

PUBLIC STATEMENT

ESMA statement on Israeli laws and regulations on prospectuses

Following requests from market participants and the European Commission, CESR¹ decided to work on a common assessment of the prospectus standards of certain third countries vis-à-vis EU standards. In particular, CESR agreed to assess the requirements of Israeli laws and regulations on prospectuses.

CESR carried out a review of Israeli laws and regulations on securities and prospectuses and a comprehensive comparison between Israeli requirements and EU requirements set out in the Prospectus Regulation [809/2004/EC] regarding minimum disclosure requirements for share prospectuses.

Based on this assessment work and in accordance with ESMA statement on the framework for third country prospectuses under Article 20 of the Prospectus Directive (ESMA/11-36) ESMA considers that a prospectus drawn up according to Israeli laws and regulations together with a wrap containing the information required by the items in the annex to this statement can constitute a valid prospectus under the Prospectus Directive [2003/71/EC] for the purposes of its approval by the home competent authority of a Member State.

¹ In accordance with Articles 8(1)(l) and 76(4) of the ESMA Regulation, ESMA takes over, as appropriate, all existing and on-going tasks from the Committee of European Securities Regulators (CESR) and is the legal successor of CESR. In particular, guidelines, recommendations, standards and any other Level 3 material issued by CESR continue in force until such time as they are readopted, replaced or revoked, having the status provided for under the Charter of the Committee of European Securities Regulators.

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ANNEX

The information to be included in a wrap that accompanies an Israeli prospectus in order that the two may together be approved by a competent authority of a home Member State as a prospectus under the Prospectus Directive is:

- a declaration by the persons responsible for the prospectus (Regulation n°809/2004, annexes 1 & 3, item 1)²;
- a summary established in accordance with the requirements of article 5 paragraph 2 of the Prospectus Directive³;
- balance sheets covering the latest 3 financial years and the audit report in respect of each year (Regulation n°809/2004, annex 1, Item 20.1);
- when applicable, pro forma information (Regulation n°809/2004, annex 1, Item 20.2);
- when profit forecasts or estimates are included in the prospectus, information required by item 13, annex 1 of Regulation n°809/2004;
- as regard members of administrative, management and supervisory bodies and senior management, for at least the previous five years, information on (Regulation n°809/2004, annex 1, Item 14.1):
 - convictions in relation to fraudulent offences;
 - details of any bankruptcies, receiverships or liquidations;
 - details of any official public incrimination and/or sanctions statutory or regulatory authorities;
 - or a negative statement;
- major shareholders : negative statements, if applicable, and a summary of the main relevant provisions of Companies Law will have to be provided (Regulation n°809/2004, annex 1, Item 18);
- legal and arbitration proceedings : negative statement, if applicable (Regulation n°809/2004, annex 1, Item 20.8);
- significant changes : negative statement, if applicable (Regulation n°809/2004, annex 1, Item 20.9);
- information about and terms of any acquisition rights and or obligations over authorised but unissued capital or an undertaking to increase the capital; (Regulation n°809/2004, annex 1, Item 21.1.5);
- provision of the issuer's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control (Regulation n°809/2004, annex 1, Item 21.2.6);

² Annex I (Minimum Disclosure Requirements for the Share Registration Document), Annex II (Pro forma financial information building block) and III (Minimum Disclosure Requirements for the Share Securities Note) of Commission Regulation (EC) n°809/2004.

³ Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC.

- where information has been sourced from a third party, a confirmation that this information has been accurately reproduced (Regulation n°809/2004, annex 1, Item 23.2);
- documents on display : an indication of where the documents on display may be inspected, by physical or electronic means (Regulation n°809/2004, annex 1, Item 24a);
- risk factors that are material to the securities in order to assess the market risk associated with these securities (Regulation n°809/2004, annex 3, item 2);
- statement by the issuer that, in its opinion, the working capital is sufficient for the issuer's present requirements or, if not, how it proposes to provide the additional working capital needed (Regulation n°809/2004, annex 3, item 3.1);
- a statement of capitalization and indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as of a date no earlier than 90 days prior to the date of the document. Indebtedness also includes indirect and contingent indebtedness (Regulation n°809/2004, annex 3, Item 3.2);
- a description of any interest, including conflicting ones that is material to the issue/offer, detailing the persons involved and the nature of the interest (Regulation n°809/2004, annex 3, Item 3.3);
- the ISIN (International Security Identification Number) of the shares or other such security identification code (Regulation n°809/2004, annex 3, Item 4.1);
- an indication of the existence of any mandatory takeover bids and/or squeeze-out and sell-out rules in relation to the securities (Regulation n°809/2004 annex 3, Item 4.9);
- an indication of public takeover bids by third parties in respect of the issuer's equity, which have occurred during the last financial year and the current financial year. The price or exchange terms attaching to such offers and the outcome thereof must be stated (Regulation n°809/2004, annex 3, Item 4.10);
- if simultaneously or almost simultaneously with the creation of the securities for which admission to a regulated market is being sought securities of the same class are subscribed for or placed privately or if securities of other classes are created for public or private placing, give details of the nature of such operations and of the number and characteristics of the securities to which they relate (Regulation n°809/2004, annex 3, Item 6.3);
- when securities are offered to the public, information required by items 5.1.1, 5.1.4, 5.1.5, 5.1.10, 5.2.3(e), 5.2.3(f), 5.2.3(g), 5.3.3, 5.4.2, 6.5, 7, 8 and 9 of Annex 3, Regulation n°809/2004;
- additional information required by Item 10 of Annex 3, Regulation n°809/2004.