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Securities Regulations (Annual Fee) 5749-1989

By virtue of my authority under section 55A of the Securities Law 5728-1968 (hereafter: the Law) and under section 130A of Joint Investment Trusts Law 5754-1994, in consultation with the Authority and with approval by the Knesset Finance Committee, I make these regulations:

Definitions

1. In these regulations –

"grade" – one of the four grades of a body corporate or of a fund, as specified in Schedule One and in Schedule Two;

"fund", **"fund manager"**, **"net value of a fund's assets"** and **"trading day"** – within their meaning in the Joint Investment Trusts Law 5754-1994;

"index" – the Consumer Price Index that the Central Bureau of Statistics publishes;

"financial reports" – interim financial reports, as defined in the Securities Regulations (Periodic and Immediate Reports) 5730-1970 (hereafter: the Periodic and Immediate Reports Regulations), and a periodic report within its meaning in Chapter Two of the Periodic and Immediate Reports Regulations, as the case may be;

"Joint Investment Law" – Joint Investment Trust Law – 1994;

"concluding date" –

(a) for a reporting body corporate – as said in regulation 2(d) of the Periodic and Immediate Reports Regulations;

(b) for a body corporate, to which Chapter Five "C" of the Law applies – the date on which it ceased being a foreign body corporate or the date on which its securities were delisted from trading on a Stock Exchange ;

(c) for a fund – the date on which liquidation of the fund begins, within its meaning in section 107 of the Joint Investment Trusts Law, the date of its merger with another fund or the date of its split into two funds, both these dates within their meanings in section 100 of the Joint Investment Trusts Law.

"initial date" – for a reporting body corporate – the date on which its securities first were in the hands of the public or were listed for trading on a Stock Exchange , and for a body corporate to which Chapter Five "C" of the Law applies – the date on which it submitted the document of registration or the date the Authority determined under section 35GG(1) of the Law, as the case may be; for a fund – the day on which its units were first acquired under a prospectus.

Annual fee

2. (a) On August 1 of each year a body corporate and a fund manager shall pay an annual fee under these regulations for each fiscal year.
- (b) A reporting body corporate shall pay an annual fee in the amount set in Schedule One, according to the grade in which it is classified.
- (c) A body corporate to which the provisions of Chapter Five "C" of the Law apply shall pay the annual fee at the rate of half the amount set in Schedule One, according to the grade in which it is classified.
- (d) For the tax year within which its initial date or its concluding date falls, the body corporate shall pay a proportional part of the annual fee that applies to it, equal to the annual fee divided by 365 days and multiplied by one of the following, as the case may be: the number of days from the initial date until the end of that fiscal year, the number of days from the beginning of that fiscal year to the concluding date, or the number of days from the initial date to the concluding date.
- (e) If the initial date of a body corporate is after June 30, it shall pay the fee for that year on January 31 of the following year; if the concluding date of a body corporate occurred it shall pay the fee for that fiscal year within 30 days after the concluding date.
- (f) A fund manager shall pay, In respect of each fund under his management, an annual fee in the amount prescribed according to the grade in which the fund is classified. (f1) The following shall apply to a foreign fund manager, as defined in Section 113A of the Joint Investment Law, which manage funds, the units of which are offered to the public in Israel:
 - (1) A foreign fund manager shall remit to the ISA, for each said fund, an annual fee equaling the sum set in Schedule Two for funds classified as "D-grade" funds.
 - (2) Notwithstanding that stated in paragraph (1), such a foreign fund, for which the value of its units acquired in Israel does not exceed the sum set for Grade A in the Second Schedule, shall pay the sum set for funds of this grade. For this purpose, "the value of units purchased in Israel" – the value of units held by unit holders who purchased them in Israel as of 31 December preceding the fee payment date; and units purchased through a distributor in Israel will be considered units purchased in Israel. Regarding fees paid for the first time

after receiving an ISA permit to offer units of each fund – the value of units purchased subsequent to the receipt of the said permit.

- (g) If a fund was managed during only part of the fiscal year, the fund manager shall pay in respect of that fund a proportional part of the annual fee that applies to the fund, equal to the amount of the fee, divided by 365 days and multiplied by the number of days in that fiscal year on which the fund was under his management; however, however, if during the fiscal year the fund was transferred to the management of another fund manager, the fund manager under whose management the fund is on the day for paying the fee, as said in subparagraphs (a) or (h), shall pay the fee for the entire period during the fiscal year during which the fund was managed.
- (h) If the initial date of a fund was after June 30, the fund manager shall pay the fee for that year on January 31 of the following fiscal year; if the concluding date of the fund is until June 30, the fund manager shall pay the fee for that fund for that year on January 31 of the following fiscal year.
- (i) If an annual fee was not paid on time, linkage differentials shall be added to it at the rate of the index increase from the last index published before the payment date to the index last published before the date on which the fee was actually paid, and also a fine at the rate of 1% of the rate of the annual fee for each month of delay or part thereof
- (j) Notwithstanding the provisions of subregulation (i), if the period of delay is less than one month, to the amount of the annual fee shall be added a fine equal to 1% of the amount of the fee, divided by 30 days and multiplied by the number of days of the delay in payment.
- (k) If an annual fee was paid in an amount that exceeds the amount of annual fee for that year, the Authority shall – within thirty days after the day on which it was found that there was an excess payment – refund the amount of excess fee paid, plus linkage differentials at the rate of index increase from the last index published before the payment date to the index last published before the date of the refund, plus interest from the payment date until the refund date.

Determining the grade of a body corporate or fund

- 3. (a) The annual grade of a body corporate shall be determined in each year, according to the equity in its financial reports for the preceding year, but the annual grade of a body corporate that must submit consolidated financial reports shall be determined each year according to the equity in its consolidated financial reports

for the preceding year; for the purposes of this regulation, "**consolidated financial reports**" – within their meaning in regulation 5 of the Securities Regulations (Preparation of Annual Financial Reports) 5753-1993.

- (b) If a body corporate incorporated shortly before the initial date and has no financial reports for the year before the initial date, its grade for the year in which the initial date occurs shall be determined according to the financial reports that were included in the prospectus under which its securities were first offered to the public.
- (c) If the concluding date of a body corporate is earlier than the date for submitting financial reports for the year before the concluding date, its grade shall be determined according to the last financial reports that it submitted.
- (d) The grade of a fund shall be determined on July 1 of each year (hereafter: grade determining date), according to the average net value of its assets in the months from January to June of that year; for the purposes of this regulation, "**average net value of its assets**" – the average of the net value of the fund's assets on the trading days in the said months.
- (e) If the initial date of a fund and the date for setting its grade are in the same fiscal year and the initial date is before the date for setting its grade, its grade for that year shall be set according to the average net value of its assets from the initial date until June 30; if the initial date of a fund is later than the date for setting its grade, its grade for that year shall be set on January 1 of the following year according to the average net value of its assets from the initial date until December 31 of the year of the initial date; if a fund's concluding date is earlier than the date for setting its grade, its grade shall be set on the concluding date according to the average net value of its assets from January 1 of the year of the concluding date until the concluding date.
- (f) A fund manager shall inform the Authority of the fund's grade not later than ten days after the date for setting the fund's grade; if a fund manager did not inform of its grade in time, the Authority may set the grade according to the information in its possession.
- (g) In this regulation, "**equity**" – less the part of the rights that does not give control.

Annual trading fee

- 3A. (a) A Stock Exchange shall pay to the Authority for each year an annual fee in the amount of NIS 8 million, as specified below in this regulation; the said amount shall change on January 1 of each year (hereafter: the updating day) at the rate

of increase of the new index over the basic index; for this purpose:

"**new index**" – the last index published before the updating day;

"**basic index**" – the last index published before the preceding updating day.

- (b) The fee for each year shall be paid in four payments of NS2 million each, not later than on the last day of January, April, July and October of that year; for the purposes of this regulation the Stock Exchange shall pay on the last day of January, April, July and October of that year.
- (c) An amount that changed as said in subregulation (a) shall be rounded off to the nearest amount that is a multiple of NIS 1,000.

Linkage

- 4. (a) The equity and the amounts of fees specified in Schedule One and also the average net value of a fund's assets and the amounts of the fees specified in Schedule Two, shall change on January 1 of each year (hereafter: the updating day) at the rate of increase of the new index over the basic index; for this purpose:
 - "**new index**" – the index last published before the updating day;
 - "**basic index**" – the index last published before the preceding updating day.
- (b) The amounts of equity prescribed in Schedule One and the amounts of average net value of fund assets prescribed in Schedule Two that were changed as aforesaid shall be rounded to the nearest amount that is a multiple of NIS1,000; the amounts of fees prescribed in Schedules One and Two that were changed as aforesaid shall be rounded to the nearest amount that is a multiple of NIS5.
- (c) The Authority Chairman shall publish – by a notice in Reshumot – the amounts changed according to the provisions of this regulation.

Annual fee for the year 2005

- 4A. In the year 2005 the annual fee shall be according to regulations 2(b) and (f) and 3A at the rate of 85% of the amount prescribed there, as changed according to regulation 4 on the updating day in 2005.

Collection

- 5. The Taxes (Collection) Ordinance shall apply to the collection of the fees, linkage differentials and fines under these regulations, as if they were a tax, within the meaning thereof in the said Ordinance.

Repeal

6. The Securities Regulations (Annual Fee) 5744-1984 are repealed.

SCHEDULE ONE

(Regulations 1, 2(b) and (c) and 4)

Equity (NIS '000)	Grade	Annual fee (NIS)
up to NIS 42,903	A	39,000
above 42,904 to 85,806	B	48,750
above 85,807 to 269,119	C	74,120
above 269,119	D	128,730

SCHEDULE TWO

(Regulations 1, 2(f) and 4)

Average net asset value of a fund (NIS)	Grade	Annual fee (NIS)
up to 7,377,000	A	16,730
above 7,377,000 to 29,959,000	B	24,005
above 29,959,000 to 119,837,000	C	36,795
above 119,837,000	D	53,525

