

Client Update

The Brokerage Market is Under Supervision

General Permit Conditions under Section 49A

December 2018

Dear Clients and Friends,

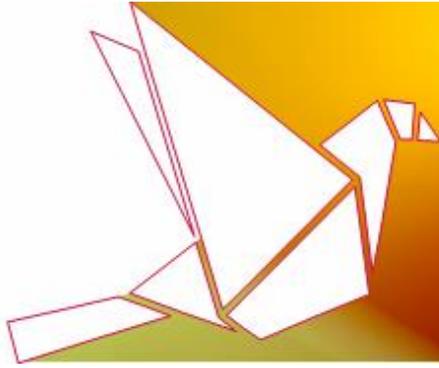
Further to the client updates published on [November 9, 2017](#), and on [June 18, 2018](#), we would like to update you that the Israel Securities Authority (the "ISA") has published its policy with regard to the grant of permits to foreign exchanges and brokers who wish to actively approach the Israeli public.

According to the Securities Law, it is illegal to offer securities-trading services if the trading takes place on an exchange not licensed in Israel. However, the Chairman of the ISA is authorised to grant a permit allowing an entity to offer said services if the trading takes place on an exchange outside of Israel.

On December 30, 2018, the ISA published the conditions under which it will examine applications for a permit. The publication makes a distinction between entities that meet the conditions set out in the publication, and entities that do not. The publication states that, as a general rule, entities that meet the conditions set out therein will be granted a permit. In this regard, exchanges (and anyone on their behalf) are subject to different conditions from brokers that act "independently". However, it should be noted that entities that do not meet the conditions set out in the publication are still entitled to apply for a permit. Applications filed by these entities are expected to be examined on a case-by-case basis.

It is important to note that the application for a permit must be submitted within 4 months of December 27, 2018 (i.e. by April 27, 2019). The prohibition set out in Section 49A will take effect six months after December 27, 2018 (i.e. on June 27, 2019). Any entity that has submitted an application for a permit but that has not received a response before the effective date of Section 49A (i.e. by June 27, 2019), may continue to operate until a response is received.

To view the full wording of the policy (in Hebrew) - [click here](#).



Our firm assists a vast number of Israeli and overseas companies in establishing whether their activity requires a permit, and in submitting applications for said permits.

Please do not hesitate to contact us with any questions or if you require any clarification regarding any of the matters above.

Sincerely,

Herzog Fox & Neeman

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