

MTS Israel Market Rules

Effective as of 04 January 2016

MTS Israel is an MTF organised and managed by EuroMTS Limited



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1.0 General Provisions

1.1 Definitions

In these Rules the following expressions have the following meanings:

“Applicable Laws”	means all applicable laws, regulations, regulatory requirements (including any guidance, orders or other directions of a regulatory authority), Rules and / or market conventions;
“Best Price”	has the meaning determined under Article 4.4;
“Capital”	shall mean Tier 1 regulatory capital or the equivalent, as defined under the Capital adequacy regime of the Participant’s home state regulator;
“Central Counterparty or CCP”	means a central counterparty as MTS shall select as listed in Article 3.1 of these Rules;
“CCP Contract”	means a contract entered into through the Market by two CCP Participants on a CCP financial instruments that will be immediately novated and replaced by two transactions with the CCP becoming the seller to the buyer and the buyer to the seller;
“CCP Participant”	means a Participant who is a member, either direct or indirect, of a CCP and lodged with MTS the CCP application form to participate on the Market as a CCP Participant;
“CCP financial instruments”	means all Financial Instruments that have been specified by the relevant CCP as eligible for a CCP Contract;
“Committee”	means the duly appointed committee referred to in Article 3.7 of these Rules and which operates in accordance with the relevant procedures approved by MTS;
“EEA”	means the European Economic Area;
“Fair Market Value”	has the meaning ascribed to it in Article 4.6 of these Rules;
“Financial Instrument”	means the Financial Instruments, issued or in the process of being issued, which are available for trading by Participants on the Market, as specified within these Rules; the include government bonds, corporate bonds, including structured bonds and atypical securities, and other securities, if any, if specified within these Rules;
“FCA”	means the Financial Conduct Authority in the United Kingdom and any successor thereto;

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“General Collateral Repurchase Contract”	means a repurchase contract where the securities the subject of the trade are not specified in the Quote or the Order and are selected in accordance with Article 4.5 by the Repo Participant which is the seller of the securities from the basket of Financial Instrument (being eligible securities for the purpose of the general collateral contract traded), and where the seller of the securities at the same time undertakes to purchase equivalent securities from the buyer of the securities at the specified future date;
“Grey Market Securities”	means a Financial Instrument which a government of a Member State has officially announced (including ISIN Code, maturity and coupon) is to be auctioned and which upon issue would be a financial instrument;
“Group”	in relation to an entity, shall mean that entity’s ‘group undertakings’ (such term taking the meaning ascribed to it in section 1161 of the UK Companies Act 2006);
“ILS”	means the currency of the State of Israel, the New Israeli Shekel;
“ISA”	means the Israel Securities Authority of the State of Israel (or any successor regulatory organisation);
“Live Data”	means information relating to financial instrument in respect of which not more than 15 minutes have elapsed from the time that such information was transmitted by the Market to the Participants;
“Major Market Incident”	or “MMI” has the meaning ascribed to it in Article 4.6 of these Rules;
“Market Maker”	means a Participant authorised by MTS to trade on the Market through Orders and/ or Quotes, subject to the obligations and commitments established under these Rules;
“Rules”	means these Rules as may be made, amended or replaced from time to time by MTS;
“Market”	shall mean the electronic platform organised as a multilateral trading facility managed by EuroMTS Limited and known as MTS Israel;
“Membership Documentation”	means the legal agreement between MTS and each Participant relating to the provision of the Services, as defined in the General Terms and Conditions. The Membership Documentation is composed by the Application Form, the General Terms and Conditions and the relevant Schedules, including these Rules and the Fee Schedule, as well as by any document included by reference;
“Mid-Price”	means the price for a financial instrument calculated by the Market that a Participant may make an Order to buy or sell;
“Minimum Tradable Quantity”	the minimum quoting and trading quantity for Quotes and Orders as determined by MTS and published in the Rules;
“MoF”	means the Ministry of Finance of the State of Israel;

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“MMI”	Major Market Incident;
“MTS”	shall mean EuroMTS Limited, an FCA regulated investment firm, with registered office in 10 Paternoster Square, London EC4M 7LS, United Kingdom;
“On-the-Run Securities”	means those Financial Instruments which the Committee has identified as the most liquid in the Maturity Bucket C as set out in Article 4.10;
“Order”	means the acceptance, whether whole or partial, of a Quote, transmitted and processed via the Market;
“Participant”	means all participants accepted by MTS to participate in the Market; they can be either Primary Dealers or Repo Participants;
“Price”	in respect of the sale of a Financial Instrument traded on the Market means the amount representing the percentage of the nominal amount of the financial instrument payable in respect of such sale, which may also be expressed by reference to yields or Repo rates unless explicitly stated otherwise;
“Primary Dealer”	means any entity that has been admitted as a ‘primary dealer’ (or the equivalent term) by the MoF;
“Quote”	means the double-sided or single-sided offer to buy or sell a Financial Instrument via the Market with specification of the quantity and the Price quoted and the Financial Instrument that is intended to trade;
“Repo Participant”	means an institution which is entered by MTS on its list of Repo Participants and which has not been deleted from such list nor has resigned pursuant to the Rules;
“Repo”	means a contract where one Participant sells Financial Instruments to another Participant under the agreement to repurchase the same Financial Instruments at a future date (“term”).
“Request for Quote or RFQ”	means a bilateral expression of interest addressed to an individual Participant in the Financial Instrument of choice;
“Rules”	means these rules of the Market as may be amended or replaced from time to time by MTS
“Spread”	means the arithmetic difference between the price of an offer to buy (Bid) and of a connected offer to sell (Ask) expressed as a percentage; it is expressed in cents for financial instrument and it determines the Quoting obligations for Market Makers as set out in Article 4.10 of these Rules;

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“Trade”	means a match of a Quote and Order that has been confirmed by the relevant Participants on the Market thus creating a legally binding obligation between two Participants;
“Trading Day”	means a day on which Financial Instruments may be traded on the Market;
“Trading Hours”	means the hours of the Trading Day during which financial instruments may be traded on the Market.

1.2 Market Rules

1. The objective of these Rules is to regulate the organisation and operation of the Market, which is a multilateral trading facility (“MTF”) by establishing the relevant terms and procedures. In particular a) the terms and procedures for admission, exclusion and suspension of financial instruments from trading; b) the terms and procedures for admission, exclusion and suspension of Participants from trading, c) the terms and procedures for conduct of trading and the operation of the associated services, d) the procedures for publication and circulation of information, and e) the procedures for supervision and relevant sanctions.
2. The relationship between MTS and the Participants concerning participation in trading on the Market shall be governed by the Membership Documentation. Which the Participant knows, understands and accepts, having examined them on MTS website at <http://mtsmarkets.com/Documents/General-Terms-and-Conditions> and having had the opportunity to discuss it with MTS.
3. Participants are required, when applicable, to pay fees for the services provided in accordance with the amounts, intervals and time limits established by MTS on the basis of transparent, non-discriminatory criteria and indicated in the Fee Schedule which forms part of the Membership Documentation.
4. References herein to an Article of these Rules.
5. These Rules shall be governed by and construed in all respects in accordance with the laws of England and Wales.
6. The Rules are made and may be amended or replaced from time to time by MTS following consultation with the Committee and the MoF.

2.0 Financial Instruments

2.1 Financial Instruments

1. Financial Instruments available for trading on the Market shall be debt securities issued by the State of Israel acting through the MoF, including (where the context so permits) the component parts thereof that entitle the holder to future collection of interest (coupon) or that entitle the bearer, on maturity, to repayment of the principal. These Financial Instruments will automatically be selected for trading on the Market, unless MTS decides otherwise. Additionally, nominal fixed coupon-bearing and inflation-linked Financial Instruments will be made available for trading if selected by MTS, including upon recommendation of the Committee.
2. Financial Instruments shall meet the following criteria:

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- a. be issued by the State of Israel acting through the MoF;
- b. having a remaining term of more than 1.25 years at the time of selection;
- c. having an outstanding amount of at least ILS 2 billion; and
- d. be centralised in the relevant central securities depository.

Financial Instruments that do not comply with the above parameters can nevertheless be made available for trading on the Market by MTS at its own discretion and upon proposal by the MoF having consulted with the Committee. MTS can also apply additional criteria if deemed useful. Financial Instruments that at any time do not comply any longer with the parameters indicated here above can nevertheless remain available for trading if so determined by MTS.

3. When applicable, MTS may make available for trading Grey Market Securities on an as-if-and-when-issued basis from the day on which the announcement has been made to the day on which those securities will have been effectively issued. If it is officially announced that the auction of a particular Grey Market Security will not take place, then that Grey Market Security shall automatically cease to be available for trading on the Market and all Trades that have been concluded in respect of it shall be treated as cancelled.
4. The full list of the Financial Instruments available for Trading on the Market is available, as updated from time to time, on the trading platform itself and on MTS website. MTS will use reasonable endeavors to inform Participants of any change of the category of Financial Instruments available on the MTS Market by electronic communications. MTS shall endeavour to periodically review the Financial Instruments available on the Market.

2.2 Minimum Lots

The Minimum Tradable Quantity for each Financial Instruments is determined by MTS, upon proposal of the MoF after consultation with the Committee, and is equal to 1 million ILS for spot contracts; and 5 million ILS for repurchase contracts. Participants will only be permitted to enter Quotes and Orders on the Market in excess of the Minimum Tradable Quantity. MTS shall communicate any change in the Minimum Tradable Quantities via email with an advance notice of five (5) Trading Days from the day the change will come into effect.

2.3 Suspension and removal of Financial Instruments

1. MTS, also upon indication of the MoF, may suspend a Financial Instrument with immediate effect if, in its opinion, in relation to that Financial Instrument, normal market conditions have ceased to apply.
2. MTS may lift a suspension of a Financial Instrument if, in its opinion, the cause of the suspension no longer applies.
3. The MoF after consultation with the Committee shall determine which (if any) Financial Instruments are to be removed from the Market and shall request MTS to act accordingly. A meeting for this purpose between the MoF and the Committee to be held no less frequently than once every three months. In making such request the MoF shall have regard to, but not be bound by the criteria below:
 - a. Financial Instruments where the remaining term is less than 1 year;
 - b. Such other factors as the MoF or the Committee may consider appropriate.
3. Notwithstanding the removal of a particular Financial Instrument, those Participants, which are represented on the Committee and which have an obligation to make Quotes under Article 3.3.1(b) in relation to Financial Instruments shall be obliged to

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continue to enter buy and sell Quotes in respect of that Financial Instrument for a period of 10 Trading Days subject to the provisions of Article 3.3.1(b)(i) if the MoF after consultation with the Committee so recommends.

4. Any decision by the MoF after consultation with the Committee to remove a Financial Instrument from the list shall be made after trading hours and shall be announced to all Participants before the commencement of trading on the next Trading Day.
5. Following the determination to remove any Financial Instruments by the MoF after consultation with the Committee, MTS shall, where practicable, give at least two weeks written notice of such removal to all Market Participants.

3.0 Participants

3.1 Participant eligibility

1. The following institutions may be admitted to trading on the Market:
 - a. Credit institutions and investment firms authorised as such in a country which is a member of the EEA or in Israel;
 - b. Credit institutions and investment firms authorised as such in Israel or in a country which is not a member of the EEA, and which, in the sole opinion of MTS, in consultation with the MoF and the Committee, imposes an adequate supervisory/investor protection regime.
2. To become a Participant, an applicant must satisfy MTS that it complies with the following requirements:
 - a. it belongs, either directly or via an agent, to the Tel Aviv Clearing House (TACH) (or such other clearing and settlement institution as specified by MTS);
 - b. it is a fit and proper person to be a Participant (including, without prejudice to the generality thereof, that it has an adequate organisation);
 - c. it is a Primary Dealer as appointed by the MoF, unless operating only on the Repo segment; and
 - d. if a Primary Dealer, it shall have a minimum Capital equal to the one required from time to time by the MoF, or (ii) if Repo Participant, it shall have a minimum net worth of ILS 150 million

3.2 Admission procedures

1. To become a Participant to the Market, MTS shall receive from the applicant a complete application, in the form to be provided by MTS. In examining the application MTS reserve the right to ask the applicant for additional information and documentation if deemed appropriate. Once MTS considers the application to be complete MTS will reply to the applicant in writing (via email) within 10 working days.
2. MTS will only accept an application for membership based on its own evaluation of the applicant meeting the general objective criteria provided in these Rules, the applicable FCA regulations and MTS operational requirements. MTS will have sole discretion, in assessing whether or not an application will be accepted. No application will be accepted, in MTS opinion, if, in MTS opinion, it jeopardises the proper functioning or orderly trading of the Market and/or its electronic markets and/or it would adversely affect the reputation of MTS or the Market and/or if filed for purposes different from trading on the Market.

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3. The application shall also include the selection of the role that the applicant intends to play on the Market. The roles currently available on this Market are: Primary Dealer and Repo Participant. MTS maintains an updated list of Participants, their role and a list of the Financial Instruments available for Trading.

3.3 Participant undertakings

1. Each Primary Dealer shall represent, warrant and undertake to MTS and to all other Participants from time to time:
 - a. to maintain a Capital of at least the amount required from time to time to Primary Dealers by the MoF;
 - b. (i) subject to (ii) to (v) below and Article 4.4, on each Trading Day to make Quotes on the Market with respect to spot contracts only, for at least the minimum required number of hours as specified in Article 4.3:
 - I. in relation to each of the Financial Instruments assigned to it from time to time by the MoF pursuant to Article 3.8 and to do so in compliance with Article 4.10; and
 - II. in relation to each of the Financial Instruments removed under Article 2.3 for which the Committee has requested the Primary Dealer to continue to enter Quotes for a 10 Trading Days period and to do so in compliance with Article 4.10 (Quotation/Spread Obligations), but with a maximum Spread of twice that specified in Article 4.10 in respect of such Financial Instrument.
 - (ii) a Primary Dealer shall be relieved from its obligations under this Article 3.3.1(b) on those days which are recognised public holidays in its country of operation;
 - (iii) with respect to each Financial Instrument, Primary Dealers shall refrain from entering quotes with Spreads wider than fifty percent more than those included in Article 4.10;
 - (iv) obligations under this Article 3.3.1(b) shall not apply to a Financial Instrument while it is suspended from trading on the Market;
 - (v) obligations under this Article 3.3.1(b) shall not apply to a Primary Dealer while it is suspended from trading or the relevant list of Market Participants; and
 - (vi) obligations under this Article 3.3.1(b) shall only apply to spot contracts.
 - c. MTS may, in its discretion, (i) temporarily suspend a Primary Dealer's undertaking in 1(b)(i) above if normal market conditions do not apply or an MMI occurs; or (ii) temporarily amend any of the values in Article 4.10 if normal market conditions do not apply or an MMI occurs.
2. Each Repo Participant shall represent, warrant and undertake to MTS and to all other Participants from time to time:
 - a. to maintain a Capital of at least 150 million ILS.
3. Each Participant shall represent, warrant and undertake to MTS and all other Participants that for the whole period in which it is a Participant on the Market and for the following period until there is any outstanding Trade entered by it on the Market:
 - a. To comply with the Rules and with the established operating procedures for the Market, including safeguarding passwords assigned to the Participant by MTS and other security credentials in accordance with the established operating procedures and not to allow unauthorised access to the Market;
 - b. To have and maintain in its home State all necessary regulatory authorisations, approvals and consents for trading on the Market;
 - c. To comply with all the relevant laws and regulations applicable from time to time to Participants for their activity on the Market, including those on market abuse, and to follow the Guidelines on systems and controls in an automated trading

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environment for investment firms, issued by ESMA on February 24, 2012, as amended from time to time and as applicable in the relevant jurisdiction;

- d. To act with fairness, honesty, due skill, care and diligence and to refrain from any act that may jeopardise the proper functioning of the Market or undermine the integrity of trading on it;
- e. To execute Trades in its own name and not to act for a third party and not to enter into Trades on the Market other than for proper trading purposes;
- f. To be responsible for the acts and omissions of its employees and agents and ensure those assigned to its trading activities on the Market are competent and appropriately trained;
- g. To deal with MTS in an open and co-operative manner, including (i) to notify MTS, without delay, of any material change to the information supplied in its application to MTS, (ii) to ensure continuing fulfilment of the conditions referred to in the 'Participant eligibility' (Article 3.1), (iii) to notify MTS immediately in case of a breach of any of the undertakings in Article 3.3, (iv) to pay not later than the due date all fees payable to MTS, (v) to notify MTS, without delay, of any interruption in trading due to a software or hardware failure, or an interruption in connectivity and in such an event it shall suspend all its Quotes if it believes it is exposed to a market risk due to a system malfunction or other technical problem and (vi) to respect and accept the outcome of checks by MTS referred to in Section 7.0 of these Rules;
- h. If requested by MTS, to demonstrate at least once a year, their continuing satisfaction of the conditions for admission referred to in Article 3.1. MTS may require the presentation of any data, information or documents useful to this purpose, including certifications from auditing companies;
- i. To continue belonging to a relevant clearing and settlement institutions either directly or via an agent in relation to the Financial Instruments available for trading on the Market.
- j. To effect or procure timely settlement of each of its Trades in accordance with the relevant provision (including pending suspension, exclusion or resignation of the Participant from the Market);
- k. To keep confidential and not to disclose in any way any information or data supplied to or derived from the Market (except in relation to a particular Participant, information relating to Quotes input by such Participant) save as may be required by a regulatory body or court having jurisdiction over it, or to its Group which have entered into a confidentiality agreement with MTS in a form approved by MTS..

3.4 Resignation of Participants

Any Participant may resign from membership in the relevant MTS Market by giving not less than 3 months notice in writing to MTS and to the MoF specifying the date on which the Participant wishes to terminate its access. Resignation from the Market shall have no effect on the rights and obligations of the resigning Participant in respect of Trades concluded on the Market prior to the effective date of such resignation. Membership Documentation includes additional relevant provisions on termination.

3.5 Participant suspension from trading

1. Without prejudice to the provisions under Section 7.0, if, in relation to a particular Participant, MTS shall determine after consultation, where possible, with the MoF and the Committee, that any of the following circumstances apply, or that there are reasonable grounds for presuming that any of the following circumstances apply, it shall suspend that Participant with immediate

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effect. A Participant which is suspended shall not be permitted to input Quotes or Orders on the Market. MTS may lift a suspension if it is satisfied the circumstances which gave rise to it no longer apply.

2. The said circumstances are:
 - a. the Participant ceases to meet one or more of the eligibility criteria applicable for entry on the relevant list of Participants, with the exception of the requirement to have and maintain the minimum Capital indicated above. In such a case the suspension can be decided in case proof of replenishment of Capital has not been provided to MTS, within three months from the relevant notification by MTS;
 - b. a resolution of MTS is passed resolving that that Participant be suspended from the relevant list of Participants;
 - c. where Participant has been suspended from activity or from trading by the competent authorities, or such competent authority has instructed MTS to suspend its trading on the Market;
 - d. a request for suspension is received from a clearing or settlement agent through which the Participant clears or settles and to which the Participant has given authority to make such request;
 - e. in the case of a CCP Participant, a request for suspension is received from the CCP which the Participant uses to clear Trades executed on the Market;
 - f. in the case of a CCP Participant, a notification is received from the CCP that the Participant and/or its General Clearing Member has been suspended as a CCP Member or an "Event of Default" (as such term is defined in the respective CCP rules) has occurred or is likely to occur.
 - g. where a Participant takes or is subject to any of the following actions:
 - i. makes a UK voluntary arrangement with its creditors or becomes subject to an administration order;
 - ii. has a receiver appointed over any of its property or assets, or an encumbrancer takes possession;
 - iii. proceedings are initiated against it under any applicable liquidation, bankruptcy, insolvency, composition or other similar laws;
 - iv. an order is made or a resolution is passed for its winding-up or the dissolution;
 - v. a Participant takes or is subject to any action similar to that specified in points (i) to (iv) above in any jurisdiction.
 - h. When MTS is not satisfied that continued access would be consistent with its rules and procedures for fair and orderly trading.
3. Notwithstanding paragraphs 1 and 2 above, in all cases in which it shall prove necessary in order to safeguard the Market and its correct and reliable functioning as well as in cases of special urgency when there are reasonable grounds to believe that a Participant has committed serious infractions or is in a state of suspected insolvency, MTS may order, as a precautionary measure, the immediate suspension from trading of the Participant involved. The period of precautionary suspension shall be determined by MTS and included in its decision.
4. Any suspension of a Participant, or lifting of a suspension, shall be notified by MTS to all other Participants by such means as MTS considers appropriate.
5. Suspension from a list of Participants shall have no effect on the rights and obligations of the Participant in respect of Trades concluded on the Market prior to the effectiveness of such suspension.

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3.6 Participant exclusion from trading

1. Without prejudice to the provisions under Section 7.0, if in relation to a particular Participant, MTS shall determine after consultation, where possible, with the MoF and the Committee that any of the following circumstances apply, it may delete that Participant from the relevant list of Participants with immediate effect.
2. The said circumstances are:
 - a. suspension from trading or the relevant list of Participants for a period of 2 months; and
 - b. a resolution of MTS resolving that such Participant be deleted from the relevant list of Participants.
 - c. a material breach of the Rules
4. Any deletion from a list of a Participant shall be notified by MTS to all other Participants by such means as MTS considers appropriate.
5. Deletion from a list of Participants shall have no effect on the rights and obligations of the Participant in respect of Trades concluded on the Market prior to the effective date of such deletion.

3.7 MTS Israel Committee

1. Members of the Committee shall be representatives of the MoF, the Primary Dealers and MTS. MTS shall appoint the Committee following agreement with the MoF. MTS shall not remove any Committee member without prior consultation with the MoF. The Committee shall have such power and authority (including as to the establishment of sub-committees of MTS Israel and the delegation of power and authority to such committees) as MTS may determine following agreement with the MoF.
2. MTS at all time shall have the authority to overrule any decision or action taken by the MoF or the Committee with respect to commercial, technological or regulatory matters notwithstanding the operation of these Rules or the Committee.
3. Where there is a conflict between the MoF and the Committee, the opinion of the MoF shall prevail subject to the condition that any such decisions must not contravene any regulatory requirements of the FCA and all other applicable laws, or technical requirements of the Market.

4.0 Trading

4.1 General systems operations

1. MTS shall determine the formats of the operative and informational computer screen "pages" of the Market and may change the formats from time to time.
2. MTS, also if so indicated by the MoF, may at any time suspend the operation of all or part (including suspension of one or more Financial Instruments as per Article 2.3 above) of the Market if MTS determines that normal market conditions do not apply.
3. MTS reserves the right to terminate the Market at any time on giving at least 6 months of notice to the MoF and the Committee and, where practicable, having consulted the MoF and the Committee prior to making its decision to terminate.

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4. MTS shall have no liability whatsoever to any Market Participant (save for a refund of the pro-rata part of any pre-paid fees) or any other person for loss (including any consequential, indirect or unforeseeable loss, including without limitation, loss of profit), damage, injury, or delay, whether direct or indirect, arising from any breakdown, suspension of all or part of the Market or termination of the Market, or (in the absence of willful misconduct on its part) with respect to any action taken or omitted to be taken in connection with providing the services contemplated by the Rules.
5. In the event that a Market Participant fails to comply with the obligations to safeguard passwords and not to allow unauthorised access to the Market in breach of the provisions of Article 3.3.3(a), all direct liabilities, damages and costs resulting from such breach shall be for the sole account of such Participant and such Participant shall indemnify MTS and any other Participant in connection with any direct liabilities, damages and costs it may suffer due to such failure or unauthorised access.
6. Trades shall be executed by Participants in their own name and a Participant shall not act for a third party.

4.2 Types of Trade

1. MTS, having consulted the Committee, shall determine the types of contracts by means of which each Financial Instrument may be traded on the Market by Participants. Only types of contracts conforming to normal market practice (as such term is determined by MTS) may be traded on the Market.
2. The types of contracts available on the Market:
 - a. Spot buy or spot sell contracts; and
 - b. Repo contracts.

4.3 Market trading hours

1. The Trading Hours of the Market shall be from 09:30 to 17:30, Israel time.
2. Subject to Article 3.3.1.b, the minimum number of hours in relation to the obligations to make Quotes on the Market per Trading Day during the Trading Hours of the Market is 5 hours.
3. MTS may, amongst other things and without incurring in any liability toward any Participant in respect of suspensions or closing of the Market for the purpose of improving the functioning of the Market, postpone the start of trading for the entire Market or for single types or categories of financial instrument, or prolong trading beyond the scheduled closing time and/or temporarily suspend trading on the entire Market or for specific Financial Instruments or categories thereof in case of serious technical malfunction or other exceptional circumstances;

4.4 Quotes and Orders

1. Quotes and Orders may be made on the Market by a Participant that has not been suspended from trading;
2. Quotes for spot contracts made in fulfilling obligations under Article 3.3.1(b) shall be formulated in accordance with the relevant quotation, spread and other obligations specified in Article 4.10 (Quotation/Spread Obligations).

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3. Quotes for spot contracts may be modified at any time (subject, where made in fulfilling obligations under Article 3.3.1(b), to the relevant quotation, spread and other obligations specified in Article 4.10), but a Market Participant is obliged to conclude all contracts, at the Price quoted and up to the volume offered, for those Orders which have been confirmed by the Market prior to reception of such modification.
4. Quotes for Repo contract may be modified or withdrawn at any time but a Repo Participant is obliged to conclude all contracts, at the Repo rate quoted and up to the volume offered prior to such modification or withdrawal, for those Orders which have been confirmed by the Market prior to receipt of such modification or withdrawal.
5. The Market shall order Quotes relating to each Financial Instrument according to Best Price and, subordinate to that, according to time of entry. At the end of each Trading Day, Quotes still registered in the Market shall be automatically cancelled.
6. Subject to Article 4.4.1, a Market Participant may enter into the Market Quotes for Financial Instruments prior to the start of trading hours of the Market (as detailed in Article 4.3), but such Quotes will not be displayed to other Market Participants until the commencement of trading.

4.5 Mid-Price crossing

- a. In addition to the input of Quotes, and the matching of Quotes and Orders, or the matching of two Quotes as set out in the preceding paragraphs, where there is:
 - a. a higher level of liquidity in a certain security (as determined by MTS from time to time); and
 - b. where the functionality is available (as set out in the Market pages)

the Market will calculate a "Mid Price" between the prevailing bid offer spread. Primary Dealers Participants may put in a single sided Quote at this Mid-Price. These Quotes will only be automatically matched to Orders and other single sided Quotes at this Mid-Price. This Mid-Price functionality is not available in the Repo segment.

- b. Quotes on "Mid-Prices" will be subject to a different minimum execution size ("Minimum Mid-Price Execution Size") which will be set by MTS (and set out on the platform). Primary Dealers Participants may enter Quotes with a higher execution size than the Minimum Mid-Price Execution Size, but not a lower size.

4.6 Spot and Repo Contracts

Paragraphs 1 to 3 apply to Spot Contracts:

1. For Spot contracts, Orders are made by indicating the quantity and the "exclusion price". The "exclusion price" is the Price up to which the Participant which sends the Order is willing to execute the contract. The Order is carried out automatically by the Market up to and including the "exclusion price". The Quotes and Orders are matched by the Market until the desired quantity is reached according to a price/time algorithm as follows:
 - a. The "Best Price" is applied;
 - b. Should there be more than one Quote at the "Best Price", then the matching occurs according to the time when the Quotes were input into the Market, with the earliest taking precedence;

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- c. If applying the above mentioned criteria the entire quantity of the Order is not fulfilled, then the closest price to the "Best Price" is applied and so on until the Order is so fulfilled.
2. The provisions contained in the preceding section are also to be applied for the conclusion of Trades by the matching of two Quotes.
3. Orders are made by submitting an "order" in relation to a Quote present on the Market by a Participant confirming the quantity and the Price at which it is prepared to execute a contract Trade, subject to the Participant which has made the Quote confirming to its proposed counterparty through the Market (within the time specified by MTS from time to time) that it accepts the order submitted by such counterparty. It is at the Participants' discretion whether or not to accept Orders that are less than the Minimum Tradable Quantities.

Paragraphs 4 to 8 apply to Repo Contracts:

4. Trades are concluded upon the automatic matching of a Quote and an Order or using the Request for Quote (RFQ) functionality where the manual acceptance of the terms of the RFQ by the recipient of such RFQ is required in order to execute a repurchase contract.
5. A Trade is deemed to have been entered into at the time the matching of Orders and Quotes is displayed on the Market according to paragraph 4. In the event of any dispute arising regarding such display, the time shown in the recordings by MTS shall prevail.
6. A Quote which is partially matched by an Order shall continue to be considered a Quote for the remaining part thereof and shall maintain the priority originally allocated to it.
7. The following conditions apply to the conclusion of a General Collateral Repurchase Contract:
 - a. in respect of a General Collateral Repurchase Contract, the Repo Participant which is required to deliver the collateral under the repurchase contract identifying the Financial Instrument in question and notifying the counterparty of the same by means of the General Collateral Repurchase Contract allocation functionality. General Collateral Repurchase Contract trades not entered into at the expiry of the maximum period shall be deemed to have been concluded, and the counterparties are therefore required to execute such Trades;
 - b. the counterparty of a General Collateral Repurchase Contract being bound to accept Financial Instruments with coupon payment falling within the duration of the trade if such Financial Instruments are allocated for the execution of a General Collateral Repurchase Contract; and
 - c. the Financial Instruments to be delivered for the execution of a General Collateral Repurchase Contract being determined within a maximum period of two hours from the time of the trade.
 - d. MTS will monitor the activities of Repo Participants to a repurchase contract to ensure that the Market is being utilized in an appropriate manner, particularly regarding the identification of Financial Instruments in a timely fashion.
8. MTS will monitor the activities of Repo Participants to a repurchase contract to ensure that the Market is being utilized in an appropriate manner, particularly regarding the identification of Financial Instruments in a timely fashion.

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4.7 Conclusion and registration of Trades

1. Trades are concluded by the matching, according to procedures laid down herein of a Quote and an Order, or of two Quotes. The Trade shall be deemed to be concluded at the time when an electronic confirmation of the relevant matching is sent to either party to trade. For the avoidance of doubt MTS is never a party to any Trade.
 2. When a Trade is concluded on the Market by two CCP Participants on a CCP Financial Instruments, the Trade will be novated and replaced by two transactions with the CCP becoming the seller to the buyer and the buyer to the seller in accordance with the applicable rules of the relevant CCP.
 3. Subject to meeting the Minimum Tradable Quantities requirement, a Quote that has received a partial Order shall be considered an effective Quote for the residual portion, retaining the time priority originally assigned to it as provided herein.
 4. In addition to the input of Quotes, and the matching of Quotes and Orders, or the matching of two Quotes as set out in the preceding sections, where there is a higher level of liquidity in a certain security (as determined by MTS from time to time).
 5. All the Trades concluded on the Market shall be registered by MTS in a special electronic file in which the data regarding the Trades executed on the Market are registered as soon as reasonably practicable. Each separate contract shall have an identification number, for:
 - a. the contracting parties including, if applicable, the identity of the Central Counterparty which is the party to the CCP Contract if applicable;
 - b. type, object and time and date of conclusion of the contract;
 - c. quantity and Price.
-
2. Trades are concluded upon the automatic matching of a Quote and an Order or using the Request for Quote (RFQ) functionality where the manual acceptance of the terms of the RFQ by the recipient of such RFQ is required in order to execute a repurchase contract.
 3. A Trade is deemed to have been entered into at the time the matching of Orders and Quotes is displayed on the Market according to paragraph 1. In the event of any dispute arising regarding such display, the time shown in the recordings by MTS shall prevail.
 4. A Quote which is partially matched by an Order shall continue to be considered a Quote for the remaining part thereof and shall maintain the priority originally allocated to it.
 5. The following conditions apply to the conclusion of a General Collateral Repurchase Contract:
 - a. in respect of a General Collateral Repurchase Contract, the Repo Participant which is required to deliver the collateral under the repurchase contract identifying the Financial Instrument in question and notifying the counterparty of the same by means of the General Collateral Repurchase Contract allocation functionality. General Collateral Repurchase Contract trades not entered into at the expiry of the maximum period shall be deemed to have been concluded, and the counterparties are therefore required to execute such Trades;
 - b. the counterparty of a General Collateral Repurchase Contract being bound to accept Financial Instruments with coupon payment falling within the duration of the trade if such Financial Instruments are allocated for the execution of a General Collateral Repurchase Contract; and

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- c. the Financial Instruments to be delivered for the execution of a General Collateral Repurchase Contract being determined within a maximum period of two hours from the time of the trade.
6. MTS will monitor the activities of Repo Participants to a repurchase contract to ensure that the Market is being utilized in an appropriate manner, particularly regarding the identification of Financial Instruments in a timely fashion.

4.8 Cancellation of Trades

1. Bilateral Cancellation

Cancellation of trades shall be performed by MTS upon request of both counterparties communicated to MTS by email provided that such communication is received prior to the closing of the Market or immediately afterwards.

2. Unilateral cancellation request

If the trade cancellation is requested by only one counterparty to a trade, the following procedure shall apply:

- a. The cancellation request shall be notified to MTS by telephone or email within 5 minutes of the execution of the trade. In any case it must be confirmed by email. Upon the receipt of the notification, MTS shall immediately contact the trade counterparty with respect to such cancellation.
- b. If the counterparty promptly agrees with such cancellation request, the request shall be treated as a bilateral cancellation request and shall be executed by MTS.
- c. In the event that the other counterparty does not respond promptly or it disagrees with the trade cancellation request MTS shall ascertain whether a unilateral cancellation can be performed.
- d. In order to qualify for unilateral cancellation a trade must be proved beyond doubt to deviate considerably from the Fair Market Value of the relevant Financial Instrument at the time of execution as per sub-section e. below.
- e. Ascertaining Fair Market Value:
 - i. MTS shall ascertain the Fair Market Value of the Financial Instrument in question by immediately requesting up to five (5), but in any case not less than three (3), firm two-way inter-dealer electronic quotes for that instrument at the time of execution of the trade..
 - ii. The five Participants consulted are chosen from a pre-defined list and exclude either party of the disputed transaction (the "Selected Participants").
 - iii. The Selected Participants shall respond as soon as possible by return email with their current bid/offer spread, i.e. the two ways electronic "inter-dealer" quotes they input or would have input in any inter-dealer electronic market..
 - iv. MTS will discard the bid/offer quote containing the highest bid and the bid/offer quote containing the lowest offer and calculate truncating the result to the third decimal and then rounding to the second decimal the average of the remaining bid prices and the average of the remaining offer prices, which will determine the Fair Market Values. In case there are multiple couples with the same bid or the same offer, the couple with the tighter bid/offer spread will be deleted: if this spread is expressed by more than one couple, only one will be eliminated. In case the highest bid and the lowest offer are contained in the same couple, only this couple will be deleted.
 - v. Once the Fair Market Values are ascertained, MTS will calculate the relevant spread (average bid offer spread).
- f. The trade price in question will be considered to deviate from the Fair Market Value if it is more than 50% wider than the average bid offer spread which was calculated.

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In detail:

- **Error sale** (i.e. cancellation request is made by the seller): The transaction will be cancelled when the trade price is lower than the bid Fair Market Value by more than 50% of the above defined spread at the time of the execution of the trade.
- **Error purchase** (i.e. cancellation request is made by the buyer): The transaction will be cancelled when the trade price is higher than the ask Fair Market Value by more than 50% of the above defined spread at the time of the execution of the trade.

Example:

Instrument A 2.500 1 February 2013

The following Best bid-offer prices were on the best page – 107.15/110.25 – Seller aggresses bid at 107.15 and then reports it as an error trade (being an error sale).

Following a poll of five market participants, the five bid/offer quotes are as follows:

- 108.60/109.60
- 108.50/109.65
- 107.90/109.50
- 108.25/109.30
- 108.30/109.20

The bid/offer quote with the highest bid and the bid/offer quote with the lowest offer are disregarded leaving the following:

108.50/109.65
107.90/109.50
108.25/109.30

The average bid and offer price is calculated taking into account the three remaining bid and offer prices. The result is truncated to the third decimal and rounded to the second decimal:

- Avg Bid= $(108.50 + 107.90 + 108.25)/3 \Rightarrow 108.22$ truncated to the 3rd and rounded up to the 2nd decimal which determines the Fair Bid Market Value.
- Avg Offer = $(109.65 + 109.50 + 109.30)/3 \Rightarrow 109.48$ truncated to the 3rd and rounded up to the 2nd decimal which determines the Fair Offer Market Value.

Therefore the remaining values are 108.22/109.48 generating an **average bid/offer spread** of 126 cts

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The following bid and offer limits are obtained by applying the 50% deviation margin to the average bid/offer spread (126 cts):

107.59/110.11

The sale executed at 107.15 will be cancelled as the low parameter is 107.59 i.e. all sales < 107.59 may be cancelled should that be requested by the seller in the present example.

- g. If the relevant reported trade is proven to be off the Fair Market Value based on the criteria listed above, MTS shall perform the unilateral cancellation of the relevant trade.
 - h. MTS will inform the counterparties to the relevant trade via telephone (confirmed by e-mail) of its decision to cancel unilaterally the requested trade within 35 minutes from the conclusion of the erroneous trade.
 - i. In the event of CCP-Contracts, where the counterparties of the trade are non disclosed, MTS is entitled to reveal the identities in order to resolve the trade dispute, if deemed useful to resolve the trade dispute.
2. In the event of a Major Market Incident, MTS shall cancel the trades affected by such MMI. In connection with such cancellation, MTS shall also be entitled to take into account trades entered into outside of the MMI period but affected by the incident. MTS shall also be entitled to determine whether trades entered into during the MMI period have remained unaffected by such MMI. MTS may at its discretion consult the Participant whose trades have been or may be affected by an MMI. MTS shall inform the Participants and the supervisory authorities in a timely manner of the occurrence of an MMI and shall specify the time of the commencement and end thereof. The parties of the trades subject to cancellation shall be notified within the close of the trading day, unless force majeure prevents such notification.
3. MTS shall on its initiative cancel trades or correct data relating to Financial Instruments whose issuance has been announced but has not occurred yet or where the volume of the issuance is significantly lower than announced.
4. For the purposes of these Rules, Major Market Incident ("MMI") means one of the following events:
- a. the improper functioning of the Market so that all or a significant number of Participants is unable to trade in a secure manner without being exposed to material market risks (i.e., if they cannot determine their positions with certainty, may not submit quotes, are unable to see the list of best Prices or see wrong Prices in the best page, or are unable to perform, in whole or in part, the market making activity);
 - b. the security or integrity of the Market is compromised or subject to an imminent risk, or MTS is unable to see or control the Market using standard measures.
5. The occurrence of a MMI is identified by MTS. The duration of a MMI shall run from the time when the first impact on the Market occurred and shall last until the Market determines that the normal conditions of the Market have been restored. In the event of a MMI, MTS shall take the most appropriate measures, including the suspension of trading on the relevant market or segments thereof.

4.9 Law governing Trades

Subject to the provisions of these Rules, or market practice as such practice shall be determined by the Committee, Laws of England and Wales shall be the laws governing all Trades concluded on the Market. In the event of any dispute as to the applicable governing law, the decision of MTS shall be final and conclusive.

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4.10 Allocation of Financial Instruments to Primary Dealers

1. The general principle is that all Participants are allocated all Financial Instruments. However, the MoF after consultation with the Committee shall allocate for the purposes of the obligation to make Orders in accordance with Article 4.10 certain Financial Instruments amongst Participants and may, from time to time change that allocation, but normally not more frequently than on a monthly basis.
2. The MoF shall notify each Participant as to the Financial Instruments allocated to it not less than 2 Trading Days prior to the commencement of the obligation to make Orders on such Financial Instruments by electronic notification or through publication on the Market. Participants shall not be entitled to require information as to which Financial Instruments have been allocated to other Participants.

4.11 Market Makers' Quoting Commitments

Nominal coupon Financial Instruments issued by the MOF

Maturity bucket	Minimum quote size (ILS million) liquid Selected Securities	Maximum bid/offer
A (less than 3 years)	10	10
B (3+ - 6yrs)	10	15
C (6+ - 13.5 yrs)	10	25
10 Yr On-the-Run Securities	10	20
D (>13.5yrs)	10	40

Inflation-linked Financial Instruments issued by the MOF

Maturity bucket	Minimum quote size (ILS million) liquid Selected Securities	Maximum bid/offer
A (less than 3 years)	10	20
B (3+ - 6yrs)	10	25
C (6+ - 13.5 yrs)	10	30

All Primary Dealers are relieved from their quoting obligations from Fridays through Sundays included and the Market will remain closed.

4.12 Suspension of Quoting Commitments on Financial Instruments

The General MTS Domestic Market Rules apply

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5.0 Clearing and settlement of Trades

5.1 Clearing and Settlement of Trades

Participants agree to give MTS the right to transmit settlement instructions on their behalf at the end of the Trading Day in respect of Trades carried out on that day to the Tel Aviv Clearing House (TACH) (or such other clearing and settlement institution as specified by the Committee).

Clearing and settlement will take place in accordance with the procedures and regulations set forth by the relevant clearing and settlement institution. The settlement cycle will follow the market practice for the relevant Financial Instrument unless determined otherwise by the Committee.

6.0 Provision of data and information

6.1 Provision of data to Participants

1. For each Financial Instrument, MTS makes available to each Participant, as close to real time as reasonably possible, the following information:
 - a. all the Quotes which it has input on the Market, with Price and quantity;
 - b. Price and quantity of the aggregated five best sell and buy Quotes;
 - c. Price, quantity, and time of the last concluded Trade, except for Trades concluded via the RFQ functionality;
 - d. the current status of all the Quotes entered by it and the itemised list of all the Trades it has executed.
2. MTS shall also provide to each Participant statistics for each Financial Instrument containing the following information:
 - a. within the course of each Trading Day: identification code and description of the Financial Instrument, the minimum, maximum and weighted average Price, and traded volumes, calculated based on Trades executed during the same Trading Day;
 - b. at the opening of each Trading Day: Identification code and description of the Financial Instrument, the minimum, maximum and weighted average Price, and traded volumes, calculated based on Trades executed during previous Trading Day;
 - c. at the end of each Trading Day: information about Trades executed via the RFQ functionality.
3. All information made available within such statistics on the trading screen to a Participant pertaining to other Participants shall be in anonymous form.
4. MTS may delay publication of the information referred to in the preceding paragraph in the event of serious technical malfunctions that make it impossible to establish the correct data and the information to be published.
5. Following each Trading Day, MTS shall make available, to each Participant, information regarding its compliance with its obligations to make Quotes in accordance with Article 3.3.1(b). Such information is confidential and will not be available to other Participants.

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6.2 Provision of data to Authorities

MTS shall supply to the FCA and to the relevant Israeli regulator data and information on the Trades concluded, and the activities carried out by Participants and all other data, information, acts or documents requested by the FCA and/or by the relevant Israeli regulator or required for MTS to comply with its obligations to the FCA and to the relevant Israeli regulator, provided that the provision of any information to a relevant Israeli regulator by MTS does not violate any of its regulatory requirements with the FCA.

6.3 Provision of data to debt management offices

Provided that it is in compliance with applicable regulatory requirements, MTS may submit to the relevant debt management office, upon request, data and information related to:

- a. the quoting activity on the Market; and
- b. the activities carried out by Participants on the relevant MTS Market.

6.4 Provision of data to the public

1. At the end of each Trading Day MTS may make public on its website a list that reports, for each Financial Instrument traded on the Market, at least the minimum, maximum, and weighted average Price and total volume traded calculated with reference to the Trades executed in the previous Trading Day. Cancelled trades shall be excluded from such list. MTS reserves the right to also exclude from such list, those transactions it considers anomalous.
2. MTS may make publicly available on its website, with a fifteen minutes delay, the Price, quantity and time of the most recently concluded Trade and the Price and quantity of the best buy and sell Quotes for each traded Financial Instrument. In the event of a Trade in excess of Euro 7 million, the exact size of the Trade may not be published.
3. Additionally, MTS may make available to the public, in anonymous form, via local Israeli and international information providers, the following Live Data:
 - a. in respect of Financial Instruments:
 - i. best 5 bids and offers for spot contracts;
 - ii. aggregate volume on best 5 bids and offers for spot contracts.
 - b. in respect of individual spot trades with the following given for the last trade:
 - i. time;
 - ii. underlying Financial Instruments;
 - iii. price and volume.

6.5 Amendments and communications

1. MTS can amend the Rules in accordance with the provision of the General Terms and Conditions, as published from time to time on MTS website <http://mtsmarkets.com/Documents/General-Terms-and-Conditions> . The communication of such amendments will also follow the provision of the General Terms and Conditions. Prior consultations with the MoF and the Committee are required.

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2. MTS from time to time will communicate to the Participants information necessary for their trading activity on Market in accordance with the relevant provision of the General Terms and Conditions.

7.0 Supervision and Sanctions

7.1 Monitoring the course of trading

1. MTS monitors the behavior of Participants during the Trading Hours and verify compliance with the Rules and with the Applicable laws, including those on market abuse.
2. MTS may perform, amongst other things, the following activities:
 - a. verification of compliance with the undertakings referred to in Article 3.3;
 - b. monitoring of the Participant trading activity to ensure the operation of a fair and orderly Market, including for the purpose of verifying compliance with Applicable laws on market abuse;
 - c. handling incorrect entries of Quotes and Orders into the Market;
 - d. performing technical checks with regard to anomalous trading on the Market;

MTS, in case of doubts, may promptly request clarification from the Participant, requiring them to provide all relevant data and information. Participant shall cooperate with such requests and supply information in the shortest time possible. Additionally, MTS may carry out audits at a Participant's premises, on giving due notice and in accordance with the procedures provided in the current General Terms and Conditions, for the sole purpose of checking their compliance with the Rules.

3. MTS shall keep confidential all information acquired in the course of its Market monitoring activities. In accordance with Applicable Laws, when requested by a competent authority, MTS will disclose or report the data and information requested. In its activity on the Market, each Participant will provide certain trade and transaction data (collectively, the "Transaction Data") to MTS. Each Participant agrees that MTS is entitled to aggregate and/or compile the Transaction Data with that of other Participants, provided that such aggregated data does not directly or indirectly identify the Participant as the source of such data or that of the Participant's trading strategy (the "Aggregated Data"). All intellectual property rights in the Aggregated Data shall belong to and vest solely with MTS, and the Participant agrees that MTS shall be entitled to dispose, use, licence or sell the Aggregated Data as it determines in its sole discretion. Each Participant further agrees that MTS may disclose Transaction Data to any third party as MTS determines is necessary to facilitate the management and usage of the Market.

7.2 Breach of undertakings

When a Participant is in breach of one or more of the undertakings contained in Article 3.3 or where there are reasonable grounds for presuming that even one of the undertakings in Article 3.3 is no longer satisfied, MTS might apply to the Participant the following sanctions, depending on the nature and seriousness of the action and on the existence of any previous breaches by the same Participant:

- a. a written censure;
- b. a fine of between Euro 2,000 and Euro 20,000;
- c. suspension from trading;
- d. exclusion from the relevant list of Participants.

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Before applying any of the above sanctions, MTS shall consult with the Committee, only on a no name basis and to the extent that no member of the Committee is in a conflict of interest situation. In such a case MTS shall consult with the MoF.

In case of written censure, as referred in (a) above, MTS may, at its discretion, in particular with regard to breaches of quoting obligations, refrain from proceeding if the MoF has already acted upon such behaviour.

7.3 Procedure in respect to article 7.2

1. When MTS has reason to believe that a Participant has committed a breach of any provision of these Rules, MTS shall send to the Participant a written notice describing the presumed breach, asking for any relevant information. Email communications are acceptable for this purpose.
2. Within ten calendar days from the sending of the notice referred to in Article 7.3.1 above, the relevant Participant may file with MTS a memorandum and documents to explain their conduct and may ask for a meeting with representatives of MTS.
3. Once the above mentioned ten days have passed, MTS, having heard the Participant if the latter has so requested, and examined any memorandum and documents filed, shall adopt one of the sanctions referred to in Article 7.2 or shall decide to terminate the procedure. MTS shall impose sanctions using non-discriminatory criteria. If not provided otherwise in the decision, sanctions shall take effect on the date they are notified to the Participant. For the avoidance of doubt, sanctions issued by MTS shall not impact on measures, if any, adopted by the authorities for the purposes of ensuring the execution of Trades still open.
4. The decision pursuant to Article 7.3.3 above shall be communicated in writing to the Participant. The decision shall specify the mean by which it shall be publicised. Publicity can be omitted when the sanction applied is that of written censure, which shall be private.
5. For the purpose of safeguarding the fair and orderly functioning of the Market as well as in cases of urgency, when there are reasonable grounds to believe that a Participant has committed serious breaches or is in the process of being declared insolvent, without prejudice to the provisions of this Section 7.0, if necessary MTS, at MTS sole discretion, may, as a precautionary measure, suspend with immediate effect the Participant from trading on the Market. The suspension should not ordinarily exceed twenty Trading Days. The suspension order referred to above shall cease to be effective upon the decision taken pursuant to Article 7.3.3 being communicated to the Participant.
6. If the sanction consists in the suspension of the Participant from trading, it shall be revoked by MTS when the reasons behind its issuance have ceased to exist. A Participant that has been excluded from the relevant list of Participants may, at the discretion of MTS, be re-admitted to the Market pursuant to a new application under Article 3.2, only after one year has elapsed from the date of notification of such exclusion.

7.4 Failure to honour Quoting Commitments

The General MTS Domestic Market Rules apply

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8.0 Final Provisions

8.1 Liability

1. MTS reserves the right to close the operation of the Market at any time. In this event, MTS shall give the Participants such notice of termination in writing as is reasonably practicable in the circumstances. Nevertheless, MTS shall be entitled to close the Market immediately on written notice to Participants if MTS is not able to keep the Market open due to an event beyond MTS' reasonable control.
2. MTS shall have no liability (save for a refund of the pro-rata part of any prepaid fees) to any Participant in respect of any suspension, termination or closing of the Market.
3. In the absence of fraud and/or willful misconduct on its part, MTS shall have no liability to any Participant or any other person with respect to any action taken or omitted to be taken in connection with providing the services contemplated by these Rules. Further, MTS shall have no liability to any Participant or any other person for consequential, indirect or unforeseeable losses or damages.

8.2 Disputes

Any dispute or issue arising out of or in connection with the Membership Documentation, including any question regarding its existence, validity, termination, form, interpretation and the obligations deriving there under, including the participation to the markets and the acts consequent thereto and the application and interpretation of the Rules, shall be referred to and finally resolved by arbitration under the London Court of International Arbitration, which Rules are deemed to be incorporated by reference into this clause.

- The number of arbitrators shall be three.
- The seat, or legal place, of arbitration shall be London, United Kingdom.
- The language to be used in the arbitral proceedings shall be English.

Disclaimer Heading

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