of their revenues have been received outside Israel in each of the reporting periods included in the prospectus in which the company recorded revenues; and (b) the company's controlling shareholder is not a resident of Israel; or more than 50% of the companies' shares are held by non-Israeli residents.

18.8. **Corporate governance aspects** –

18.8.1 **Financial statements review committee** – target companies shall not be required to establish a financial statements review committee during the exemption period.

18.8.2 **Tenure of chairman of the board/CEO** – a Chairman of the Board who also serves as a company's CEO at the IPO date (reflected by a prospectus disclosure), shall be allowed to continue serving on both positions for a period of five years since the IPO date, during which his/her tenure shall not require the approval of a general meeting under Section 121(c) of the Companies Law of 1999 (hereinafter – the Companies Law). In addition, if the general meeting approves the appointment of a Chairman of the Board as a company's CEO during two years following an IPO, the approval shall be valid for a period of five years from the date of the IPO (as opposed to three years from the date of the approval currently under law).

18.8.3 **Management agreement with controlling shareholders** – a target company which has entered into a compensation agreement with a controlling shareholder serving as an officer, described in a prospectus, shall be required to submit the agreement for re-approval only five years after its IPO (despite the current requirement to reapprove such transactions every three years). In addition, such companies shall be required to approve such

agreements if they have been lawfully approved following the IPO three years following prior approval or five years following the IPO, the later of the two.

- 18.8.4 **Compensation policy** – if a company has determined its compensation policy prior to becoming a public company and has lawfully described such policy in its IPO prospectus, it shall be exempt from the requirement to approve the compensation policy in accordance with the approval procedures prescribed in Section 267a of the Companies Law. Such an approval of the policy shall only be required three years following the IPO.
- 18.8.5 **Compensation committee** – a compensation committee member who is not an external director shall not be subjected to limited compensation under Section 118a(b) of the Companies Law during the first five years following an IPO, on condition that his/her compensation (if any) shall not exceed that which is paid to external directors.
- 18.8.6 **Approval of tenure and employment terms of a CEO three years after an IPO** – employing a CEO under tenure and employment terms which are not materially different from those of the CEO serving at the date of the IPO, lawfully described in the IPO prospectus, shall be exempt from approval by a general meeting, provided that the employment terms correspond to the company's compensation policy.

18.9. Companies incorporated in Delaware –

- 18.9.1 Enable companies incorporated in Delaware and included in the Tech Elite list to submit reports in the English language to the Exchange and to the Israel Securities Authority.
- 18.9.2 Recommend that the Israel Securities Authority assess the need to make further adjustments to disclosure provisions for these companies, provided they report to the U.S. Securities Exchange Commission (SEC) as well, so as to decrease the cost of preparing the reports, provided that the quality of disclosure offered to Israeli investors remains intact, as does the Israel Securities Authority's ability to supervise the companies' compliance with its disclosure provisions.
- 18.9.3 The ISA shall make use of its authority to provide Delaware incorporated companies joining the Tech Elite list immediately following their IPO with corporate governance exemptions extended to Tech Elite companies incorporated in Israel, for the duration of the exemption period.

18.10. Reporting language –

- 18.10.1 Enable target companies to prepare their IPO prospectuses in English, as well as later prospectuses, and to file current reports in English so long as the company qualifies as a reporting corporation. This exemption shall not be revoked if a company is no longer included in the Tech Elite list (unless it is no longer classified as a biomed or technology company).
- 18.10.2 Enable companies currently listed on the Exchange and included in the Tech Elite list to file all of their reports and prospectuses with the Israel Securities Authority in English, subject to obtaining approval to that effect by a general meeting of the company's shareholders through a regular majority voting, excluding controlling shareholders. This exemption shall hold as long as a company qualifies as a reporting corporation and as a biomed or technology company under the Exchange's rules.
- 18.10.3 Recommend that the Israel Securities Authority clarify that companies classified as biomed or technology companies (even if they are not included in the Elite Tech list) can publish, as current reports, an English version of their Hebrew reports, subject to the continuity and reliability of the translation.
- 18.10.4 The Committee supports the Ministry of Justice's suggestion that all companies shall be eligible to submit their articles of association in the English language (in addition to a form which would detail its main provisions in Hebrew) to the Registrar of Companies.
- 18.10.5 In addition to the option of reporting in English, the Exchange shall create a MAYA site in English, similar to the Hebrew one, so as to provide foreign investors with convenient and user friendly access to reports published by such companies, as well as of dual companies and other companies wishing to translate all of their reports into English.

19. Recommendations regarding publicly traded venture capital funds

- 19.1. **Establishing venture capital funds using a trust fund model** – it is suggested to allow a model by which venture capital funds are traded using a model similar to that of close-ended trust funds, *mutatis mutandis*, due to the fact that venture capital funds are, in fact, arrangements for joint investment in securities (tradable or non-tradable), and in order to adjust regulatory provisions to the funds' characteristics, while reducing the costs of complying therewith.

- 19.2. **Two types of traded funds** – the Committee recommends allowing two types of models for publicly traded venture capital funds similar to close-ended trust funds:
- 19.1.1 A fixed term venture capital fund, the length of which shall be prescribed in the fund agreement and shall not exceed fifteen years (hereinafter – "**limited term venture capital fund**");
- 19.1.2 Unlimited trust fund, which the public may liquidate from time to time through a special resolution (hereinafter – "**unlimited venture capital fund**");
- Such funds shall be allowed to invest up to 30% of the amount raised from the public through securities in **untraded** hi tech companies (either Israeli or Israel-oriented).
- 19.3. **Publicly traded venture capital funds shall be established under the "exempt trust fund track"** – a publicly traded venture capital fund shall be tax exempt for its revenues, and its unit holders shall be taxable at the date of the exercise of the unit or at the profit distribution date.
- 19.4. **Exemptions regarding holding rates for provident funds** – the Committee recommends that the maximum permitted holding rates in publicly traded venture capital funds shall be 75% of the means of control as defined in Section 9(2) of the Income Tax Order by entities included in this section (municipalities, the National Lottery ("Mif'al Hapayis"), public sector entities or provident funds) versus 50% under current law. Such a holding rate shall not be considered a violation of this section, provided that such entities are not managed by identical management firms or controlling shareholders.
- 19.5. **Additional incentives** – in countries where publicly traded venture capital funds exist, they are eligible for government incentives through government guarantees or various tax benefits, with the aim of reducing the level of risk for investors and increasing the expected value of return. Thus, the Committee aims to cooperate with the State Controller Division at the Ministry of Finance in order to assess the required incentives (as needed) so as to ensure the success of the model suggested by the Committee. The Committee's conclusions on this matter shall be included in its final report, taking into account the public's responses to the suggested model.
- 19.6. **Listing private venture capital funds under TACT Institutional** – in addition to the two abovementioned models, the Committee recommends allowing private venture capital funds incorporated as partnerships to be listed under the Exchange's TACT Institutional system, provided they include institutional investors. Only the latter shall be allowed to trade under TACT Institutional.

20. **Recommendations regarding R&D partnerships** – the Committee believes in promoting publicly traded VC funds controlled by a strategic investor (as opposed to publicly traded VC funds controlled by financial entities), which can serve, *inter alia*, as practical test beds for proving technical feasibility (and constitute a reliable approval thereto). Nevertheless, the publicly traded partnership model grants general partners a controlling stake, and the combination between such control and the fact that a strategic investor, who serves as the key business partner for companies included in the partnership portfolio, results in greater dependency on the controlling shareholder, which may create significant difficulties in pricing the corporation's securities and preserving the interests of investors. Thus, the Committee recommends allowing research and development partnerships to be listed, provided that: the partnership shall be active for a maximum period of 15 years; shall be managed by two general partners: a strategic partner active in areas relevant to the partnership's investment policy, and a financial partner who has no interest in the strategic partner; each partner shall be required to hold a material percentage of the fund's participation units; any material action in the partnership shall require the approval of both partners.

21. **Non-exchange solutions** –

21.1. **General** – the Committee recommended promoting non-exchange financing means which would be suitable for seed stage start ups that do not qualify for trade on the Exchange: raising funds through crowdfunding – using the internet to raise small amounts of money from a large number of investors from amongst the public; and sophisticated investors clubs. The combination of these two tools can complement other financing solutions by addressing the needs of young start ups at initial investment stages, as opposed to the other, capital market-related tools, which are naturally aimed at later stage companies.

21.2. **Crowdfunding** – The Committee recommends adopting a crowdfunding model for young Israeli start ups, using the principles outlined in the Committee's report. Crowdfunding is a model for raising capital from the public via web-based platforms. The idea behind crowdfunding is to raise small amounts of money from a large number of investors. The Committee suggests that an issuer shall be permitted to use Crowdfunding to raise, whether through a single round or a number of rounds, during a period of twelve consecutive months, a maximum of NIS 2 million. As a rule, an investor shall be permitted to invest a maximum total amount of NIS 21,000 in crowdfunding ventures, with a maximum of NIS 10,000 per investment.

21.3. **Sophisticated investors clubs** – this model allows companies to raise larger amounts of money (unlike in crowdfunding) from a smaller number of sophisticated individual investors. The Committee recommends that the Israel Securities Authority issue a clarification regarding the manner in which entities may be allowed to address the public so as to locate sophisticated individual investors without being required to issue a

prospectus. Regarding the steps which the offeror is required to take in order to ensure that the investors are indeed sophisticated, the Committee recommends setting up a pool or "club" of sophisticated investors, whose members would be addressed indirectly by the club manager. The advantage of addressing a well-defined group of sophisticated investors rather than the public at large is that start up companies will be able to interest group members in concrete investment opportunities and would be able to rely on the club's periodic eligibility assessments rather than conduct them on their own.

- 21.4. The Committee recommends that when such an investment is made by passive investors through limited partnerships, revenues from investment funds in seed companies shall be considered capital gains under Part E of the Income Tax Order, subject to certain conditions detailed in the Committee's report.
22. **Encouraging investments by institutional investors** – in order to encourage institutional investors to build the expertise needed in order to invest in tradable hi tech stocks, the Committee recommends allowing them, for a limited interim period, to deduct payments arising from investments in tradable venture capital funds and index tracking products, as an expense charged to plan holders in addition to management fees, provided that the fund manager is not a related party of the institutional. The Committee recommends that the interim period for the abovementioned amendments shall be similar to the period prescribed by law regarding other deductible expenses beyond management fees. Towards the end of the period, the need for extending the interim period shall be assessed, taking into account the experience gained by institutional investors and the efficiency of the market in this area.
23. **Due to the novelty and complexity of some of the Committee's recommendations, we recommend establishing a follow up team, whose role will be to examine the implementation of the Committee's recommendations, their effectiveness and the need to make adjustments thereto.**
24. **The submission and publication of this report marks the first phase in the work of the Committee. Prior to developing its final recommendations, the Committee hereby requests the public to submit their written views and remarks regarding the interim recommendations until July 18, 2013. The Committee will consider the remarks and proposals in developing its final recommendations, and may invite some of the respondents to express their views before the Committee. The Committee considers this process highly significant, and looks forward to a fruitful cooperation with the public.**