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## CLIENT UPDATE



### New Regulations Allowing for English Language Reporting under the Israeli Securities Law

November 23, 2020

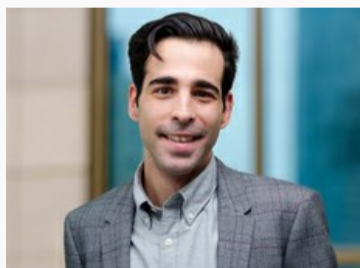
On November 17, 2020, new regulations were enacted and published under the Israeli Securities Law, 1968. The new Securities Regulations (Reporting in the English Language), 2020 (the "Regulations") allow reporting companies to file prospectuses and other filings in the English language, without Hebrew translation. Under the Regulations, a company conducting an initial public offering in Israel may choose English as its reporting language, and, if so, it shall indicate that in its IPO prospectus. Furthermore, a reporting company may change its reporting language from Hebrew to English and *vice versa* through the adoption of a board resolution and the filing of an immediate report to that effect. However, the holders of at least 2% of the company's issued share capital or of 2% of the nominal value of any debenture series issued by the company may object to a change in the reporting language within 14 days from the date of the immediate report. In that case, the change in the reporting language will require approval of the shareholders and the holders of each debenture series, by a vote of the majority of the shares or principal amount of indebtedness participating in a shareholder or debtholder meeting that will be convened for that purpose, in each case excluding the vote of the company's controlling shareholders.

The Regulations were enacted following a proposal by the Israel Securities Authority (ISA). The rationale proposed by the ISA is that the obligation to report in Hebrew is a barrier preventing the entry of many foreign players into the Israeli capital markets. ISA Chair Ms. Anat Guetta mentioned in her statement that the enactment of the Regulations represented the ISA's continued efforts to incorporate international standards in the Israeli capital markets and thereby further encourage the entry of foreign investors, analysts, underwriters and issuers into the Israeli arena. As indicated in the ISA's statement, there are already 53 companies reporting in English under the ISA's dual listing rules, and the trading in these companies constitutes approximately 40% of the Tel Aviv Stock Exchange's trading volume.

The Regulations will become effective three months following their publication, namely in mid-February 2021.

To view the regulations as they were published in the public records (Hebrew)- Click [here](#); to view the Israel Securities Authority's announcement (Hebrew) - Click [here](#).

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