



MTS Israel Committee Terms and Conditions

The purpose of this Memorandum is to define the operating procedures of the Committee of MTS Israel.

The terms within this Memorandum with the initial letter capitalised shall have the same meaning as ascribed to such terms in the Rules unless and to the extent that any such term is expressly defined herein.

1 COMPOSITION OF THE COMMITTEE

In accordance with Article 2.6 of the Rules, the members of the Committee will be the Ministry of Finance of the State of Israel (the "MoF"), the Company, and the official Primary Dealers, as nominated by the MoF.

The MoF will appoint two members and the Primary Dealers will appoint one member each. The Company shall appoint a representative to the Committee.

The Chairman and the Secretary of the Committee shall be the two MoF representatives. The Chairman of the Committee shall be responsible for the formal liaison between the Committee and the Company.

A Committee member unable to attend a meeting may appoint a substitute. Such a substitute representative will have the same powers as the ordinary member.

If, under exceptional circumstances caused by *force majeure* events a member and his or her substitute cannot attend, the member can request the Committee Chairman to appoint a second substitute to participate to Committee meetings on his or her behalf.

2 ROLE OF THE COMMITTEE

The Committee will have the responsibilities and powers delegated to it by the Rules.

3 MEETINGS

3.1 Meetings shall be convened by the Chairman at least four times a year. Additional meetings may be called as determined by the Chairman. A simple majority of the System Participants can request the Chairman to call a meeting to discuss a specific matter.

3.2 In normal circumstances, the agenda shall be submitted at least one week



prior to the meeting. E-mail transmission shall be the usual mode of delivery of information between the Chairman and the Members.

- 3.3 The MoF may convene an Extraordinary Meeting of the Committee on giving 7 days written notice to all Committee members or such shorter notice as may be acceptable to all members.
- 3.4 For a meeting to be valid, at least two thirds of the members must be present.
- 3.5 Each Committee member will have one vote, including the Chairman appointed by the MoF. The Secretary appointed by the MoF will have no voting right.
- 3.6 Except as required by the Rules, decisions of the Committee shall be taken by a simple majority; in the event of a tied vote, the MoF shall have the casting vote.
- 3.7 The Company representative shall have one vote and only in relation to IT issues, membership and execution fees and data sales. The Company shall have the authority to veto any decision made by the Committee if required for the Company to comply with its regulatory obligations or for commercial reasons.
- 3.8 With the prior consent of the Committee Chairman, a Committee member may participate in a meeting by means of a conference telephone call or similar method of communication, whereby all the Members participating in the meeting can hear each other. Committee members participating in this manner shall be deemed to be present in person at such meeting.
A member cannot attend more than one fourth (1/4) of the meetings convened over the course of the year by means of a conference call.

4. ALTERNATIVE CONSULTATION PROCEDURES

- 4.1 In the course of normal functioning of the System, and specifically with a view to improving certain functionalities relating to market operations, the Chairman may utilise a written consultation procedure. The Chairman may set voting deadlines for such consultation procedure.
- 4.2 The Committee may appoint one or more, but less than all members of the Committee, to a sub-committee to work on a specified issue. Each sub-committee shall keep the Committee fully informed of its work.
- 4.3 Committee members are encouraged to maintain regular communication to ensure a proper functioning of the System. The MoF shall be responsible for the circulation of Committee communications.



- 4.4 In between the official meetings, the use of e-mail communication (PC or Bloomberg) is a normal communication method. The Committee members will provide at least two main contact persons relating to the communications of the Committee issues. Any change in the contact information must be communicated to the secretary of the Committee within 48 hours of such change.
- 4.5 Changes to the following parameters in the Rules shall be made only with approval of both the MoF and the Committee:
- Minimum quoting size for each Selected Security
 - Maximum bid/offer spread for each Selected Security
 - Mandatory trading hours for each Selected Security