

November 29, 2022

**List of Foreign Stock Exchange That Meet the Conditions of
Regulation 2(a)(8) of the Joint Investment Trust Regulations (Foreign
Fund Unit Offerings) 5766-2016**

Background

Since 2017, and pursuant to Amendment 23 of the Joint Investment Trust Law 5754-1994, foreign funds that meet the requirements defined in the Joint Investment Trust Regulations (Foreign Fund Unit Offering) 5766-2016 (“the Foreign Fund Regulations”) and that received ISA approval, have offered their units to the public in Israel.

The Foreign Fund Regulations define the conditions for listing a foreign fund in Israel. The test for dual-listing of foreign funds is based primarily on the law that governs the foreign fund’s operations (for this purpose, Regulation 2(a)(6) determines that these laws are either the Undertakings for Collective Investment in Transferable Securities Directive [“UCITS”] or the Investment Company Act of 1940 [“the US Law”]).

Regarding ETFs, an additional condition specified in Regulation 2(a)(8), determines that with respect to an ETF, its units must also be traded on a stock exchange outside Israel that is certified by the entity authorized to issue such certification under the laws of the country in which the exchange operates, has a significant volume of trading in mutual funds based on its trading volume of mutual funds, the number of funds traded on it, and the total value of the public’s holdings in those funds, among other measures. These conditions came into force on June 7, 2022 and replace reliance on the arrangement for listing on a stock exchange in Israel corporations that trade on one of the stock exchanges that are noted in the Second and Third Addenda of the Securities Law 5728-1968.

The list of stock exchanges

In developing a list of stock exchanges that the ISA believes meet these conditions, the ISA studies the stock exchanges on which ETFs are traded, taking into account parameters such as the daily trading volume, the number of traded funds and the asset value of the traded funds on each stock exchange, in order to ensure that the list of stock exchanges includes highly liquid exchanges with the highest trading volumes. The ISA proposes that this list should include exchanges that meet at least one of the following criteria, which are also features of the world's most liquid, high-volume exchanges: minimum total traded assets of USD 700,000 through ETFs is or a minimum of 500 ETFs listed on the stock exchange.

The ISA believes that the following stock exchanges meet one or both of these conditions:

- (1) New York Stock Exchange (NYSE)
- (2) National Association of Securities Dealers Automated Quotation Global Select Market (NASDAQ).
- (3) Chicago Board Options Exchange® (Cboe) BZX
- (4) London Stock Exchange (LSE)
- (5) Börse Berlin
- (6) Euronext
- (7) Xetra®
- (8) SIX Swiss Exchange
- (9) BX Swiss

Note that the list is not a closed list. A foreign fund listed on another exchange may submit an application for listing in Israel and the ISA will determine whether it meets the conditions defined in Regulation 2 of the Foreign Fund Regulations, including whether the stock exchange on which it is listed has a significant trading volume in mutual funds, as defined in Regulation 2(a)(8) of the Foreign Fund Regulations.