



Press Release

April 8, 2019

TASE Removes Barriers to Allow Joining of New Members:
For the First Time, Israel Entities Acting on Their Own
Account (Nostro) Will be Able to Become TASE Members
In Addition, TASE is Reducing the Minimum Capital
Requirement for Non-Banking Corporation Members
(NBCM) from NIS 22 Million to Only NIS 15 Million

The Tel-Aviv Stock Exchange (TASE) announces (April 7, 2019) the removal of barriers preventing new members joining TASE. Removing barriers will allow, for the first time, Israeli entities to become TASE members, who are acting on their own account (nostro). Moreover, TASE will reduce the minimum capital requirement for NBCMs from NIS 22 million to only NIS 15 million. In light of this, TASE today published for public comment a proposal regarding the change.

Currently, there are several types of TASE members: banks, foreign banks, NBCMs (Non-Banking Corporation Members), and a remote member. According to TASE Rules, an NBCM is currently required to engage in securities business for others, such as brokerage or portfolio management for clients. In addition, an NBCM may also engage in nostro activities – viz., on its own account. However, the Rules do not permit an Israeli entity that has no clients and engages solely in nostro activities (including as a market maker) to be a TASE member. This restriction does not apply to a remote member.

Recently, a number of different entities – Israeli and foreign – that are engaged solely in nostro activities, have expressed an interest in becoming TASE members, including the Co-Location Project – as this would provide them with faster access to the TASE trading system. The provision in the rules that requires an NBCM to engage in securities business for others constitutes a barrier for Israeli entities.

In light of this, TASE aims to remove this barrier and to allow Israeli entities engaged solely in nostro activities to become TASE members, by complying with qualification conditions and admittance terms similar to those that apply to an NBCM, with such changes as are necessary due to the nature of their activities. TASE personnel believe that the aforesaid changes will lead to greater liquidity in the market and will prevent

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preference being given to remote members over Israeli entities that are also engaged solely in nostro activities.

As set forth in the proposal, TASE is of the opinion that the requirements that should be applied to a member engaged solely in nostro activities should be the same as those that apply to an NBCM, except on matters relating to corporate governance and to clients.

In addition, TASE is announcing that it is reducing the minimum capital requirement for an NBCM from NIS 22 million to only NIS 15 million. The level of the minimum capital requirement was set almost a decade ago at NIS 22 million as a “measure of seriousness” for entities seeking to be accepted as members of TASE. Said requirement might represent a barrier for various entities, both for those engaged solely in nostro activities and also for those that act for clients and that do not intend to become Clearing members but wish to act solely as a broker.

Due to the fact that the capital requirement is based both on a minimum requirement and also on a capital model, which takes into consideration the risks inherent in the activities of the various types of TASE members, as well as due to the fact that the minimum capital requirement at foreign stock exchanges is significantly lower than the minimum requirement of NIS 22 million, TASE is to reduce the minimum requirement to only NIS 15 million. Such a requirement will still constitute a “measure of seriousness” but will nevertheless make it possible for new entities to meet the threshold requirements to be accepted as TASE members. However, the change will not be applied to the capital requirement according to the risk-based capital model.

Ittai Ben Zeev, TASE’s CEO, said: “As part of TASE’s strategic plan, we are opening the Tel-Aviv Stock Exchange to new players that previously could not be admitted as TASE members. The change in the Rules and the removal of barriers have been formulated according to international standards. We are certain that the entry of new players into the local capital market will strengthen competition over the investing public and will make the Tel-Aviv Stock Exchange more dominant and accessible for the general public”.

The changes need to be approved by the Israel Securities Authority (ISA).