TEL AVIV STOCK EXCHANGE
הבורסה לניירות ערך תל אביב

THE TEL-AVIV STOCK EXCHANGE LTD

2023 ANNUAL REPORT

This English version is only for convenience purposes. This is not an official translation and has no binding force. Whilst reasonable care and skill have been exercised in the preparation hereof, no translation can ever perfectly reflect the Hebrew version. In the event of any discrepancy between the Hebrew version and this translation, the Hebrew version shall prevail.

THE TEL-AVIV STOCK EXCHANGE LTD.

Annual report for 2023

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Part 1

Description of the Company's Business

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DESCRIPTION OF THE COMPANY'S BUSINESS

Part One - Description of the General Development of the Company's Business

1.1 The Company's Activities and a Description of the Development of Its Business

1.1.1 General

1.1.1.1 The Company was incorporated in Israel on 28.9.1953, as a company limited by the guarantee of its members, pursuant to the Companies Ordinance, 1929, under the name the Tel-Aviv Stock Exchange Limited (hereafter, also "**TASE**").

In 1969, following the enactment of the Securities Law, the Company was granted a license to manage a stock exchange, pursuant to the provisions of section 45(A) of the Securities Law. The Company, together with its subsidiaries, TASE Clearing House, MAOF Clearing House and the Nominee Company, is engaged in the trading and settlement of securities (including derivatives) and associated transactions.

1.1.1.2 On 6.4.2017, the Securities Law (Amendment No. 63), 2017 ("**Amendment 63**"), on the demutualization of TASE was published in the Official Gazette. To the best of the Company's knowledge, the primary purpose of Amendment 63 was to outline the change in the ownership structure of a stock exchange in Israel while severing the connection between its owners and members, thereby making it a for-profit company (with the ability to distribute dividends to its shareholders), to expand the base of companies on TASE and to make the stock exchange accessible to a larger number of entities. Another goal of Amendment 63 was to lay a foundation for future strategic collaborations with foreign stock exchanges and strategic investors. For further details, see Section 1.38 below.

Against this backdrop, on 7.9.2017 the Tel Aviv District Court approved the plan for the demutualization arrangement of TASE (the "**TASE Demutualization Arrangement**"). The TASE Demutualization Arrangement had two primary immediate and related goals. First, a change in the form of incorporation of the Company, from a company limited by guarantee without any share capital, to a company limited by shares, with one type of shares; second, to make the capital and voting rights of the TASE members equal, on the basis of the commonly accepted principle of "one share, one vote," and to abolish the special arrangements for the appointment of directors set forth in the Securities Law, in the Company's previous articles of incorporation, and also pursuant to the reduction in the number of members of the Board of Directors of the Company. As a result, and in compliance with the corporate governance provisions that apply to TASE under Amendment 63, on 6.7.2018, the Company completed its transition to a "for-profit" private company.

Further to the aforesaid, on 1.8.2019, the Company closed the process for an initial public offering of the Company's shares and their listing on the Tel-Aviv Stock Exchange, and the Company became a public company.

1.1.1.3 As of Reporting Date, the Company, together with TASE Clearing House and MAOF Clearing House (together, the "**Clearing Houses**"), manage a stock exchange and clearing houses for securities.

The Company, together with TASE Clearing House, MAOF Clearing House and the Nominee Company, are referred to herein as the **"Group**" or the **"TASE Group**".

A stock exchange is a company licensed by the Israel Securities Authority (hereafter: "**the Authority**") to establish and manage a multi-lateral system through which trading in securities is conducted, by means of matching orders for the purchase and sale of securities, and enhancing transactions between purchasers and sellers of securities, which operates on a non-discretionary basis, pursuant to rules set forth and published in advance.

The Company is responsible for the management of a regulated market for the trading of securities in Israel, pursuant to the rules set forth in the TASE Rules (the **"TASE Rules**") and in the TASE Regulations, which are set pursuant to the Securities Law [1]. Within this framework, the Company manages a system for the trading of a wide variety of securities and financial instruments listed therein. It provides an operating and regulatory infrastructure for the execution of such trading, alongside various associated services, such as data distribution services, services in connection with listing, and it also provides an infrastructure for the settlement of these transactions through its clearing house subsidiaries.

A clearing house is a company that is licensed to open and manage a central system for the settlement of transactions in securities (namely, the delivery of the security and the delivery of the consideration for the security, pursuant to the terms of the transaction).This may include the provision of central custody services (Central Securities Depository - CSD) for the securities and/or it may act as a Central Counterparty (CCP) for transactions in securities, to ensure the settlement of the transaction.

Accordingly, the TASE Group's only reportable area of activity, which is reported as a business segment in the Company's consolidated financial statements, is the trading and settlement of securities transactions.

The provision of a central financial market infrastructure for trading investment instruments, with high levels of capacity, flexibility and reliability, pursuant to the required business and regulatory standards, involves a high fixed cost. After this investment, the marginal cost of executing associated or supplementary actions is relatively low. Therefore, the TASE Group benefits from tangible advantages in relation to the development and penetration of products and services that are complementary to and/or associated with their trading and clearing activities.

Currently, as the only stock exchange in Israel, the Company plays a central role in the Israeli economy and constitutes a market infrastructure important for the economy's growth. TASE is the "home court" of the capital raisers in Israel: many Israeli corporations[2] are assisted by TASE in financing their investments and their business activities. TASE assists the government, among other things, in selling shares to the public as part of the privatization process. TASE is also the "home court" of the investing public and the securities industry in Israel. For the investors, TASE is a sophisticated and reliable trading platform for securities trading, including a wide range of financial instruments.

Shortly before the date of the Report, approximately 650 companies that have issued equity and debt instruments, 525 ETFs and foreign funds, including the Government of Israel, benefit from TASE's services in Israel, and hundreds of thousands of investors, including households, invest directly using TASE. In fact, the majority of households in Israel are exposed to activity in TASE's markets through

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1 The TASE Rules (as distinguished from the Company's articles of incorporation), together with the TASE Regulations and the Bylaws of the Clearing Houses, will be referred to as the "**TASE Rules**."

2 While the majority of issuers of the securities listed on TASE are incorporated as companies, in certain areas of activity the securities of limited partnerships are also listed on TASE (chiefly in the field of oil and gas and research and development). Therefore, reference to companies and corporations in this Report also includes reference to these partnerships.

entities engaged in the management of investments, primarily pension funds, insurance companies, provident funds, advanced study funds and others.

The added value inherent in the Company's activities as a central trading infrastructure are substantial. This value is reflected in the increase in value of companies as a result TASE's creation of liquidity for their shares, as well as decreased interest on raising of debt as a result of greater tradability of debt instruments. At the same time, the investing public benefits from low transaction costs on investments and access to a variety of assets, while ensuring transparency and the receipt of up-to-date information, along with the existence of an ongoing and reliable mechanism for determining the market value of the investment.

The securities traded on TASE as of Reporting Date include, among other things, shares, participation units, corporate bonds, structured bonds, convertible securities, ETFs, treasury bills and government bonds. In addition, derivatives issued by MAOF Clearing House which include, as of Reporting Date, options on shares, options and futures on equity indices and on foreign currency exchange rates, are traded on TASE.

Transactions in securities listed on TASE are executed through TASE members only, both on their own behalf and on behalf of others, and they are settled through TASE Clearing House, a wholly owned subsidiary of the Company. In addition, TASE Clearing House provides central counterparty (CCP) services and securities custody services (CSD), for the realization of rights attached to the securities listed on TASE and, for the settlement of payments of issuing companies, such as interest and dividends to security holders who hold the securities through TASE members. Given the above, it is clear that the activities of TASE Clearing House are supplemental to the Company, interwoven with the Company's activities and vital to the smooth and effective functioning of a stock exchange.

The clearing of securities on TASE-CH is carried out through the accounts of the Clearing House members at TASE-CH. Monetary clearing is carried out at the Bank of Israel based on instructions sent by TASE Clearing House to the Bank of Israel. Monetary clearing in shekels is carried out at the Bank of Israel through the "ZAHAV" (RTGS) system (a system for the daily settlement of payments in real time, managed by the Bank of Israel) (the **"ZAHAV System**"). The debits and credits on the ZAHAV System are final. Monetary clearing in U.S. dollars is executed through the Bank of Israel outside the RTGS system. In addition, TASE Clearing House allows, with certain restrictions anchored in its bylaws, the clearing of corporate actions in foreign currency, not through the Bank of Israel, but rather directly through the members' correspondent accounts overseas[3].

In order to mitigate the risk inherent in the settlement of the transactions at TASE Clearing House, settlement is effected using a DVP (Delivery Versus Payments) mechanism, whereby the clearing of the securities is synchronized with the monetary settlement. For further details, see Section 1.7.3. below.

Pursuant to the Joint Investment Trust Law, 1994, TASE Clearing House settles instructions for the creation of units in funds for joint investments in trusts (open-end mutual funds and ETFs), and instructions for the redemption of the units and for the exercise of rights and the execution of other payments with respect to these units.

In addition, TASE Clearing House provides custody and settlement services for securities that are not listed for trade on TASE ("**NLT**"), including through an investment funds' system.

In order to handle securities of dual-listed companies, which are listed both on the stock exchange in Tel Aviv and on stock exchanges overseas, and are cleared both at TASE Clearing House and an

[3] To the date of the report, TASE-CH supports the clearing of corporate actions in U.S. dollars, Euros, pounds sterling and Singapore dollar, without the involvement of the Bank of Israel.

overseas clearing house, TASE Clearing House opened accounts at the DTC (the central clearing house in the United States, which provides clearing and custody services for securities in the United States, "**DTC**") and at Euroclear Bank ("**Euroclear**") (which is a central European clearing house that provides clearing and custody services for securities in and outside of Europe).

Additional activities of TASE Clearing House include operating services for the lending pool of the Ministry of Finance. The lending pool includes government bonds issued pursuant to the Government Loan Law, 1979 and the regulations thereunder ("**Government Bonds**") and serves to lend Government Bonds to market makers approved for this purpose by the Ministry of Finance[4], and the settlement of transactions in Government Bonds executed on the MTS Israel system[5].

In addition, TASE Clearing House manages on behalf of the Bank of Israel the deposit of collateral for the Bank of Israel by the banks that participate in the ZAHAV System, against the credit that the Bank of Israel allocates to them (ICS - Intraday Credit System). As part of its activities, TASE Clearing House manages an array of collateral that is received from the members of TASE Clearing House in respect of the default fund, which was set up by it and is intended to handle situations of default by a Clearing House member.

Derivatives (options and futures) are issued by MAOF Clearing House, which is also a wholly owned subsidiary of the Company and was incorporated in 1957 (under a different name) and commenced operations in the field of financial instruments in 1993. The derivatives are traded on TASE and the transactions are cleared through MAOF Clearing House. As part of its activities, MAOF Clearing House manages a range of margins received from its members with respect to the ongoing activity of the members and of their clients in the derivatives market, and with respect to the default fund, which was set up by MAOF Clearing House and is intended to handle situations in which a MAOF Clearing House member has defaulted.

It should be noted that, as part of its activities, the Company also distributes information relating to the trading on TASE, including announcements of companies that are traded via the MAYA site (an online system for company announcements - http://maya.tase.co.il), which the Company operates as part of its website at http://tase.co.il (the "**TASE Website**"), and TASE announcements. It is also engaged in the registration of securities, the provision of connectivity services (communication lines to members and hosting services), the preparation of indices etc. For additional information on new products, see section 1.17 below.

1.1.1.4 On 25.10.2017, the Nominee Company, which is a nominee company pursuant to its definition in the Securities Law, was established. Its primary activity is the registration of securities of publicly traded or reporting corporations (that are not foreign companies) in its name in the securities register of these corporations, and their deposit with TASE Clearing House, as well as the day-to-day handling of the rights attached to these securities. For further details regarding the activities of the Nominee Company, see Section 1.7.3.4 below.

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4 A primary dealer who wishes to borrow Government Bonds must provide collateral for lending through TASE Clearing House. The lending pool agreement between the Ministry of Finance and TASE Clearing House is included in the TASE Rules.

5 A trading system, which is located in Europe, on which government bonds of the State of Israel are also traded, and is managed by Euro MTS Ltd. For further details, see Section 1.37.1 below.

1.1.2 **The holdings' structure chart for the Group, as of Reporting Date:**



* One share of MAOF Clearing House is held by TASE Clearing House.

1.2 **Area of Activity**

As stated above, as of Reporting Date, the Company has a single area of activity reported as a business segment in the Company's consolidated financial statements – the area of trade and settlement of transactions in securities. For details regarding the area of activity, see Section 1.7 below.

1.3 **Investments in the Company's Equity and Transactions in Its Shares**

1.3.1 **Transfer of surplus consideration from the sale of Company shares by other shareholders**

According to the provisions of Section 41(L)(2) of the Securities Law, as amended within the framework of Amendment No. 63, a shareholder at TASE that sells shares of the Company that had been allotted to those who were shareholders in the Company at the time of approval of the arrangement for the restructuring of TASE (hereafter: "**the Arrangement Shares**") in consideration for an amount per share exceeding NIS 5.086 is required to transfer to TASE the difference between the actual consideration and the Base Price (hereafter: "**the Excess Consideration**"), where, pursuant to the provisions of said section, the amounts of the Excess Consideration are to be used for the reduction of commissions and/or for the development and upgrading of TASE's systems. In view of the aforesaid, since 1.1.2019 until the end of 2023, following sales of the Arrangement Shares, the Company received a total of NIS 64 million, including the consideration received in the offering, which was carried in the financial statements directly to the Company's equity. For additional information, see note 19 C to the Company's consolidated financial statements as of 31.12.2023, which are included in this periodic report.

Following the discussions held over the past two years between TASE and the five TASE members that hold the Arrangement Shares, which included controversies in relation to their continued holding of the Arrangement Shares and their entitlement to a dividend and TASE's resolution to discontinue the dividend distribution policy and adoption and execution of buyback plans, on 14.12.2023, the Board of Directors of TASE approved a move concerning the Arrangement Shares (in this section: "the **Move**"). Within the framework of the Move, it was agreed that, subject to the payment by TASE of a special dividend in an amount of NIS 2.5 per share to all shareholders at TASE, the five TASE members that hold 17,156,677 Arrangement Shares (hereafter: "**the Selling Shareholders**") will grant an irrevocable power of attorney to Leader & Co. Investment House Ltd. (hereafter: "**Leader**") for the sale of the aforesaid shares, for the duration of 12 months from the payment date of the

[6] An amount that was determined in accordance with the definition of the term, "value of sold means of control" in the transitional provision and that reflects the equity of TASE as of 31.12.2015.

aforesaid dividend, whereby, for each such sale TASE will receive the Excess Consideration (net of commissions and other related expenses). It should be noted that, on 13.12.2023, the position of the Israel Securities Authority was received, pursuant to which it does not intervene in TASE's position that the Move does not contradict the provisions of Amendment No. 63.

The move included the mutual waiver by the parties of any contention, demand or claim in connection with arguments that had been exchanged between them in relation to the Arrangement Shares, as aforementioned.

After the date of the financial statements, on 24.1.2024, the book building process was completed for the acquisition of the 17,156,677 Arrangement Shares by a number of Israeli public institutions and foreign public institutions (hereafter collectively: "**the Acquiring Institutions**"), at a price of NIS 20.6 per share.

The (gross) consideration for the shares totaled NIS 353.4 million, of which NIS 87 million was paid to the Selling Shareholders and TASE received (net, after deduction of commissions and other related expenses) NIS 242 million. The consideration transferred to TASE was carried directly to the equity of TASE and in accordance with the provisions of Amendment No. 63 of the Securities Law will be used for investment in technological infrastructure of TASE.

To complete the picture, it should be noted that, for the purpose of implementing the Move and arranging the settlement of the transactions with the foreign Acquiring Institutions, TASE, Leader and Jefferies LLC (hereafter: "**Jefferies**") entered into a distribution agreement.

As customary in this type of agreements, the distribution agreement includes representations by the parties thereto, including representations by TASE, inter alia, in relation to the appropriateness of the disclosure provided in the reports of TASE and the non-use of insider information. Additionally, TASE has undertaken to Jefferies to indemnify it in the event of a claim being filed by either of the Acquiring Institutions due to violation of TASE's representations or undertakings in the distribution agreements, and a mechanism was set that facilitates suspension of the payment of the indemnification portion exceeding 25% of the equity of TASE (as per the most recent financial statements on the date of such payment), should a concern arise that its payment could compromise the stability of TASE, as shall be determined by the Board of Directors of TASE, until such concern has been lifted.

To complete the picture, it should be noted that, as part of the Move and despite the existence of sufficient liquid balances, the Board of Directors of TASE has approved TASE's engagement in an agreement with a financial institution for the receipt of a loan in an amount of up to NIS 150 million (hereafter: "**the Loan Agreement**"). For further details regarding the loan, see section 1.32 below.

For additional information, see the immediate reports published by the Company on 14.12.2023 and 24.1.2024 (reference nos.: 2023-01-136362 and 2024-01-008002).

1.3.2 On 2.11.2023, Novo Holdings A/S, a foreign company registered in Denmark announced that it has become an interested party in the Company (hereafter: "the Interested Party"), following the purchase in an OTC transaction of 4,312,024 shares for a consideration of NIS 17.3 per share. Subsequent to the aforesaid purchase, the Interested Party holds 7,840,698 shares of the Company, representing approximately 8.48% of the Company's issued share capital and the voting rights therein. Additionally, the Interested Party has informed the Company that it holds a holding permit from the Israel Securities Authority for a holding of up to 10%, subject to the terms set out in said permit. For additional information, see the immediate report published by the Company on 5.11.2023 (reference no.: 2023-01-100627).

1.3.3 For details regarding warrants exercisable into shares of the Company that had been allotted to officers under an equity compensation plan for various officers in the Company, see section 1.25.8.1 below.

1.4 Dividends

1.4.1 Distribution of dividends and retained earnings

1.4.1.1 On 7.4.2022, the Company paid a dividend of NIS 0.22 per share, in a total amount of NIS 22,735 thousand. For additional information, see the immediate report published by the Company on 21.3.2022 (reference no.: 2022-01-032365).

1.4.1.2 On 2.1.2024, the Company paid a dividend of NIS 2.5 per share, in a total amount of NIS 231,110 thousand. For additional information, see the immediate report published by the Company on 14.12.2023 (reference no.: 2023-01-113470).

1.4.1.3 After the reporting date, on 6.3.2024, the Board of Directors of the Company decided on the distribution of a dividend in the amount of NIS 0.45 per share, in a total amount of NIS 41.6 million. For additional information, see the immediate report published by the Company on 6.3.2024.

1.4.1.4 According to the Company's consolidated financial statements as of 31.12.2023, which are included in this Periodic Report, the Company has retained earnings of NIS 290 million, less the dividend paid as described in section 1.4.1.2 above.

1.4.2 External restrictions on the payment of dividends

1.4.3 In accordance with Section 45B of the Securities Law (which was revoked within the framework of Amendment 63), until 6.7.2018, the Company was not authorized to distribute its profits among its members. Generally, the Company itself (on its own, as distinct from TASE's Clearing Houses) is not subject to any regulatory directive with regard to liquidity. In the absence of any such directive, the Company's capital adequacy and liquidity requirements are determined using internal models that were approved by the Company's Board of Directors in November 2022. For further details, see note 5 to the Company's consolidated financial statements as of 31.12.2023, which are included in this Periodic Report. As of Reporting Date, these requirements do not have a material effect on the Company's ability to distribute dividends. Additionally, the Loan Agreement described in section 1.3.1 above prescribes financial covenants, the Company's compliance with which could affect the Company's ability to distribute dividends. To the date of the report, taking into consideration the capital and liquidity requirements, these covenants do not affect the ability of the Company to distribute dividends.

1.4.4 Buybacks

On 21.3.2022, the Board of Directors of the Company decided on the formulation of a plan for the buyback of Company shares in an amount of up to NIS 100 million over a period of up to two years. Further to the aforesaid resolution of the Board of Directors, on 24.5.2022, 29.11.2022 and 23.5.2023 the Board of Directors of the Company approved three plans for the buyback of Company shares in an amount of NIS 100 million, in "safe harbor" format. For details regarding the buyback plans, see the Company's immediate reports dated 24.5.2022, 29.11.2022 and 23.5.2023 (reference nos.: 2022-01-063397, 2022-01-144550 and 2023-01-055218, respectively). The information provided in said reports is included herein by way of reference.

In addition, on 23.5.2023, the Board of Directors of the Company approved a special buyback plan in an amount of up to NIS 90 million, which is not subject to the restrictions and the terms of the "safe harbor" protection (hereafter: "**Special Buyback Plan**"), within the framework of which, on 1.6.2023, the Company purchased 4,567,999 ordinary shares in a monetary amount of NIS 86.1 million. For

details regarding the Special Buyback Plan and the buyback plans, as above, see the Company's immediate reports dated 23.5.2023, 31.5.2023 and 1.6.2023 (reference nos.: 2023-01-055221, 2023-01-059499 and 2023-01-060267, respectively). The information provided in said report is included herein by way of reference.

Under all of the aforementioned buyback plans, including the Special Buyback Plan, the Company purchased 10,199,459 ordinary shares in a monetary amount of NIS 186 million. For details regarding the completion of the aforesaid buyback plans, see the Company's immediate report dated 10.10.2023 (reference no.: 2023-01-114726). The information provided in said report is included herein by way of reference.

To complete the picture, it should be noted that, following the approval of the move for the sale of the Arrangement Shares, as described above, the Board of Directors of TASE decided that under the new circumstances it is no longer necessary to further pursue a move for a tender offer buyback of the Company's shares, as described in section 1.3 of the "Update on the Company's Business" included in the Company's report for the third quarter of 2023 published on 21.11.2023 (reference no.: 2023-01-126477).

1.4.5 Dividend Distribution Policy

After the reporting date, on 6.3.2024, the Board of Directors of the Company approved a dividend distribution policy in connection with the profits of the Company in the years 2024 to 2026 (hereafter: "**the Dividend Distribution Policy**"), pursuant to which, commencing on the date of approval of the financial statements as of 31.12.2024 through to the date of approval of the financial statements as of 31.12.2026, the termination date of the Dividend Distribution Policy, the Company will work to distribute to its shareholders a cash dividend at the rate of 50% of the annual net profit as per the Company's consolidated annual financial statements, this on the date of approval of the annual financial statements.

To remove any doubt, it is hereby clarified that the approval of the Dividend Distribution Policy does not obligate the Board of Directors of the Company to pass a resolution on the distribution of a dividend. Any resolution on the distribution of a dividend will be passed subject to compliance with the distribution criteria set out in the Companies Law, which would be reviewed on the date of passing of a resolution to distribute a dividend, and in consideration of the current business needs of the Company, the budget and the work plan of the Company for the year is pertinent to the distribution, the liquidity situation of the Company, liabilities and covenants, as well as regulatory requirements that apply to companies in the Group (e.g. liquidity requirement and minimum capital requirement), all on the date that such resolution is passed. It is further clarified that the Board of Directors may modify and/or cancel and/or deviate from the Dividend Distribution Policy at any time.

Part Two - Other Information

This part includes information about customers compiled from various sources that the Company has deemed appropriate as set forth in the body of this part (the **"Sources**"). These Sources served as an available means for the collection of the information and the data that are included in the relevant descriptions. Although it has not conducted any independent checks to verify the data, the Company is of the opinion that these Sources are reasonable sources for the relevant information.

1.5 Financial Information Regarding the Company's Area of Activity

1.5.1 The following table shows data from the Company's (consolidated) financial statements regarding the Company's area of activity (NIS thousands):

	2023	2022	% change
Revenues [1] – from external customers	389,855	361,011	8%
Fixed costs [2] – with respect to revenues from external customers (excluding depreciation)	173,398	173,150	-
Fixed costs (non-cash) – depreciation expenses (including in respect of leases)	54,412	51,335	2%
Variable costs [3] – with respect to revenues from external customers	57,875	52,664	10%
Variable costs (non-cash) [4]	6,831	665	928%
Total expenses	**290,517**	**277,813**	**5%**
Profit before financing income, net	**99,339**	**83,198**	**19%**
Assets of the area at the end of the period [5]	**2,540,664**	**1,541,275**	**65%**
Liabilities at the end of the period [5]	**2,289,927**	**1,125,682**	**103%**

(1) For revenue details, see Section 1.16 below.

(2) The majority of the Company's expenses are fixed and are not affected by the level of the revenue. These expenses include, among other things, salaries and related expenses, computers and communications, municipal taxes and building maintenance and the annual fee to the Israel Securities Authority. In the Company's opinion, salary and related costs (apart from bonuses and overtime) are fixed due to collective labor relations and limited flexibility in the ability to change or adjust salary and/or manpower costs.

(3) The variable costs primarily include marketing and consultancy expenses, and salary costs for bonuses and overtime.

(4) Non-cash variable costs include capital losses and expenses with respect to share-based payments.

(5) The increase in the balance of assets and liabilities in this area is due mainly to the increase in the balance of assets and liabilities derived from clearing operations with respect to open positions.

1.5.2 For explanations on the primary developments with respect to the data set forth above, see the Board of Directors' Report for 2023, which is included in this Periodic Report.

1.6 Economic Environment and the Impact of External Factors on the Company's Activities

The contents of this section below are based on trends, events and developments in the Company's macro-economic environment, which have, or are expected to have, a material impact on the Company's business. Therefore, any reference that appears in this section below to the Company's assessment of the developments expected in the future and their effect on the TASE Group, is based on an examination of forward-looking information that is not under the Company's control and is uncertain.

Below are details regarding trends, events and developments in the Company's macro-economic environment which have, or are expected to have, a material impact on the Company's business results or developments or in the Company's area of activity.

1.6.1 The capital market in Israel

1.6.1.1 Market Overview for 2023

The TASE capital market, which is a mirror of the Israeli economy, had constantly and continuously exhibited strength, performing on par with the average returns of leading global exchanges and even outperforming them. This was also the case in 2022, when double-digit price drops were recorded in the global markets, while the TA-35 index decreased by a more moderate 9%.

However, trading on TASE in 2023 was highly volatile, disparately from the global trend, this due to the influence of two material internal events:

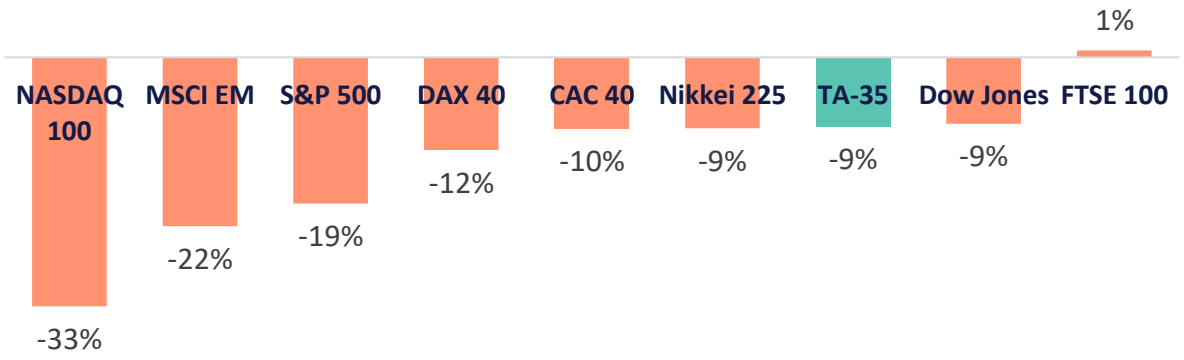
The first event commenced at the beginning of 2023, following the Minister of Justice's announcement of the Judicial Reform, which resulted in widespread protests against the planned reform and in uncertainty that influenced trading during January through September 2023. At the same time, trading on TASE was influenced by the repeated interest-rate increases in Israel, similarly to the global trend.

The second event began on 7.10.2023, the breaking out of the "Swords of Iron" War. The war's negative effects on the economy emerged in the final quarter of 2023 and are expected to persist in the coming year.

Overall this year, TASE's leading equity indices underperformed their international counterparts, IPOs came to a halt, while capital raised by listed companies declined compared to the previous year. At the same time, since the beginning of the year government bond offerings increased, to finance the current deficit and the war expenses. The public diverted its money from mutual funds investing in shares and bonds in Israel to money market funds, ETFs and open-end funds tracking international equity and bond indices.

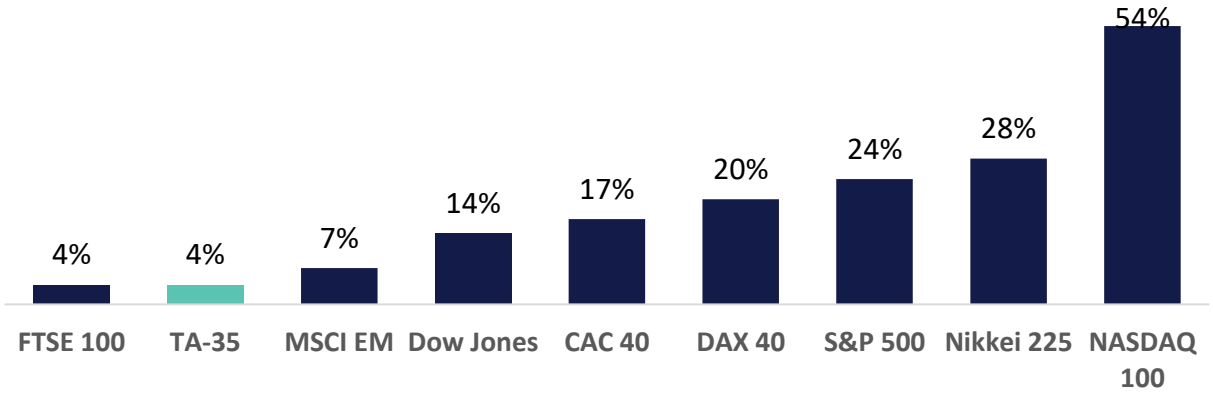
TASE and International Indices

, 2022 (in local currency)



TASE and International Indices

, 2023 (in local currency)



Trading on TASE on the backdrop of the Judicial Reform and the increases of the key interest rate:

Since the beginning of the year until 7.10.2023, trading on TASE ended in moderate price gains of 2%-3% in the TA-35, TA-90 and TA-125 indices, as opposed to the S&P 500 index in the United States and the EURO STOXX 50 index in Europe, which increased by 12% and 9%, respectively, and compared to the 2% decrease in the MSCI Emerging Markets index.

Trading on the global markets and on TASE was influenced by the interest rate raises by the central banks, continuing the trend that commenced at the end of the first quarter of 2022, in an attempt to curb the inflation, creating a concern for an economic slowdown as a result of the higher interest rates.

The Federal Reserve raised the U.S. interest rate from 0.25% at the beginning of 2022 to 4.5% at the end of 2022 and repeatedly raised it up to 5.5% at the end of July 2023. The European Central Bank (ECB) raised the interest rate from 0% at the beginning of 2022 to 2.5% at the end of 2022 and repeatedly raised it up to 4.5% at the end of September 2023. The Bank of England (BOE) raised the interest rate from 0.1% at the beginning of December 2021 to 3.5% at the end of 2022, and repeatedly raised it up to 5.25% at the end of August 2023.

The Bank of Israel, too, raised the interest rate from 0.1% at the beginning of 2022 to 3.25% at the end of 2022, and repeatedly raised it up to 4.75% in May 2023.

The interest rate increases curbed the inflation in the markets, which was mitigated and at the end of 2023 reached an annual rate of 3.4% in the United States, 2.9% in the Eurozone and 4.0% in the United Kingdom - as compared to 6.5%, 9.2% and 10.5% in 2022, respectively, but still exceeded the target of 2%. In Israel, annual inflation dropped to 3% close to the end of 2023, as compared to 5.3% at the end of 2022, back to the maximum threshold of 3% set by the Bank of Israel. It should be noted that, due to the concern for an economic slowdown and despite the inflation rate exceeding the target, the interest rate increases were stopped at the end of the third quarter of 2023.

Alongside the interest rate increases, the trading on TASE was also adversely influenced by the planned Judicial Reform advanced by the government that took office in January 2023 - the growing opposition to the reform and the concerns over its impact on the Israeli economy. In the third quarter of 2023, the tensions surrounding the reform intensified following the approval, in July 2023, of the cancelation of the "Reasonableness Standard", and in September 2023 the High Court of Justice started hearing appeals in the matter.

As a result of the dispute surrounding the Judicial Reform and the concern for the downgrading of Israel's sovereign credit rating, diversion of monies from the local market to foreign markets took place, which was reflected in both the ETFs and the mutual funds. The NIS depreciated in January-September 2023, with fluctuations, by 8.7% relative to the U.S. dollar - the exchange rate of the dollar reached NIS 3.849, and by 8% relative to the Euro - the exchange rate of the Euro reached NIS 4.137, the highest rates since March 2020 (the breakout of the Covid-19 crisis in Israel). The depreciation of the NIS raises the cost of import, driving up market prices. In January through September 2023, investments in the high-tech sector dropped by 63% compared to the corresponding period last year, as indicated by a survey published by research and policy institute, SNPI, the third quarter of 2023 being the seventh consecutive quarter of reduced investments.

In opposition, trading on TASE enjoyed tailwind from the positive macroeconomic data of the economy, including: continued substantial positive growth - the growth rate in Israel in the third quarter of 2023, compared to the third quarter in 2022, reached 3.4%, slightly below the growth rate in the United States (4.9%), but greater than the growth rate in Europe (0.1%); low unemployment rate - the rate of unemployed in the economy, excluding furloughed workers, decreased to 3.4% in September 2023, compared to 4.3% in December 2022. It should be noted that the crisis in the high-tech sector, which was reflected in reduced hirings, similarly to the global trend, has not yet increased the overall unemployment rate. For details regarding the State of Israel's sovereign credit rating by the international rating agencies, see section 1.6.1.4 below.

Upon the breakout of the "Swords of Iron" War on 7.10.2023, as described above, trading on TASE was conducted as follows:

TASE opened trading on schedule on 8.10.2023 and all of the systems of TASE have been operating without disruption throughout the war.

TASE and the economy as a whole were shaken, the fear index surged by more than 100%, the U.S. dollar exchange rate soared, breaking the NIS 4 threshold and reaching NIS 4.08 - the highest rate since July 2012, share prices dropped, private Israeli investors and foreign investors reduced their exposure to the equity market, whereas long-term institutional investors made purchases and increased their exposure7.

7 The data do not include OTC transactions. Short-term investors include the Israeli public that purchases equity holdings directly and indirectly through the ETFs and the mutual funds, and the foreign investors. Long-term institutional investors include the pension funds, the provident funds and the insurance companies.

An emergency government was formed to manage the war, the Ministry of Finance announced an assistance program for small and medium businesses through the State Guaranteed Fund, the Bank of Israel announced a plan for the sale of up to US$ 30 billion to support the shekel, within the framework of which the Bank of Israel sold US$ 8.2 billion in October 2023. At the beginning of November 2023, the trend reversed, and the shekel appreciated significantly relative to the dollar; consequently, in November 2023, the Bank of Israel sold only US$ 338 million and announced a plan for providing liquidity to the Repo and currency markets. It should be noted that the appreciation of the shekel continued through to the end of the year, as a result of which the dollar exchange rate at the end of the year exceeded its rate at the outset of the war. The United States was quick to mobilize equipment, vessels and aircraft to prevent the spreading of hostilities in the Middle East, and the President of the United States and European heads of state visited Israel to express their support.

Due to the security situation, the Ministry of Finance increased the floatation of bonds locally and globally, as did Israel Bonds, which raised the highest amount of debt since its establishment. Demands for government bonds in Israel and internationally support Israel and constitute a vote of confidence in the Israeli economy.

Even prior to the war, the national budget deficit was on the rise, representing 2.5% of the GDP at the end of September 2023, as compared to a national budget surplus of 0.6% of the GDP in the full year 2022. A contributing factor to the national budget deficit was the 3.9% reduction in the government revenue compared to the corresponding period last year, concurrently with a 7.3% increase in the government expenditure. As a result of the war, whose direct and indirect costs are estimated by the Ministry of Finance at NIS 200 billion, the deficit increased to 4.2% of the GDP at the end of 2023 and is expected to continue to rise to 6.6% of the GDP in 2024.

The unemployment rate in Israel, which includes workers furloughed due to economic causes or dismissed, surged to 9.6% in October 2023, as compared to 3.6% in the previous month, this as a result of a large-scale drafting and workers furloughed, among others, due to the evacuation of towns in the south of Israel and on Israel's northern border, and in December somewhat reduced to 6.1%.

The rising economic risk increased the yields of long-term government bonds up to 5.3%, and the international credit rating agencies responded accordingly: Fitch and Moody's announced that Israel's sovereign credit rating is now under "Rating Watch Negative", and S&P downgraded the rating outlook from "stable" to "negative". After the reporting date, on 9.2.2024, international rating agency, Moody's, reduced Israel's credit rating from A1 to A2; for details, see section 1.6.1.4 below. It should be noted that, close to the end of 2023, the yields on the government bonds dropped to 4.4% at the end of December 2023, as compared to 3.7 at the end of December 2022.

According to data published by the Israeli Central Bureau of Statistics after the reporting date, GDP growth in Israel reached 2.0%, similarly to the Bank of Israel's forecast, relatively high compared to the average growth in OECD countries (that had published data by the report publication date) of 1.7%, following an Israeli GDP growth of 6.5% in 2022.

In the final quarter of 2023, GDP decreased by an annualized rate of 19.4%, as opposed to the annualized increase of 3.5% in the growth rate in the first three quarters of 2023. The decrease in GDP is a direct result of the implications of the "Swords of Iron" War on the Israeli economy. Furthermore, GDP per capita decreased by 0.1% in 2023, below the average decrease of 1.2% in OECD countries.

1.6.1.2 Data Regarding the Volumes of Activity on the Israeli Capital Market

Presented below are details regarding the velocity of trading[1] in Israel in 2023 and 2022 and in the fourth quarter of 2023 and 2022:

	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Shares	42.5%	43.1%	(1%)	41.8%	39.9%	5%
Corporate bonds [2]	57.6%	60.9%	(5%)	54.2%	59.4%	(9%)
Government bonds – shekel [3]	132.4%	95.2%	39%	147.6%	110.6%	33%
Government bonds – linked and other [4]	72.2%	66.6%	8%	80.3%	61.6%	30%
Treasury-bills	110.8%	115.4%	(4%)	115.7%	142.7%	(19%)

(1) The velocity of trading does not include off-exchange transactions.

(2) The velocity of trading does not include data of corporate bonds traded on TASE UP.

(3) Including "Shahar" fixed-interest shekel bonds and short-term government bonds.

(4) Including CPI-linked bonds, "Gilon" variable-interest shekel bonds and global government bonds.

The decrease in the share trading velocity in 2022 compared to 2021 stems from the reduction in the market cap combined with the deeper reduction in trading volumes.

In recent years, the developed markets – particularly in the United States and in European countries – have seen a rise in trading executed by means of algorithm-based automated trading systems on behalf of players acting on their own behalf and electronic market makers and investment houses ("**Robotic Trading**"). This has contributed significantly to the overall growth in trading volume. In the Company's opinion, to the date of the report, the scope of Robotic Trading on TASE is low relative to the United States and Europe. The Company's actions to integrate electronic market makers into the Tel-Aviv Stock Exchange are expected to contribute to growth in the Robotic Trading volume. The Company believes that the investments it made during 2018 and 2019 to upgrade its trading and communications infrastructures, including co-location services and the enhancement of international connectivity, will support this trend by cutting the transmission times for data and orders, which constitute a major element in Robotic Trading. The data of the Company show a decrease in 2023 in the share of quote generators, including market makers, in the trading of equities on TASE compared to 2022, but a similar level compared to 2021, whereas in bond trading their share reduced in 2023, both in relation to 2022 and in relation to 2021.

Key local factors that have affected the activities at TASE, in the Company's opinion[8]

1.6.1.3 Interest rate of the Bank of Israel

During January through May 2023, the Bank of Israel raised the key interest rate, in four steps, from 3.25% to 4.75%, and maintained that level through to the end of December 2023.

Inflation in 2023 dropped to 3%, similarly to the upper threshold set by the Bank of Israel, as compared to a relatively high inflation rate of 5.3% in 2022 (the highest rate since 2002).

The raising of the key interest rate in 2023 increased the demand for investment in T-bills and in the money market funds.

Close to the end of the year, expectations for the reduction of the key interest rate grew on the backdrop of the decline in the inflation rate, expectations that were realized with the reduction of the interest rate by the Bank of Israel in January 2024. The expectations for the reduction of the interest rate and the debt refinancing needs drove debt raising activity on TASE by the Banks and the real estate companies.

1.6.1.4 Israel's credit rating[9]

In light of the positive macroeconomic data for 2023 and prior to the breaking out of the "Swords of Iron" War, the State of Israel's high sovereign credit rating was affirmed by the international credit rating agencies - Fitch affirmed Israel's sovereign credit rating of A+ with a "stable" outlook; Moody's affirmed Israel's sovereign credit rating of A1 in April, but reduced the outlook from "positive" to "stable"; S&P affirmed Israel's sovereign credit rating of AA- with a "stable" outlook. It should be noted that, the three agencies' decision to keep Israel's credit rating was accompanied by a warning of the adverse implications of the Judicial Reform, if completed, on the Israeli economy and on the rating. International investment banks, such as Citibank and Morgan Stanley, published similar warnings.

The international rating agencies responded to the breakout of the war and the increased economic risk as follows: Fitch and Moody's announced that Israel's sovereign credit rating is now under "Rating Watch Negative", which signifies that escalation (expansion and prolonging of the war) could entail downgrading. Shortly thereafter, S&P affirmed Israel's high sovereign credit rating of AA-, but downgraded the outlook from "stable" to "negative".

After the reporting date, on the backdrop of the ongoing fighting in Gaza and the concern for a security escalation in northern Israel, on 9.2.2024, the international rating agency, Moody's, downgraded Israel's sovereign credit rating from A1 with a "stable" outlook to A2 with a "negative" outlook.

In addition, Moody's reduced the credit rating of the five major Israeli banks from A2 to A3 with a "negative" outlook, this in view of the downgrading of the sovereign credit rating of the State, which is responsible for the stability of the banks.

Israel's sovereign credit rating affects, first and foremost, the rating of government debt instruments (government bonds, treasury bills, etc.) traded on TASE. In addition, it projects onto the credit ratings of Israeli companies, whose operational environment is in Israel, and thereby also affects the demand and pricing of debt instruments issued by Israeli companies. Israel's credit rating is a factor for companies interested in issuing or listing, and for foreign investors when deciding in which markets they should operate.

8 Macro data relating to Israel has been sourced from the websites of the Central Bureau of Statistics, the Bank of Israel and the Ministry of Finance, while the macro data relating to activities abroad has been taken from the websites of the economic press and economic reviews by Bank Hapoalim.

9 https://www.gov.il/he/Departments/General/israels-credit-rating

The effects of changes in exchange rates[10]

In 2023, the U.S. dollar appreciated by 3.1% in relation to the shekel, after appreciating by 13.2% in relation to the shekel in 2022. After the date of the Report, the U.S. dollar devalued by 2% in relation to the shekel, compared to its exchange rate at the end of 2023.

In 2023, the Euro appreciated by 6.9% in relation to the shekel, following its 6.7% appreciation in relation to the shekel in 2022. After the date of the Report, the Euro devalued by 4% in relation to the shekel, compared to its exchange rate at the end of 2023.

The appreciation of the dollar and the Euro in relation to the shekel increases the cost of import from the United States and Europe, pushing up market prices.

In the Company's opinion, in many cases, exchange rates affect the value of companies, their results of operations and the value of dual-listed companies traded on foreign markets, and they affect the choice of debt-raising channels of the companies.

Main factors at the international level that, in the Company's opinion, have affected the activities at TASE

1.6.1.5 In 2023, leading global equity indices increased, most notably the NASDAQ 100 Index, which increased by 54%. The S&P 500 Index and the Dow Jones Index in the United States increased by 24% and 14%, respectively, and the EURO STOXX 50 Index in Europe and the MSCI World Index increased by 24% and 22%, respectively (data of the foreign exchanges, in local currency).

1.6.1.6 At the end of 2023, 50 companies whose shares were also traded in the United States, London or Singapore had shares traded on TASE. The market cap of these companies, which have direct exposure to the foreign markets, amounted to NIS 264 billion at the end of 2023, and their average daily trading volume in 2023 came to NIS 370 million a day (on TASE alone), constituting 27% of the daily trading volume in the equity market (on TASE alone, excluding ETFs).

1.6.2 **Regulation and taxation**

The capital market in Israel is characterized by multiple oversight and regulatory arrangements, both in matters relating to the activities of the TASE Group (for details, see Section 1.36 below), and in matters relating to the companies traded on TASE. Future regulatory changes relevant to the capital market as a whole, and to the TASE Group in particular, may have major effects on the Company's results and on its activities.

In addition, changes in the tax arrangements, both for the various investors in TASE and for the companies traded on TASE, may affect the activities of these entities in the capital market, and may thereby affect the Company's results and its activities.

[10] https://www.boi.org.il/he/markets/foreigncurrencymarket/Pages/Default.aspx

Part Three - Description of the Company's Business

1.7 General Information

1.7.1 Trading on TASE

As stated above, the Company's main area of activity is the trading and settlement of transactions in securities.

A public offering is one of the principal methods used by companies, the government, and the Bank of Israel to raise funds from the public via shares, bonds and other financial instruments.

Companies that require financing for growth and development, and in order to diversify sources of financing for their activities, approach TASE and raise funds in two main ways: (a) share issuances – the investing public purchases shares of the public company and becomes a partner in the company; and (b) corporate bond issuances – companies raise funds from the public via the issuance of bonds, a type of loan that the public grants to the issuing companies.

The government also raises funds on TASE, both through the issuance of government bonds and treasury bills by the Bank of Israel, and through the privatization of governmental companies via a sale of their shares to the public.

Trading on TASE in various securities and derivatives is carried out using a method known as "order driven," and is executed using the "TACT" (Tel Aviv Continuous Trading) System, an automated system for continuous and simultaneous trading that allows the TASE members to send purchase and sale orders continuously and in real time. Trading on TACT is carried out between the various TASE members[11], which send trading instructions for themselves or on behalf of their clients electronically, via computers that are directly connected to the trading computer. The TACT System includes various mechanisms for protecting the investing public, including a mechanism for monitoring extreme fluctuations in the prices of securities in real time ("fluctuation moderator"). These mechanisms mitigate fluctuations resulting from errors or abnormal trading activity, as is common practice at stock exchanges worldwide.

Pursuant to the terms of its license, the Company instituted the TASE Rules that were intended to ensure the proper and fair management of TASE. The TASE Rules include the following: rules concerning membership of TASE, rules for the listing of securities for trading on TASE, rules concerning trading on TASE, obligations that apply to a company whose securities are listed, rules concerning the suspension of a security from trade and its delisting, rules concerning the TASE indices, rules concerning the publication of information, and rules concerning commissions charged by the Company. For further details, see Section 1.36.4 below.

The TASE Rules are published on the TASE website. Any amendment to the TASE Rules that has received the approval of the authorities as required under the Securities Law is published on the TASE website.

[11] For details regarding the TASE members, see Section 1.7.2 below.

1.7.2 TASE members

As stated, trading on TASE is conducted only through TASE members, who send buy and sell instructions to TASE's computer systems on behalf of their clients and/or on their own behalf. As a result, the financial stability and trustworthiness of the TASE members is important.

The TASE members are banks and foreign banks, non-bank members ("NBMs"), such as brokers, and remote members. The NBMs are corporations whose core business is securities transactions on behalf of others (the execution of trading transactions on TASE, investment consultancy, investment marketing, and more) (above and below, collectively: "**TASE Members**").

Close to the publication date of this Report, the number of TASE Members stood at 24, of which 14 were banks (including the Bank of Israel and 3 banks incorporated outside of Israel that operate in Israel with the status of a "foreign bank"), 7 Israeli brokers (of which one is a subsidiary of an international investment house), and 3 remote members.

As of the date of the report, the Board of Directors of the Company approved the application of four entities to be accepted as TASE members (2 as NBMs, 1 as a nostro NBM, and 1 as a remote member), all subject to their fulfillment of various prerequisites for such operations, as set out in the TASE Rules (which to the date of the report have not yet been fulfilled).

The Company's supervision, pursuant to the TASE Rules, of the TASE Members that are banks, the TASE Members that are "foreign banks" and the remote member is focused on issues related to proper and fair trading and the fairness of their dealings with their clients, as far as securities activity on TASE is concerned. The authority to supervise the financial stability of these TASE Members is granted to other regulatory entities and the Company does not supervise their financial stability. However, the Company's supervision of the Israeli NBMs, pursuant to the TASE Rules, includes, in addition to issues related to proper and fair-trading and the fairness of their dealings with their clients, their financial stability and their conduct in issues related to corporate governance.

The rules concerning membership of TASE are included in the TASE Rules, and the supervision over compliance with these rules is conducted by means of internal supervisory mechanisms.

The main qualification conditions with which the various TASE Members are required to comply, according to the TASE Rules, are as follows:

1.7.2.1 TASE Members that are banks in Israel

In order for an Israeli bank that is a public company to qualify for membership of TASE, the head of the securities department at the bank must have training and knowledge in Israel's capital markets. In addition, the bank must have insurance in accordance with the Proper Banking Management Directives of the Supervisor of Banks. Moreover, an Israeli bank that is not a public company is required to inform TASE of the identities of its ultimate owners, as set forth in the TASE Rules.

1.7.2.2 TASE Members that are foreign banks

In order for a foreign bank (a bank incorporated outside of Israel) to qualify for membership of TASE, the head of its securities department must have training and knowledge in capital markets. In addition, a foreign bank is required to have insurance in accordance with the Proper Banking Management Directives of the Supervisor of Banks, to appoint an internal auditor to the branches of the bank in Israel, and to have a mechanism, means, information systems and professional personnel to facilitate its activity in TASE.

1.7.2.3 TASE Members that are brokers

As stated, the Company's supervision over brokers also extends to a variety of other areas and, accordingly, the qualification conditions applicable to Israeli brokers are more comprehensive and relate to several areas: corporate governance, stability, and operating aspects. In the area of corporate governance, the controlling shareholder at the broker is required to be a person who has not been convicted of an offense involving moral turpitude and has not declared bankruptcy. There are requirements relating to the appointment of members of the Board of Directors and its Audit Committee, a requirement to obtain the approval of The Tel Aviv Stock Exchange for changes of ownership or control, and requirements relating to the appointment of officers and various reports on this subject. In the area of stability, the broker is required to meet minimum threshold conditions relating to equity and liquidity, and it must have adequate insurance. In the operational spheres, the broker is required to have mechanisms, means, information systems (trading system, back-office system, bookkeeping system) and professional personnel, all in accordance with the stated in the TASE Rules. To the date of the report, the Board of Directors of the Company approved the application of two Israeli companies to be accepted as such, subject to various prerequisites for such operations, as set out in TASE Rules (which to the date of the report have not yet been fulfilled).

1.7.2.4 NBMs operating solely for their own account (nostro)

The supervision of NBMs that operate for nostro only covers multiple areas, with corresponding qualifications being required of such members: corporate governance, stability and operational aspects. In the area of corporate governance, the controlling shareholder in such NBM must be an individual who has not been convicted of a flagrant offense and has not been declared bankrupt. Some requirements relate to the composition of the board of directors, while others relate to the appointment of functionaries and various pertinent reports. In the area of stability, an NBM operating for nostro only is required to meet minimum thresholds of equity and liquidity. In the operational spheres, such NBM is required to have in place mechanisms, means and IT systems as well as professional personnel, all as stated in the TASE Rules. To the date of the report, the Board of Directors of the Company approved the application of one Israeli company to be accepted as such, subject to various prerequisites for such operations, as set out in TASE Rules (which to the date of the report have not yet been fulfilled).

1.7.2.5 Remote member

In order for a corporation to qualify as a remote member of TASE, it must meet the following conditions: its country of incorporation must be one of the countries included in a specified list of countries, it must be a member of a stock exchange that is recognized abroad (pursuant to those listed in the TASE Rules), it must be subject to the supervision of a competent authority abroad, and it must meet the minimum equity conditions. It is further required to have adequate insurance, a mechanism, means, information systems and professional personnel to facilitate its activity on TASE. Pursuant to the TASE Rules, a remote member is prohibited from lobbying Israeli clients to work through it on TASE. To the date of the Report, the Board of Directors of the Company approved the application of one foreign-incorporated entity to be accepted as such, subject to various prerequisites for such operations, as set out in TASE Rules (which to the date of the report have not yet been fulfilled).

1.7.2.6 It should be noted that, in light of the fact that some of the TASE Members (banks in Israel, foreign banks and remote members) are supervised by other regulators and are subject to different regulatory requirements, among other things, on matters of financial strength, liquidity, corporate governance, and other topics, the threshold criteria for TASE membership for these TASE Members is lower than the threshold criteria for the Israeli brokers.

It should also be noted that most of the TASE members are also Clearing House members. TASE members that are not Clearing House members clear their activity through existing Clearing House members.

1.7.3 Activities of the Clearing Houses

As described above, within the framework of TASE and during the trading, members enter into transactions in the securities and financial instruments listed on TASE. After the transactions have been entered into, they are completed by way of clearing at the various clearing houses. By virtue of the transitional provisions prescribed within the framework of Amendment No. 63, the Clearing Houses are considered entities that have been granted a clearing license, pursuant to the provisions of the Securities Law.

1.7.3.1 TASE Clearing House

The main activity of TASE Clearing House is the clearing of transactions in securities. TASE Clearing House serves as a central counterparty (CCP) for transactions executed as part of the trading on TASE, or as part of the trading on the MTS[12] System and for the transfer of custody of securities subsequent to these transactions. This ensures the proper execution of transactions pursuant to the provisions set forth in the bylaws of TASE Clearing House. The Clearing House thereby takes upon itself the responsibility for the risk that one of the parties will not complete its side of the transaction.

TASE Clearing House also provides central custodian services for securities (Central Securities Depository – CSD), including the execution of services for the payments of dividends, interest, redemptions, allocations of rights, bonus shares etc. from the issuing company to the holders of the securities, the clearing of transactions in securities of dual-listed companies, and various services for the Ministry of Finance and the Bank of Israel.

Pursuant to the Joint Investment Trust Law, 1994, TASE Clearing House settles instructions for the creation of units in funds for joint investments in trusts (open-end mutual funds, ETFs), and instructions for the redemption of the units and for the exercise of rights and the execution of other payments with respect to these units.

TASE Clearing House provides clearing and custody services for securities that are not listed for trade on TASE (NLTs). The services of the Clearing House that are provided for NLTs are similar to the clearing services provided for securities that are traded on TASE, except that the securities registered as NLTs are not listed on TASE and therefore transactions in them are not executed on TASE.

The majority of the securities that are registered as NLTs are bonds. At the end of 2018, the Clearing House started registering participation units in investment funds that are incorporated as non-tradable limited partnerships as NLTs.

TASE-CH also handles the provision of operating services to the Ministry of Finance's lending pool, which is used for the lending of government bonds to market makers that have been authorized by the Ministry of Finance. Shortly before the end of May 2021, the Company and TASE-CH entered into a series of agreements with the Ministry of Finance, pursuant to which, inter alia, the term of the agreement for the management of the lending pool will be extended until 31.12.2025, and the amounts payable by the Ministry of Finance for the listing of securities that are released by the State within and outside the lending pool have been agreed upon. For details about additional services supplied by TASE Clearing House, see Section 1.1.1.3 above.

[12] For details regarding the MTS system, see Section 1.37.1 below.

As stated above, TASE Clearing House manages collateral provided by its members with respect to their share in the default fund established by TASE Clearing House. TASE Clearing House has 19 members. Of these, the Bank of Israel serves as a Clearing House member but is not required to deposit collateral in the default fund, and 3 companies serve as "custodial members" that are not required to deposit collateral in the default fund, following an amendment of the TASE Clearing House bylaws enabling membership of TASE Clearing House with the status of custodial member. This allows the custodial member to engage in custodial activity and to provide settlement and asset servicing services for its clients that are listed on TASE, despite it not providing TASE trading services. As of 31.12.2023, the Board of Directors of TASE-CH approved the joining of 2 new Clearing House members (1 as a "custodial member" and 1 as a member of TASE-CH), all subject to their fulfillment of various prerequisites for such operations, as set out in the TASE Rules (which to the date of the report have not yet been fulfilled).

1.7.3.2 MAOF Clearing House

MAOF Clearing House is engaged in activities involving derivatives traded on TASE (options and futures, which are financial instruments traded on TASE, the value of which is derived from the price of another asset, known as the underlying asset).

MAOF Clearing House provides clearing services as a central counterparty for transactions in derivatives executed on TASE, provided that the conditions set forth in the MAOF Clearing House bylaws have been fulfilled. MAOF Clearing House, thereby, takes upon itself the responsibility for the risk that one of the parties will not complete its side of the transaction, similar to TASE Clearing House.

The revenues of MAOF Clearing House arise from commissions that it charges members on the creation of derivatives and their transfer between MAOF Clearing House members during trading.

MAOF Clearing House receives and manages collateral from the MAOF Clearing House members (8 banking corporations in Israel and another member) and monitors the state of the collateral of the members in real time via the collateral control system ("MABAT").

1.7.3.3 Exposure to the risks of the Clearing Houses

The activities of the TASE Group are accompanied by exposure to various financial risks, mainly: credit risk, liquidity risk and market risks. However, it is also accompanied by exposure to settlement risk and other risks (e.g., business risk, operational risk, custodial risk, concentration risk, and so forth), which, if materialized, could result in a loss and a material reduction in the Group's capital.

Because of the commitment of the Clearing Houses as a central counterparty in securities transactions, derivatives transactions or lending transactions on the lending pool, as applicable, each Clearing House has a material exposure to counterparty credit risk. This is the risk that a Clearing House member will not be able to fulfill its side of the transaction toward the Clearing House on the agreed upon date or at any time in the future. Subsequently, the Clearing House would be required to fulfill the obligations of the defaulting Clearing House member toward the other Clearing House members, as stated. MAOF Clearing House will also be required to attend to the open derivative positions of a defaulting Clearing House member with respect to derivative transactions that it had executed. For these purposes, transactions in securities also include transfers to custody (on TASE) and transactions in securities executed as part of trading on the MTS system.[13]

Members of TASE Clearing House are required to deposit cash collateral in the default fund of the Clearing House. Members of and members of MAOF Clearing House are required to deposit in the default fund od and members of MAOF Clearing House collaterals in the form of cash, government bonds and treasury bills. Members of and members of MAOF Clearing House are also required to

[13] For details regarding the MTS System, see Section 1.37.2 below.

deposit margins with respect to the transactions that they have executed for the exposure resulting from those transactions[14], while the members of TASE Clearing House are required to deposit collateral (cash only) with respect to their activity in the Clearing Houses' lending pool.

The methodology for determining the size of the default fund and the manner of allocating it among all the members is set out in the bylaws of each of the Clearing Houses. The size of the default fund is updated each quarter for each of the Clearing Houses, but is monitored on a daily basis and can be updated at times other than those set forth in the bylaws of each of the Clearing Houses at the discretion of the relevant Clearing House and subject to the terms and conditions set forth in its bylaws[15].

For details regarding the total collateral provided in favor of the Clearing Houses, see note 4 A to the Company's consolidated financial statements as of 31.12.2023, which are included in this Periodic Report.

The assets serving as collateral are charged in favor of the Clearing Houses, where, pursuant to the Securities Law, a charge on securities or funds, which serve to guarantee the obligations of a Clearing House member toward the Clearing House, is also valid toward other creditors of the Clearing member. The charge will be deemed a first-ranking fixed charge, granted by the Clearing member in favor of the Clearing House, if the Clearing House has control over the assets in one of the ways prescribed in the Securities Law. In addition, the law states that the realization of a charge in favor of the Clearing Houses can be performed by the Clearing House itself, without an order from the court or the head of the Execution Office, subject to the terms set forth in the Securities Law. In the event of a member's default, TASE Clearing House and MAOF Clearing House, as applicable, may make use of the assets deposited as collateral in order to fulfill all the obligations of the defaulting Clearing member, pursuant to the collateral realization order prescribed in the bylaws of each of the Clearing Houses, as applicable, pursuant to the rules of the Israel Securities Authority to ensure the proper conduct of TASE Clearing House and MAOF Clearing House, and pursuant to international regulation. For details regarding the risk inherent in this for the Clearing Houses, see Section 1.38 below.

1.7.3.4 Nominee Company

On 25.10.2017, the Nominee Company (a wholly owned subsidiary of the Company), which is a nominee company within the meaning of the term in the Securities Law, was established. It commenced operations in January 2018 (hereafter: "**the Nominee Company**"). The Nominee Company registers securities in its name in the securities registers of issuing companies, deposits them with TASE Clearing House, and engages in the day-to-day handling of the rights attached to the securities.

To the best of the Company's knowledge, in the reported year one nominee company was shut down. Accordingly, there is currently one more active nominee company in Israel, which acts as a nominee company for corporate securities (shares, convertible securities or bonds). Shortly before the Reporting Date, more than half of all the companies whose securities are listed on TASE make use of the services of the Nominee Company.

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14 The margin requirements at MAOF Clearing House are calculated according to results from a model of a variety of scenarios, as specified in MAOF Clearing House's bylaws. These are used to assess the maximum cost required to close a portfolio that includes options and futures because of volatility in the prices of the underlying assets and/or volatility in the standard deviation. The level of the margin needed at any point in time depends on the price of the underlying assets, on the level of volatility in the market (the standard deviation), on the rate of interest and on the length of time to expiration.

15 At the end of each trading day, the Clearing House calculates the amount of collateral deposited in the member's collateral accounts. If the amount of collateral deposited in the collateral accounts is less than the overall amount of collateral required of the member, the member will deposit additional collaterals into the collateral accounts, in the amount of the difference.

In recent years, the Nominee Company has developed a series of digital services that reduced the cost of its services to public companies and streamlined the work processes. In 2021, the digitalization of all activities of the Nominee Company was completed, which allows the public companies that are customers of the Nominee Company a fully digitalized interaction with the Nominee Company.

1.7.3.5 Legislation Initiatives for the Encouragement of Capital Market Activity

In 2023, the Government published regulatory directives that may have a positive effect on the trading on TASE: in July 2023 the Securitization Memorandum of Law and the Memorandum of Amendment to the Income Tax Ordinance were published, which are designed to regulate securitization transactions in Israel and to provide legal and financial certainty to ensure the proper operation of the Israeli credit sector, this by encouraging securitization transactions. In addition, in January 2024, the Encouragement of Capital Market Activity Memorandum of Law was published, which incorporates several topics, including expansion of the commercial paper instrument that is used to finance corporate activity, expansion of the availability of dual listing to companies that listed on a foreign stock exchange with more than one class of shares, and increasing the interest and the activity in the capital market by way of general consulting and, more particularly, analyses that would be provided by licensed individuals or by entities supervised by the Authority. Additionally, in March 2024, the Constitution, Law and Justice Committee approved the "Exemptions for Foreign Companies and Dual-Listed Companies Concurrently Listed Overseas Regulations", in order to encourage companies to list in Israel and develop the capital market. The exemptions include, inter alia, release from the obligation to obtain a court approval for a share buyback where the company does not meet the profit criterion and raising of the threshold required for the convening of a general meeting, which is designed to hinder the hostile takeover of Israeli companies.

1.8 Structure of the Area of Activities and Changes Occurring Therein

Beyond the above, while trading in various financial instruments in other parts of the world is carried out on various trading platforms, the majority of the common financial instruments at the Company, including shares, convertible securities, government and corporate bonds, treasury bills, ETFs, options and futures, are traded on the same trading platform. The concentration of the trading in one place makes the management and operation more efficient and enables investors to trade all the products in one place.

1.9 Restrictions, Legislation, Regulation and Special Constraints

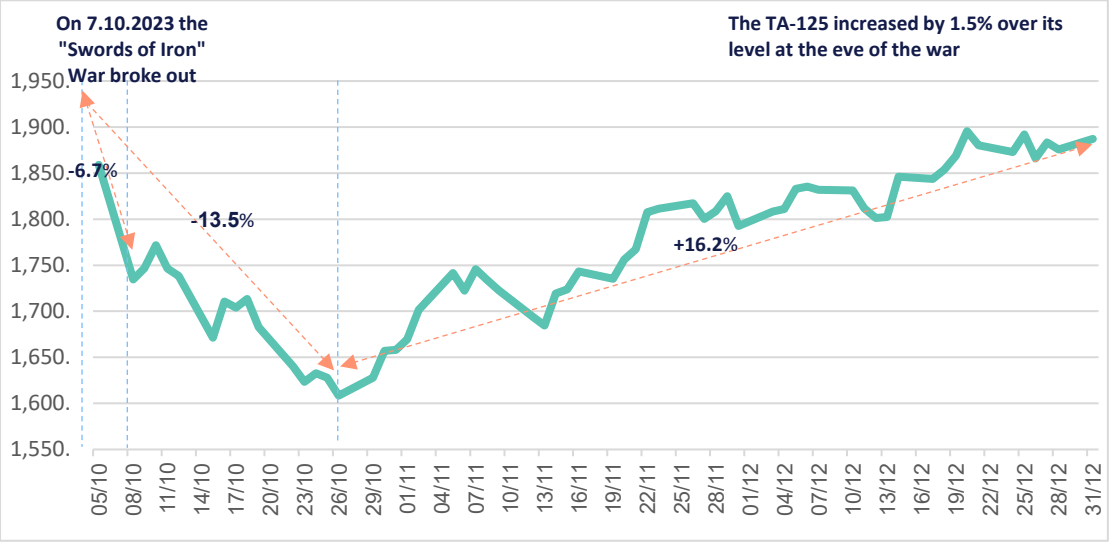
For details regarding a review of some of the significant legal provisions that apply to the TASE Group in general, and to its areas of activity (the trading and clearing of transactions in securities) in particular, which in the Company's opinion have or may have a material effect on the Company's activities and its business results, see Section 1.36 below.

1.10 Changes in the Scope of the Operations in the Area, and in Its Profitability

1.10.1 The equity market

Trading on TASE in 2023 was highly volatile, disparately from the global trend, and overall, in 2023, the TA-35 and TA-125 indices increased by an average of 4%, underperforming equity indices on leading international exchanges.

It should be noted that, as was the case in past wars, the equity indices were quick to recover. Despite the "Swords of Iron" War, the TA-125 index increased by 1.5% since the eve of the war until the end of 2023.



A mixed trend characterized the sectorial indices.

The indices that stood out positively in 2023 were:

- The index of oil and gas companies and partnerships - TA Oil & Gas, surged by 42% since the beginning of the year until 5.10.2023, compared to a slight reduction in Brent oil prices. The increase in the index since the beginning of the year, further to an increase of 35% in 2022, is due to the increased demand for natural gas from Israel. Additionally, the increase in the index in the second quarter of 2023 was influenced by the coming together of a major deal for the acquisition of 50% of the NewMed partnership that holds 45% of the "Leviathan" gas field by two international energy companies; and its increase in the third quarter of 2023 was influenced by the decision of the oil-producing countries that are OPEC members to continue the oil production cuts announced in April 2023 by one year, until the end of December 2024.

  Since the breakout of the "Swords of Iron" War until the end of 2023, the TA Oil & Gas index decreased by 3% - this as a result of the reduced economic activity in Israel, and the announcement by the Ministry of Energy that, in view of the security situation, the production of natural gas from the "Tamar" reservoir must be stopped. It should be noted that production resumed close to the end of the year. In total, in 2023 the TA Oil & Gas index stood out with a steep increase of 38%, and over the past five years, 2019-2023, the index increased by 65%.

- The indices of high-tech companies - TA-Technology and TA Tech-Elite, increased by 10% until the breakout of the war, a significantly lower yield than that of the NASDAQ, which increased by 28% in the same period, this as a result of the Judicial Reform, which further drove down the investments in Israeli high-tech. Since the outset of the war until the end of 2023, the TA-Technology index increased by 6% and the TA Tech-Elite index increased by 4%, and in the full year 2023 the indices increased by 17% and 14%, respectively, a moderate increase compared to the 43% surge of the NASDAQ index.

  It should be noted that in the past five years, 2019 to 2023, the TA-Technology index has been in the lead, with an increase of 103%.

- The TA-Banks5 index increased by 15.5% since the beginning of 2023 until 5.10.2023, reaching a historic record, this as a result of the increase in the banks' profitability due to the increase in financing income that ensued from the higher inflation and interest rate and the banks' non-payment of interest on current accounts. Since the breakout of the war until the end of 2023, the TA-Banks5 index decreased by 4.5% - this as a result of the expected increase in the banks' provisions for credit losses, alongside the reduction in financing income and commissions due to easements extended to bank customers directly impacted by the war. It should be noted that the international rating agencies, Fitch and Moody's, announced in October 2023 that Israeli banks, too, are now under "Negative Watch".

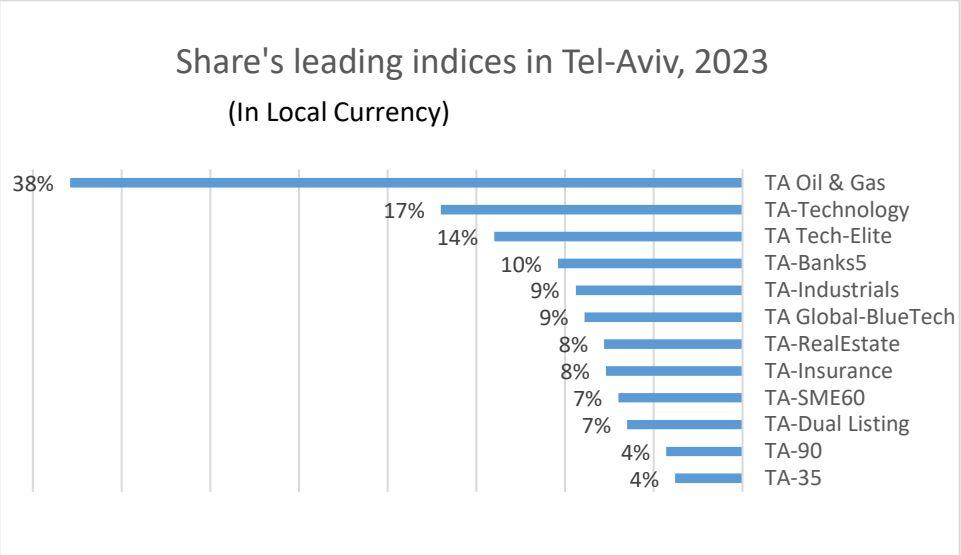
In total, in 2023 the TA-Banks5 index increased by 10%, and over the past five years, 2019 to 2023, the index increased by 77%.

The TA-RealEstate index increased by 8% in 2023, while the TA-Construction and TA-Investment Properties Abroad indices increased by 7.5%, each, and the TA-Investment Properties in Israel index increased by 3%.

The leveraged real estate companies are greatly susceptible to interest rate rises, and the interest rate rises between April 2022 and May 2023 have driven up their financing costs and reduced the value of their properties.

Investment Properties in Israel companies decreased by 9% since the beginning of 2023 until the breakout of the war, further to the steep drops in 2022, this on the backdrop of the interest rate rises in Israel and internationally and the economic slowdown. Additionally, since the breakout of the war, the index corrected and increased slightly - due to the expected reduction of the interest, which would reduce the financing expenses.

The construction companies recorded a negligible change in 2023, with an adverse effect of the reduced demands by home buyers due to the high interest rate as well as the significant slowdown in construction as a result of the temporary shut-down of some of the construction sites following the breakout of the war, and the steep drop in the number of construction workers authorized to enter Israel. In opposition, a positive effect ensued from the discontinuance of the interest rate rises already in the first half of 2023 and the growing expectations for its reduction already in early 2024, the expected increase in the demand for construction in southern Israel as part of the reconstruction of the damaged towns and the rise in demand for apartments with saferooms (MAMAD) nationwide, as well as the ongoing short supply of housing in Israel. It should be noted that in the past five years, 2019 to 2023, the TA-RealEstate index increased by 89%.



In opposition, indices that stood out negatively in 2023 are:

- The TA-Cleantech index and TA-Energy Utilities index stood out with a decrease of 9%, each, in 2023. Although the world is headed towards renewable energy and independent production of green energy, the green energy sector has suffered a negative sentiment in recent years, inter alia as a result of the transition from a zero-interest environment to a high-interest environment, which makes it difficult to finance non-profitable projects around the world, requiring government subsidy.

- In total, the TA-Retail index decreased by 12% in 2023. Contributing factors to the decrease in the index include the uncertainty and economic slowdown on the backdrop of the Judicial Reform and the war.

The following table shows the yields of the main equity indices in 2022 and 2023 (percentages)[16]:

	Rate of change			Market Cap as of December 31		
	Q4 2023	2023	2022	2023 (NIS billions)	2022 (NIS billions)	
Market Cap Indices						
TA-35	1.1%	3.8%	(9.2%)	566	547	An equity index of the 35 companies with the highest market capitalization on the exchange that meet the index criteria.
TA-90	(0.2%)	4.3%	(18.2%)	245	252	An equity index of the 90 companies with the highest market capitalization on the exchange, that are not included in the TA-35 Index, and that meet the index criteria.
TA-125	0.7%	4.1%	(11.8%)	811	799	An index that includes all the shares in the TA-35 and TA-90 Indices.
TA-SME60	4.4%	7.0%	(33.2%)	47	42	An index that includes the 60 shares with the highest free float market capitalization on the exchange, out of the shares that are not included in the TA-125 Index, that meet the index criteria.
Sector Indices						
TA-Tech-Elite	2.8%	14.0%	(29.9%)	229	218	An index that includes all the shares includes in the TA-Global-BlueTech Index (an index that includes all the shares from the technology and biomed sectors that are included in TAMAR) with a minimum market capitalization of at least NIS 75 million.
TA-Finance	(4.7%)	9.2%	(8.8%)	218	208	An index that includes all the shares includes in the following 3 sectors: banks, insurance and financial services, which meet the index criteria.
TA-Real Estate	9.8%	7.8%	(30.9%)	181	177	An index that includes the shares included in the real estate and construction sector, which meet the index criteria.
TA-Oil & Gas	(6.3%)	37.9%	35.0%	44	38	An index that includes all the shares included in the oil and gas exploration sector, which meet the index criteria.

16 A securities index is a number that expresses the changes that have occurred over time to the value of a certain group of securities. Changes in securities indices reflect the return for investors in the securities included in the index, according to the weighting of each security in the index. They measure these changes both during the trading day and over time.

Trading in equities was strong, reaching an average daily volume of NIS 2 billion in 2023– 13% below the volume in 2022, which was the highest volume since 2011.

The reduction in the trading volumes in 2023 compared to the trading volumes in 2022 was influenced by purchases of equity holdings by long-term institutional investors, and the sale of equity holdings by the Israeli public and by foreign investors.

According to the data of TASE, in the first nine months of 2023, Israeli long-term institutional investors increased their exposure to the Israeli equity market, a trend that persisted after the breakout of the war.

At the same time, the Israeli public and foreign investors reduced their investments. While the Israeli public reduced its equity holdings already in the first nine months of 2023, on the backdrop of the protests against the Judicial Reform, foreign investors purchased equity holdings. Following the breakout of the war, the Israeli public continued to reduce its investments, concurrently with sales of equity holdings by foreign investors.

The support of the local institutional investors, which purchased equity holdings since the beginning of the war and scooped up the equity holdings sold by local retail investors and by the foreign investors, also helped moderate the price drops on the equity market.

The following table sets forth data regarding the average daily trading volumes in the equity market in 2021 and 2022 (excluding activities attributed to ETFs) (NIS millions):

Average Daily Trading Volumes in the Equities Market (NIS millions)

	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Equities	1,598	1,874	(15%)	1,515	1,634	(7%)

1.10.1.1 The total equity raised from the public on TASE's equity market dropped sharply in 2023 and came to NIS 8.5 billion, further to the NIS 21.7 billion raised last year and to a record amount of NIS 25.8 billion raised in 2021 (excluding TASE UP).

The following table shows the numbers of public offerings and total proceeds in the equity market (excluding amounts raised overseas) in 2023 and 2022:

	Number of Offerings					
	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Public offerings[1]	66	78	(15%)	14	16	(13%)
Public offerings of new companies (IPOs) included in public offerings [2]	1	13	(92%)	0	0	-
Private placements	98	117	(16%)	27	24	13%
Total	**164**	**195**	**(16%)**	**41**	**40**	**2%**

(1) Including TASE UP.

(2) The number of new companies does not include companies that were listed without raising capital.

	Amounts Raised (NIS millions)					
	2023	2022	% change	For the three months ended 31.12.2023	For the three months ended 31.12.2022	% change
Public offerings [1]	3,530	11,808	(70%)	320	618	(48%)
Public offerings of new companies (IPOs) included in public offerings	145	2,342	(94%)	-	-	-
Private placements	4,771	9,240	(49%)	851	857	(1%)
Exercise of warrants [2]	239	493	(52%)	21	101	(79%)
Total	**8,539**	**21,721**	**(61%)**	**1,191**	**1,576**	**(24%)**

(1) Including TASE UP.

(2) This figure relates to the expiration date of the warrants.

The wave of IPOs, which reached a historical record in 2021, with 94 new companies, came to a standstill already in August 2022. And in 2023 one new issuer raised NIS 145 million in the first quarter of the year, as compared to 13 new issuers that raised NIS 2.3 billion in 2022.

In addition, two new companies dual-listed on TASE, two new companies were listed after splitting off listed companies and two new companies completed reverse mergers with TASE-listed companies.

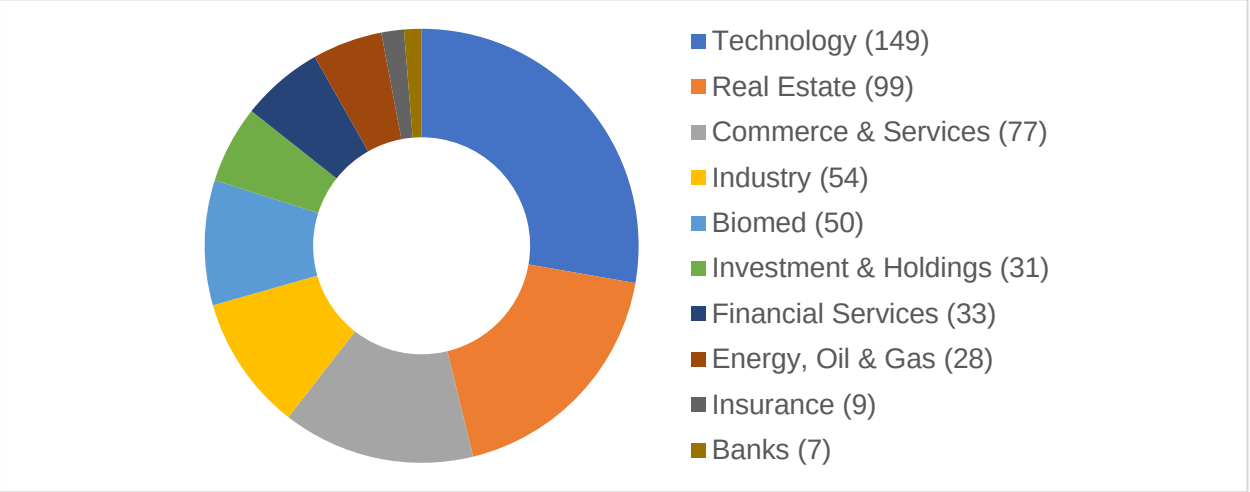
Furthermore, after the date of the report, one company completed an IPO and another company split off a TASE-listed company. A sharp drop was also recorded in equity raised by seasoned issuers, which came to NIS 8.2 billion in 2023 (offerings and private placements), compared to NIS 18.9 billion raised by TASE-listed companies last year.

1.10.2 The following table sets forth data regarding changes in the number of companies with shares listed on TASE in 2023 and 2022:

	2023	2022	Three months ended 31.12.2023	Three months ended 31.12.2022
Companies listed at the start of the period	**548**	**541**	**538**	**550**
New companies added				
IPOs	1	13	-	-
Dual-listing	2	2	-	1
Other*	2	3	-	1
Total	**5**	**18**	**-**	**2**
Companies that were delisted				
Tender offers and mergers	8	7	-	3
Non-compliance with maintenance rules	2	1	-	-
Dual-listed companies delisted from TASE only	4	3	1	1
Companies in settlement/liquidation proceedings	2	-	-	-
Total	**16**	**11**	**1**	**4**
No. of companies listed at the end of the period	**537**	**548**	**537**	**548**

* A company that became a stock company following a settlement, or a split from a public company or listing without the raising of capital.

1.10.2 As of the end of 2023, 537companies were traded on the stock exchange.



During 2023, seven new companies joined the equity market, of which one company completed a share IPO, two companies performed dual listing, and two companies were split off TASE-listed companies. In addition, in the aforesaid period, reverse mergers of 2 new companies into TASE-listed companies that had no material business activity were completed. These additions were offset, in said period, by 16 companies being delisted. The aggregate market capitalization of the five new companies listed in 2023, together with two companies that completed reverse mergers, totals NIS 5 billion. In opposition, in 2023, 16 companies were delisted from TASE (including a company that was merged into a company that listed in their place) with an aggregate market cap of NIS 24.5 billion shortly before the delisting, which is mostly (NIS 18.4 billion) attributed to Leonardo DRS (3 of the delisted companies, with an aggregate market cap of NIS 3.3 billion were delisted within the framework of a tender offer and/or a merger with other companies that are listed on TASE, thereby offsetting the effect on the aggregate market cap of the companies listed on TASE).

As of 31.12.2023, 50 companies are dual-listed on TASE and on exchanges in the United States or the UK as part of the dual listing arrangement (with an aggregate market cap of NIS 263 billion as of said date and an overall average daily trading volume of their shares of NIS 370 million in 2023), as compared to 52 dual listed companies as of 31.12.2022. The dual-listed companies account for 28% of the market cap and 27% of the overall trading volumes on TASE's equity market (excluding ETFs). Additionally, in 2023 the average trading volume of shares of dual-listed companies on TASE accounted for 34% of the overall trading in the shares of the dual-listed companies (on TASE and on the foreign exchanges).

In 2023, 2 companies performed dual listing on TASE, further to the two companies that joined dual listing in 2022.

In 2023, 4 dual listed companies with an aggregate market cap of NIS 19 million (substantially all of the amount, NIS 18.4 billion, relates to one of the delisted dual companies – Leonardo DRS) voluntarily delisted from TASE. In 2022, 3 dual listed companies with an aggregate market cap of NIS 19.3 billion delisted from TASE. After the reporting period, two dual-listed companies announced their intention to delist their shares from TASE. It should be noted that, as a rule, the delisting of a dual-listed company from TASE is executed by resolution of the organs of the company. Accordingly, there are generally no material barriers for the delisting of a dual-listed company from TASE.

1.10.3 The bond and Makam (treasury bills) market

The bond market stood out positively in 2023, with substantial price gains, led by the CPI-linked corporate bonds, most notably the bonds included in the Tel Bond Yields CPI Linked index and the Tel Bond-CPI Linked A index, which increased by 8%-9%, each, since the beginning of the year until the breakout of the war, and thereafter increased by a further 2.6% - bringing their total increase in 2023 to 12.1% and 10.7%, respectively.

It should be noted that the corporate shekel bonds increased by a moderate 2% since the beginning of the year until the breakout of the war, and continued to climb by an additional 4% until the end of the year - all in all, achieving an increase of up to 6% in 2023.

The Tel Bond-Dollar index, comprising the currency-linked corporate bonds, increased by 15.5% until the breakout of the war, concurrently with the 10% appreciation of the U.S. dollar relative to the shekel. Since the breakout of the war until the end of 2023 - the Tel Bond-Dollar index decreased by 3.2%, while the U.S. dollar continued to appreciate, reaching NIS 4.081 on 27.10.2023, then depreciated to NIS 3.627 at the end of 2023, influenced by the sale of dollars by the Bank of Israel and the holding steady of the U.S. interest rate. Overall, in 2023 the Tel Bond-Dollar index also stood out positively with an increase of 11.8%, reaching a record high.

Trading in government bonds came to a mixed trend - price gains in the short- and mid-term bonds, and price drops in the long-term bonds.

The yield-to-maturity of 10+ years fixed-rate government shekel bonds on TASE rose to 5.25% towards the end of October 2023 - the highest level in many years, then dropped to 4.4% at the end of 2023, exceeding the 3.7% yield at the end of 2022. In comparison, the yield-to-maturity of the 10-year treasuries increased to 5.0% in October 2023 - the highest yield in more than 15 years, then dropped to 3.9% at the end of 2023, identical to its level at the end of 2022.

The rise in the yield of long-term government bonds, both in Israel and in the United States, which reached a record high in October 2023, reflects the higher national budget deficit and economic risk, and resulted in the downgrading of the rating and/or the outlook by the international rating agencies.

T-bill prices increased by 4.1% in 2023, and the yield-to-maturity increased to 4.5%, compared to 3.5% at the end of 2022, and compared to 0% in the eight previous years.

Government and corporate bond indices, 2022-2023 (% yield):



The following table shows the yields of the main bond indices (corporate and government) in 2022 and 2023 (in percent):

	Annual Yield 2023	Annual Yield 2022	Q4 Yield 2023	Q4 Yield 2022	
Government Bonds					
Tel Gov CPI-Linked	(0.4%)	(9.8%)	0.5%	(0.8%)	A fixed-rate CPI-linked index - government bonds, consists of all the government bonds traded on TASE that are linked to the Consumer Price Index and that pay fixed interest.
Tel Gov - Shekel (fixed interest, shekel bonds)	1.3%	(10.0%)	2.3%	(0.2%)	A shekel fixed-rate government index consisting of all the government bonds that are not CPI-linked and that are traded on TASE and pay fixed interest.
Corporate Bonds (*)					
CPI-Linked Corporate Bonds	6.3%	(7.6%)	2.5%	(1.0%)	A CPI-linked corporate index that consists of all the corporate bonds linked to the Consumer Price Index that are traded on TASE.
Tel Bond-Shekel	5.3%	(7.0%)	3.7%	0.1%	The Tel Bond-Shekel Index consists of all the non-CPI-linked fixed-rate corporate bonds included in the Tel-Bond Universe and that meet the index criteria.
Currency-Linked Bonds Corporate Bonds	12.9%	7.5%	(1.5%)	(0.5%)	The Currency-Linked Bonds - Corporate Index consists of all the currency-linked corporate bonds traded on TASE.

(*) Excluding bonds listed on TASE UP and structured bonds.

1.10.3.1 The following table shows data of government bond redemptions in 2021 and 2022 (NIS billions):

	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Shekel bonds	53.4	65.6	(19%)	19.9	15.8	26%
CPI-linked bonds	26.8	22.4	20%	7.6	-	-
Total redemptions	**80.2**	**88.0**	**(9%)**	**27.5**	**15.8**	**74%**

1.10.3.2 The following table shows data regarding corporate bond issues in 2021 and 2022 (NIS millions and percent):

Raised / issued - corporate bonds (NIS, in millions)

	2023		2022		Three months ended 31.12.2023		Three months ended 31.12.2022	
Amounts raised through corporate bonds in Israel	**Amount raised**	**% of total raised in Israel**	**Amount raised**	**% of total raised in Israel**	**Amount raised**	**% of total raised in Israel**	**Amount raised**	**% of total raised in Israel**
Financial sector	**29,593**	**37%**	**33,761**	**39%**	**13,005**	**51%**	**8,645**	**46%**
Within the financial sector – banks	20,544	25%	25,666	30%	10,172	40%	7,231	38%
Non-financial sector	**51,353**	**63%**	**52,223**	**61%**	**12,362**	**49%**	**10,202**	**54%**
Within the non-financial sector - real estate	28,856	36%	31,470	37%	7,549	30%	5,831	31%
Within the non-financial sector - energy and gas exploration	11,338	14%	9,017	10%	3,301	13%	2,631	14%
Total raised through corporate bonds in Israel[1]	**80,946**	**100%**	**85,984**	**100%**	**25,367**	**100%**	**18,847**	**100%**
TASE UP - debt raised overseas	7,181	-	3,311	-	-	-	-	-
Structured bonds	11,857	-	2,800	-	7,861	-	1,605	-
Total raised through corporate bonds[2]	**99,984**	**-**	**92,095**	**-**	**33,228**	**-**	**20,452**	**-**

(1) Excluding non-listed bonds.

(2) Includes offerings in Israel on TASE UP.

1.10.3.3 The volume raised with bonds from the public and from institutional investors on the Israeli bond market (excluding structured bonds) totaled NIS 88.1 billion in 2023, of which NIS 9.4 billion was raised with bonds listed on TASE UP, further to a similar volume of NIS 89.3 billion raised in 2022. Most of the debt raised in 2023 was raised by the banks and the real estate companies, similarly to the trend in the past two years.

It should be noted that, in 2023, redemptions totaled NIS 54 billion and are expected to reach NIS 58 billion in 2024.

The financial sector raised NIS 34 billion from the public and from institutional investors in 2023, of which NIS 5.5 billion was raised with bonds issued to institutional investors on TASE UP, as compared to NIS 35.5 billion raised in 2022.

The major banks raised NIS 24.9 billion from the public and from institutional investors in 2023, of which NIS 4.9 billion was raised with bonds issued to institutional investors on TASE UP, as compared to NIS 27.4 billion raised in 2022. The reduction in debt raised by the banks in 2023 is due, on the one hand, to the decrease in the demand for credit by home buyers, as a result of the higher mortgage costs, as well as by real estate companies, as a result of the downturn in the real estate sector and the reduction in the number of new builds, and on the other hand, to the increased profitability of the banks as a result of higher financing income (due to the interest-rate increases).

In the third quarter of 2023, the banks were forced to increase the provisions for credit losses, influenced by the high key interest rate and the breaking out of the war in October 2023, and in December 2023 the banks raised NIS 10 billion, representing close to 40% of the total amount raised by the banks in the full year 2023. The banks are expected to continue to increase the provisions for credit losses, also with respect to the final quarter of 2023.

The non-financial sector raised NIS 54.1 billion from the public and from institutional investors in 2023, of which NIS 3.9 billion was raised with bonds issued to institutional investors on TASE UP, as compared to NIS 53.8 billion raised in 2022.

Redemptions of marketable bonds by non-financial companies totaled NIS 38.5 billion in 2023, exceeding the previous year’s total of NIS 34 billion, and are expected to grow further up to NIS 44 billion in 2024.

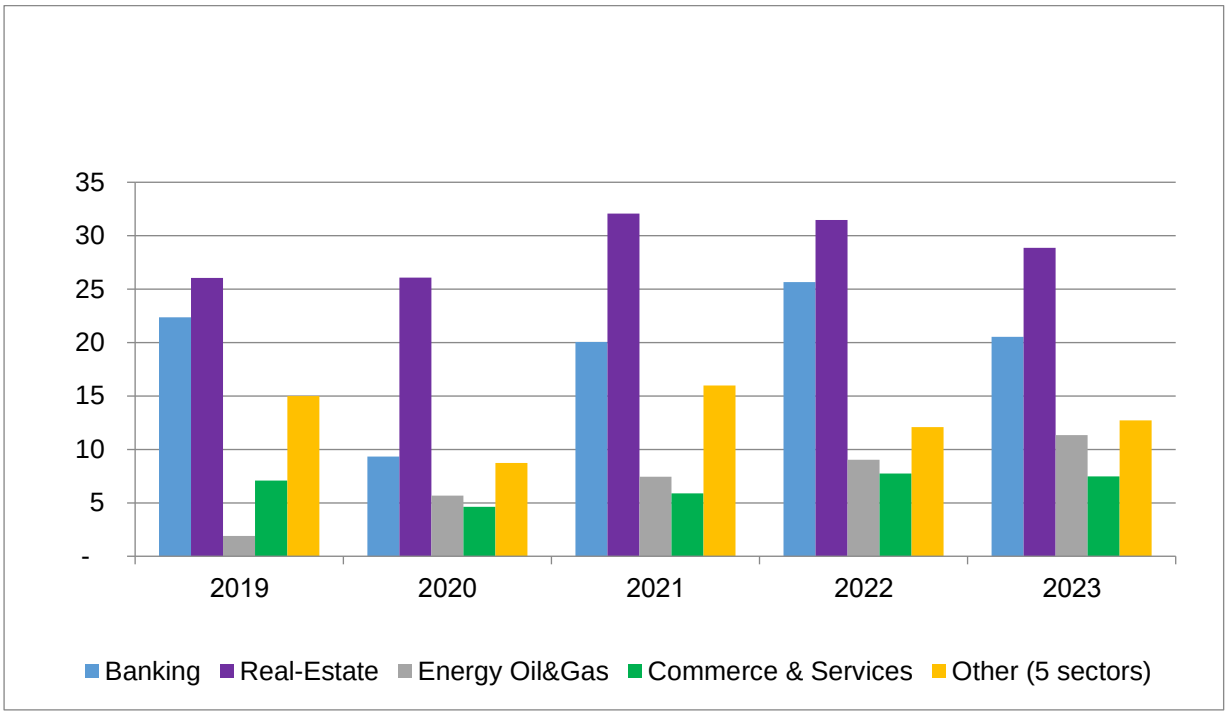
Real estate companies, which continue to lead debt raising, with 36% of total debt raised through public offerings of corporate bonds in 2023, raised NIS 28.9 billion in 2023, as compared to NIS 31.5 billion raised by companies in the sector in 2022.

The downturn in the real estate sector that commenced in the second half of 2022 as a result of the interest rate increases, which drive up mortgage and financing costs, continued into 2023 and was reflected in housing prices. According to the data of the Central Bureau of Statistics, in September and October 2023 housing prices remained unchanged compared to the two previous months, but reduced by 1.3% compared to the corresponding period last year - the first reduction in five years, after increasing by an annual rate of 12.7% in the full year 2022.

It should be noted that office investment property, which experienced reduced demands during the Covid-19 years and thereafter as a result of the slowdown in the high-tech sector, continues to experience reduced demands due to the war.

Among the issuers in 2023 are ten new companies that raised a total of NIS 2.3 billion, seven of which are new real estate companies that raised an aggregate amount of NIS 2 billion in bond IPOs.

Debt raised with corporate bonds - by sectors (NIS, in billions)



The weight of debt raised through bonds rated above "A" increased in 2023 and accounted for 93% of the amount raised in public offerings of bonds, as compared to 89% in 2022.

The weight of debt raised with non-rated bonds decreased and accounted for 4% of total debt raised in 2023, compared to 9% in 2022.

The weight of debt raised with CPI-linked bonds in the total debt raised in public offerings of bonds slightly decreased in 2023, accounting for 57%, compared to 58% in 2022. In 2023, NIS 44.9 billion was raised as above, as compared to NIS 49.3 billion in 2022.

The weight of debt raised with unlinked bonds in the total debt raised in public offerings of bonds slightly increased in 2023, accounting for 42%, compared to 41% in 2022. In 2023, NIS 33.3 billion was raised as above, mostly with fixed-rate shekel bonds, as compared to NIS 35.2 billion in 2022.

NIS 7.7 billion of the total amount raised with unlinked bonds in 2023 relates to variable-rate commercial paper (a margin above the Bank of Israel interest rate), as compared to NIS 4.4 billion raised with commercial paper in 2022.

Offerings of dollar-linked bonds totaled only NIS 0.5 billion in 2023, accounting for 1% of the amount raised in public offerings of bonds, slightly above the volume raised in 2022.

In 2023, the amounts raised in offerings of structured bonds backed by deposits at local banks surged, totaling NIS 11.9 billion - a record amount, compared to an amount of NIS 2.4 billion raised in 2022.

Of said amount, NIS 11.3 billion was raised with variable-interest shekel bonds, and NIS 0.6 billion was raised with dollar-linked bonds. All bonds are rated AAA by "Maalot" or "Midroog".

The steep increase in the volume of bond offerings in 2023 is designed to accommodate the growing demand for solid investments in the currently prevailing uncertainty. Bonds are attractive since they bring together multiple investors, awarding them a higher interest rate than that awarded to a single investor on a bank deposit. In addition, the issued bonds bear variable interest with a margin of 0.1% to 0.21% above the Bank of Israel interest rate, which is currently 4.75% - the highest rate in 17 years.

1.10.4 The following table sets forth data regarding the average daily trading volumes in bonds in 2022 and 2023 (excluding activities attributed to ETFs) (NIS millions):

Average Daily Trading Volumes on the Bonds Market (NIS millions)

	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Government bonds	2,911	2,431	20%	3,527	2,393	47%
Corporate bonds* (excluding ETFs)	902	916	(2%)	861	903	(5%)
Treasury bills	1,397	783	78%	1,568	1,194	31%

* Including structured bonds.

The average daily trading volume of bonds totaled NIS 2.9 billion in 2023, 20% greater than the trading volume in 2022. The increase was due to the trading volume of government shekel bonds, which totaled NIS 2 billion – 27% greater than the volume in 2022, and in CPI-linked government bonds, which totaled NIS 0.9 billion – 6% greater than the volume in 2022.

The increase in the trading volumes of government bonds was influenced by the increased floatation of bonds by the Ministry of Finance in 2023, designed to finance the rise in the national budget deficit.

According to the TASE data, foreign investors made net purchases of government bonds on TASE in January through September 2023, and made net sales of government bonds in the final quarter of the year, disparately from the Israeli public, which made net sales of government bonds in January through September 2023 and proceeded to sell government bonds until the end of 2023.

It should be noted that the long-term institutional investors in government bonds made net sales of government bonds in the first nine months of 2023, and net purchases of government bonds in the final quarter of the year.

The average daily trading volume of corporate bonds (including structured bonds and ETFs) totaled NIS 1 billion in 2023 - only 3% below the average volume in 2022. According to the data of TASE, the Israeli public made net purchases of corporate bonds in 2023, including after the breakout of the war. At the same time, foreign investors made net purchases of corporate bonds, including after the breakout of the war. Long-term institutional investors' net activity was immaterial.

The average daily trading volume of T-bills (on TASE and outside TASE) surged, totaling NIS 1.4 billion in 2023, 78% greater than the trading volume in the previous year. The increase in the trading volumes was due to the increase in T-bill issuances by the Bank of Israel.

The increase in the trading volumes in 2023 was influenced by the steep rise in the volume of T-bill sales by the Bank of Israel, further to the trend of the previous year, which totaled NIS 127 billion par value, net, compared to NIS 98 billion net par value in 2022, and compared to NIS 28 billion net par value in 2021. The increase in T-bill issuances accommodates the public's demand for this solid channel of investment, a demand that was reflected in the massive infusion of money into the money market funds. In addition, T-bill offerings absorb money from the public, facilitating a more moderate interest-raising policy - as aggressive interest-rate increases are detrimental to the economic activity.

Accordingly, in 2023, the Israeli and foreign public holdings of T-bills soared, reaching a record amount of NIS 324 billion in October 2023, and totaling NIS 305 billion close to the end of the year, as compared to NIS 209 billion and NIS 115 billion at the end of 2022 and 2021, respectively.

According to the data of TASE, the Israeli public made net purchases of T-bills in 2023, mainly in the first nine months of 2023. In opposition, foreign investors made net sales of T-bills in 2023, throughout the year, and long-term institutional investors made net sales of T-bills, mainly in the first nine months of 2023.

1.10.5 **ETFs**[17]

1.10.5.1 In October 2018, the reform spearheaded by the Israel Securities Authority (pursuant to Amendment No. 28 to the Joint Investment Trust Law) to convert exchange-traded notes (ETNs) to tradable exchange-traded funds (ETFs) (which operate in the format of mutual funds) got underway.

In 2023, 29 new ETFs were listed with a total market cap of NIS 1.7 billion at year's end: NIS 1.3 billion - the market cap of 21 ETFs on equity or bond indices on TASE, of which NIS 0.8 billion relates to 11 new ETFs on corporate bond indices on TASE; NIS 0.4 billion - the market cap of 5 new ETFs on TASE equity indices on the TA-35, TA-90, TA-125 and TA-Insurance indices and on the Israel 120 Index; and NIS 0.1 billion - the market cap of five new ETFs on government bond indices on TASE. NIS 0.4 billion - the market cap of 8 new ETFs on international indices, including an ETF on international equity index, MSCI ACWI Sustainable Impact - The index comprises companies that are primarily engaged in one or more of the areas that have been defined as global social and environmental challenges under the U.N.'s Sustainable Development Goals.

On the other hand, in 2023 22 ETFs with a combined market cap of NIS 285 million, mostly on international equity indices, have been delisted: NIS 230 million - the market cap of ten ETFs that became open-ended or were merged into open-ended ETFs, and NIS 55 million - the market cap of 12 ETFs that were liquidated.

In 2023, 53 ETFs of Psagot have been merged into the ETFs of Kesem - the merger detracted from the number of traded ETFs, but not from their combined market cap.

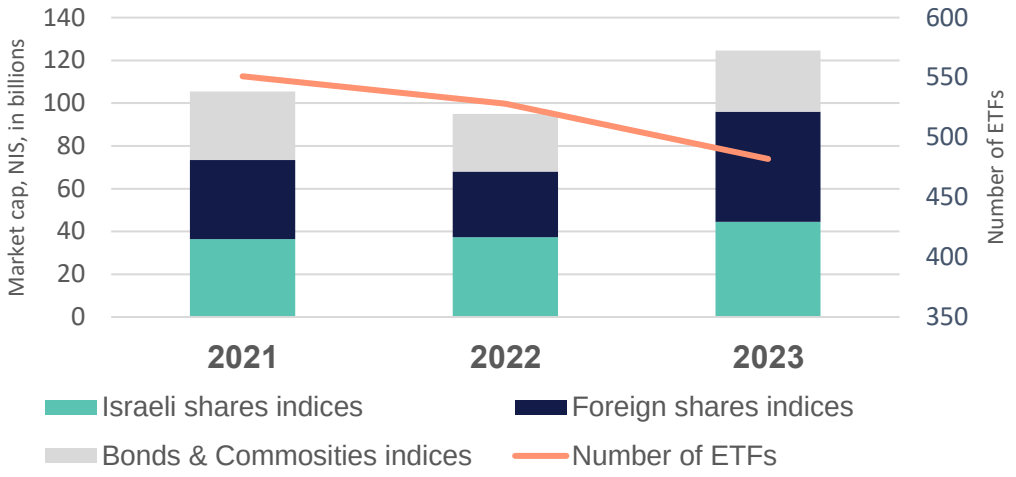
As of 31.12.2023, there are 482 ETFs listed on TASE, including: 82 ETFs on local equity indices and 242 ETFs on international equity indices, 140 ETFs on local bond indices, and 18 ETFs on international bond indices and commodities. The total market cap of the ETFs at the end of 2023 is NIS 125.1 billion.

260 of the ETFs, with a total market capitalization of NIS 51.5 billion, are tracking foreign equity indices, foreign bond indices and commodities. The most popular underlying assets among the ETFs tracking foreign equity indices are U.S. indices, S&P 500 and NASDAQ 100, that are tracked by ETFs with a total market capitalization of NIS 37.7 billion.

ETFs that track the foreign indices facilitate investment through the Israeli market in a wide range of areas, such as: technology, cyber, biotechnology, industry and finance sectors; global indices for developed and emerging markets; U.S. indices; all-European and national indices - Germany, U.K., Switzerland and France; as well as other Asia-Japan, China, India and Australia indices.

17 For further details regarding the ETN reform and the transition to ETFs, see Section 1.10.5.1 below. The data has been taken from the reports of the ETN Association.

Development of the ETF market, (2021 to 2023):



In 2023, the ETFs' market capitalization increased by NIS 30.2 billion. The increase originated mainly from ETFs on foreign and local equity indices:

An increase of NIS 20.8 billion in the market cap of ETFs on international equity indices - of which NIS 9.9 billion is due to the increase in share prices and a net amount of NIS 10.9 billion is due to purchases of ETFs by the public and institutional investors, mainly of ETFs on the S&P 500 index; an increase of NIS 7.1 billion in the market cap of ETFs on equity indices on TASE - of which NIS 4.4 billion is due to purchases of ETFs by the public and institutional investors, mainly of ETFs on the TA-125 index, and NIS 2.7 billion is due to the increase in some of the equity indices; an increase of NIS 1.9 billion in the market cap of ETFs on corporate bond indices on TASE - of which NIS 1.3 billion is due to the increase in bond prices, and NIS 0.6 billion is due to purchases of ETFs by the public and institutional investors, mainly of ETFs on the Tel Bond-Composite and Tel Bond-Yields indices; an increase of NIS 0.9 billion in the market cap of ETFs on international bond indices and commodities - most of the increase stems from purchases of ETFs by the public and institutional investors.

In opposition, in 2023 the market cap of ETFs on government bond indices on TASE decreased by NIS 0.5 billion as a result of sales by the public and institutional investors, mainly of ETFs on the Tel Gov - CPI Linked 2-5 index.

Foreign ETFs

Amendment No. 23 to the Joint Investment Trust Law, 1994, which came into effect in February 2016, provides for the marketing and distribution of foreign ETFs in Israel.

A foreign ETF is an ETF issued by an international issuer that is listed on an exchange recognized for dual-listing purposes. The assets tracked by foreign ETFs can be foreign equity or bond indices, commodities or Futures. Trading in foreign ETFs on TASE is conducted Mondays through Thursdays, in shekels. The rules governing the listing of foreign ETFs are essentially identical to those governing the listing of local ETFs.

At the end of 2023, 36 foreign ETFs issued by leading international institutions were traded on TASE, which are traded in parallel on foreign exchanges - 23 foreign ETFs managed by "Blackrock", and 13 foreign ETFs managed by "Invesco" - following the delisting, in March 2023, of three ETFs on international equity indices managed by "Lyxor".

The joint market cap of the aforesaid 36 ETFs on TASE amounts to NIS 6.5 billion as of the end of 2023, NIS 3.8 billion greater than their joint market cap at the end of 2022 - an increase of NIS 2.8 billion attributed to purchases of ETFs on the S&P 500 equity index, and an increase of NIS 1 billion attributed to the increase in international equity indices.

1.10.5.2 The following table shows data of the market capitalizations of ETFs (excluding foreign ETFs)[1] (NIS billions):

	31.12.2023	31.12.2022
ETFs on shares indices in Tel Aviv	**44.5**	**37.4**
Of which, primary indices:		
TA-125	15.7	11.7
Banks in Israel Index/TA-Banks 5	14.9	11.4
TA-35	5.3	6.6
TA-90	5.4	5.0
ETFs on international equity indices	**51.5**	**30.7**
Of which, primary indices:		
S&P 500	30.5	14.9
NASDAQ 100	7.2	5.0
S&P Technology	1.0	0.9
ETFs on bond indices	**29.1**	**26.8**
Of which, primary indices:		
Tel-Bond 60	5.5	5.8
Tel Bond-Shekel	3.9	3.9
Tel-Bond 20	2.7	3.3
CPI-linked government	1.0	1.1
Fixed-rate government NIS	0.9	1.1
Total value of ETFs	**125.1**	**94.9**

(1) Excluding 36 foreign ETFs with a market cap of NIS 6.5 billion as of 31.12.2023 (39 foreign ETFs with a market cap of NIS 2.7 billion as of 31.12.2022).

1.10.5.3 The following table shows data of net purchases and sales of ETFs (excluding foreign funds) by the public (NIS billions):

	2023	2022	Q4 2023	Q4 2022
ETFs on equity indices on TASE	4.4	5.5	3.0	(0.1)
ETFs on foreign equity indices	10.9	(0.2)	3.5	(0.7)
ETFs on bond and commodity indices	0.8	(2.7)	0.1	(0.2)
Total	**16.1**	**2.6**	**6.6**	**(1.0)**

1.10.6 The following table sets forth data regarding the daily trading volumes from trading in ETFs in 2022 and 2023 (NIS millions):

Daily Trading Volumes from Trading in ETFs (NIS millions)

	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
ETFs on equity indices	400	421	(5%)	411	355	16%
% of trading volume in equities*	20%	18%	11%	21%	18%	17%
ETFs on bond indices	114	130	(12%)	95	109	(13%)
% of trading volume in corporate bonds*	11%	12%	(8%)	10%	11%	(9%)

* Including activities attributed to ETFs.

1.10.7 **The derivatives market**

Trading on the derivatives market in 2023 was marked by volatility, concluding with price drops compared to the previous year.

The average daily volume of trading in TA-35 options (monthly and weekly) totaled 108 thousand units in 2023, 6% below the volume in 2022.

In January 2023, 90 thousand units were traded daily, while during February-March 2023, as protests against the Judicial Reform escalated, the average daily trading volume gradually increased to 130 thousand units in March 2023. In the second and the third quarters of 2023, influenced by discussions held between the parties in an attempt to reach a consensus, the average daily trading volume totaled 106 thousand units. In contrast, in the final quarter of 2023, on the backdrop of the “Swords of Iron” War, the average daily trading volume increased to 111 thousand units.

Trading was influenced by the volatility in share trading, as the fear index, VTA35, rose from 16 points at the end of December 2022 to 27 points on 19.3.2023, ultimately settling at 15 points on the eve of the war. Following the breakout of the war, the index soared to 26-28 points by 26.10.2023 - the highest rate since March 2022 (the first month of the Russia-Ukraine war). Thereafter, the index gradually reduced back to 16 points at the end of 2023 - identical to its level at the beginning of the year.

In opposition, the VIX index in the United States rose from 22 points at the end of December 2022 to 26 points on 15.3.2023, dropping to 12 points at the end of 2023.

In light of the success of the weekly options on the TA-35 Index and their growing popularity, on 4.7.2023 TASE launched a new weekly series of options on the TA--35 Index that expires on Tuesdays, in addition to the Thursday expiration series. Consequently, the trading volume of the weekly options increased to an average daily 50 thousand units in the second half of 2023, compared to 44 thousand units in the first half of 2023.

The average daily trading volume of dollar options amounted to 35 thousand units in 2023, 11% below the average daily volume in 2022. Trading in these options was also active in February and March 2023 (an average daily 44 thousand units), then reduced to an average daily 35 thousand units.

Trading was influenced by the volatility of the exchange rate of the U.S. dollar relative to the shekel, as a result of a number of factors, including: price gains in the United States and their impact on the hedging strategy of institutional investors in Israel, interest rate increases by the Federal Reserve, and the sale of dollars by the Bank of Israel commencing in October 2023, to support the exchange rate of the shekel and reduce import prices. Other factors of impact included the uncertainty surrounding the Judicial Reform until October 2023, and in the final quarter of 2023 - concerns for the spreading of the war in the Middle East.

1.10.7.1 The following table shows details of daily trading volumes in the derivatives market (in thousands of units):

Daily Trading Volumes on the Derivatives Market (in thousands of units, and not including derivatives on individual equities and Euro/Shekel options)

	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Monthly options on the TA-35 Index	61.5	71.2	(14%)	59.7	67.0	(11%)
Weekly options on the TA-35 Index	47.0	43.4	8%	51.1	40.4	27%
Monthly and weekly dollar/shekel options	35.1	39.3	(11%)	30.5	37.3	(18%)

1.10.8 **Mutual funds**

1.10.8.1 According to Bank of Israel data, as of 30.11.2023, the 1,787 mutual funds constituted 8.5% of the total financial assets held by the public. According to the Company's data, during the period from 1.1.2023 through 31.12.2023, the average daily volume of creations and redemptions of mutual fund units amounted to NIS 1,424 million. As of 31.12.2023, the aggregate market cap of mutual fund units amounted to NIS 330.2 billion, broken down as follows: 43% – mutual funds that invest in bonds traded on TASE; 7% – mutual funds that invest in equities traded on TASE; 16% – mutual funds that invest in securities traded on foreign stock exchanges; and 34% – mutual funds that invest in other investment instruments (mainly money market funds). According to data of the Israel Securities Authority, at the end of 2023, there were approximately 1,794 mutual funds.

1.10.8.2 The following table shows data of net purchases and sales of mutual fund units by the public (NIS billions):

Net Purchases and Sales of Mutual Fund Units (NIS billions)

	2023	2022	Three months ended 31.12.2023	Three months ended 31.12.2022
Funds investing in shares on TASE	(4.8)	0.8	(0.3)	(1.3)
Funds investing in bonds on TASE	(24.5)	(24.6)	(3.7)	(9.3)
Money market funds	52.9	32.5	11.0	18.9
Funds investing in foreign securities	10.4	(3.2)	2.1	(0.6)
Total	**34.0**	**5.5**	**9.1**	**7.7**

Mutual funds showed a mixed trend in 2023 - the public withdrew money from the funds that invest in shares and bonds on TASE, and diverted its money to the money market funds and to the mutual funds that invest overseas.

In view of the raising of the key interest rate and the underperformance of the equity market, in 2023 the public infused a net amount of NIS 52.9 billion into the money market funds. In December 2023, a relatively small amount of only NIS 1 billion was infused, compared to 3.5 to 6.5 billion shekels in each of the months January through November 2023, this as a result of the reduced inflation and the growing expectations for the reduction of the key interest rate. Noteworthy in this context, is the Bank of Israel's increased T-bill sales, and the public holdings of T-bills reaching a record high.

In addition, the public infused an amount of NIS 22.3 billion into the ETFs and the tracking funds. As of the end of 2023, there are 1,136 tracking funds on TASE (ETFs and open-end funds) that manage NIS 200 billion. In 2023, 100 new tracking funds were listed, which raised an aggregate net amount of NIS 4.3 billion.

Outstanding in 2023 were the public's substantial purchases of ETFs and tracking funds on an international equity index - S&P 500 - NIS 14.8 billion.

Additionally, the public has made significant purchases of ETFs and tracking funds on a local equity index - TA-125 - NIS 3.4 billion, as well as purchases of ETFs on 5 local bond indices: Tel Bond-Composite - NIS 970 million, Tel Bond Yields CPI Linked - NIS 615 million, Tel Bond-Shekel-50 – NIS 325 million, Tel Bond CPI-Linked 1-3 - NIS 278 million, Tel Gov - CPI Linked 0-2 - NIS 185 million.

At the same time, the public withdrew from the funds investing in bonds on TASE, mainly the active funds, a net amount of NIS 24.5 billion in 2023. The withdrawals came to a halt in December as a result of the expected reduction of the interest rate. In addition, the public withdrew from the funds investing in shares on TASE, mainly the active funds, a net amount of NIS 4.8 billion in 2023. The withdrawals came to a halt in the last two months of the year.

1.10.9 Developments in the Markets of the Area of Operations or Changes in the Characteristics of the Customers

The Arrangements Law (approved together with the approval of the State Budget for the years 2021 and 2022) contains, inter alia, an amendment to the Financial Services Law (Provident Funds), 2005 (hereafter: "**the Amendment to the Provident Funds Law**"). Pursuant to the Amendment, commencing on 1.10.2022, the State discontinued the issue of earmarked bonds to the Israeli pension funds as a means to ensure the funds' achievement of a specific target yield. Instead, the State provides the pension funds with a "safety net" in the form of a current financial subsidy mechanism that will be paid out by the State to ensure the achievement of the target yield that has been defined, to the extent that the pension fund's investment portfolio is unable to achieve such target yield. Consequently, the pension funds are expected to channel funds that had previously been dedicated to the purchase of the earmarked bonds towards various other permitted investments. The Company believes that a part of these funds is likely to be used to invest in securities that are listed on TASE, thereby increasing the investment amounts and the trading volumes in such securities. It is also reasonable to assume that the State would require financing sources in lieu of the earmarked bonds. Therefore, the Amendment to the Provident Funds Law could also increase the volumes of debt raising through the listing of government bonds on TASE.

It should be noted that the Company's assessment with regard to the channeling of the funds by the pension funds to securities that are listed on TASE and their effect on the investment amounts and the trading volumes therein and with regard to the expansion of debt raising by way of listing of government bonds constitutes forward-looking information that is not in the control of the Company and therefore may not necessarily be realized or may be realized in a manner and to an extent different than that described above. This could come to pass, inter alia, in the event that the bodies that manage the investments of the pension funds choose to focus on investment instruments and/or securities that are not listed on TASE, or in the event that the State chooses to raise debt through instruments that would not be listed on TASE.

1.11 Critical Factors that May Affect the Success in the Area of Operations and the Changes in These Factors

In the Company's opinion, critical success factors are the attractiveness and relevance of the capital markets in Israel, the existence of communications infrastructures, and trading and settlement systems that support the products of the Company's operations, high quality control and monitoring systems, professional and experienced personnel, the ability to analyze market processes and to provide a response to changes in the capital market and to the requirements of traded companies, and the presentation of service features at the high standards practiced globally.

The factors that, in the Company's opinion, may adversely affect its success in the future in its areas of operation are the impact of the state of the Israeli economy on the capital markets, the extent of regulation in all matters relating to the Group's activities, the activities of the traded companies and the activities of the traders, a lack of professional and experienced personnel, the absence of a communications infrastructure and trading and clearing systems that support operations, and the state of the financial markets globally that may have an impact of the capital market in Israel.

1.12 **Key Entry and Exit Barriers of the Area of Operations**

The primary barrier to entry into the Company's operations is the Securities Law requirement to obtain a stock exchange license and a clearing house license. For further details, see Section 1.36.1 below. Other barriers include the establishment of the infrastructures for the trading and clearing activities in the format of a stock exchange, which are designed to ensure a high degree of reliability both in the closing and clearing of the transactions. Such establishment would require a considerable monetary investment and special expertise. These are considerations that may also constitute a restriction for entry into this area of operations.

Pursuant to provisions of Section 50 of the Securities Law, a stock exchange may not decide to cease the operations of the trading system for more than one business day without the permission of the Minister of Finance.

1.13 **Substitutes for the Products in the Area of Operations and the Changes that are Occurring Therein**

Substitutes in Israel for the products in the area of operations are limited because the Company is the only stock exchange in Israel. In the Company's opinion, it has an advantage over existing and potential competitors, as a platform for raising equity and debt and as the only alternative in Israel that provides access to trading on the stock exchange. However, the Company sees a potential competitive threat arising from accelerated globalization processes and from the direct participation of investors in trading outside the stock exchange in Israel.

For further details regarding the possibility of trading in the derivatives market by means of trading platforms and other securities trading alternatives, see Section 1.20.2 below.

1.14 **Structure of the Competition in the Area of Operations and the Changes that are Occurring Therein**

For details regarding the structure of the competition in the area of operations, see Section 1.20 below.

1.15 **Products and Services**

The Company's main groups of products and services in its area of operations are as follows:

1.15.1 **Trading and clearing of securities**

1.15.1.1 As part of this service, the Company enables the execution and settlement of transactions in a variety of securities and financial instruments, including shares, convertible securities, corporate bonds, government bonds, ETFs, Makams (treasury bills, issued by the Bank of Israel for a period of no more than one year) and derivatives, as well as clearing services for the creation and redemption of units of mutual funds. In recent years, these services were also expanded to the trading and clearing of hybrid bonds, in which the issuer retains the right to defer interest payments under certain circumstances without this being deemed as default, and the NLT services provided through TASE-CH were expanded to include units in investment funds that are incorporated as non-tradable limited partnerships.

1.15.1.2 For details on the scope of the activities at TASE in 2022 and 2023 in shares, convertible securities, corporate bonds, government bonds and Makams, see Section 1.10 above.

1.15.2 **Securities indices**

1.15.2.1 The Company edits and calculates three "families" of investment indices: (a) equity indices; (b) corporate bond indices (Tel Bond indices); and (c) government bond indices (All Bond indices) and (d) government bond indices (Tel Gov indices). In addition, the Company edits and calculates several equity indices and several bond indices, which is also done once a day, using the closing price of the securities included in these indices.

Every year, in May and November, the composition of the equity indices is updated and every month the composition of the bond indices is updated. Shares or bonds, as applicable, that do not meet the criteria for continued inclusion in a particular index are removed from it, and shares or bonds, as applicable, that were not previously included in a particular index and now meet the criteria, may be added to the relevant index on the Update Date. These criteria and the other rules of the indices are set forth in the TASE Rules, and in the resolutions of the Company's Board of Directors.

In July 2022, a new indices' methodology for bond indices was launched, including the upgrade of the government bond indices to Tel Gov indices.

Various issuers offer financial instruments based on TASE's indices, such as ETFs that track changes in a particular index, mutual funds that track a particular index or derivative financial instruments based on a particular index. In addition, investment instruments are issued that use the TASE indices as their underlying asset, such as various off-exchange swap transactions.

1.15.2.2 The indices' liquidity reform

In May 2022, the Board of Directors of TASE approved a new indices' methodology, which is designed, inter alia, to enhance the liquidity of the indices' composition and reduce their tracking costs (hereafter: "**the Reform**"). As part of the Reform, liquidity coefficients have been incorporated in the calculation of the weight of securities in the index and the frequency of index updates was changed from monthly to quarterly. In May 2023, the Authority approved the Reform, and on 2.11.2023 TASE launched the Reform.

1.15.2.3 The indices' pricelist

On 21.12.2022, the Company received the resolution of the Israel Securities Authority's Secondary Market Committee concerning amendments to the TASE Rules and the regulations by virtue thereof in connection with indices' activity on TASE (hereafter: "**the Authority's Resolution**") pursuant to which, inter alia, the Committee has approved the amendment of the pricelist concerning the TASE indices (hereafter: "**the Indices' Pricelist**"). At the same time, the Committee determines that TASE's engagement in the editing and calculation of the indices will be deemed as an auxiliary service that raises substantial concern for a conflict of interest with its engagement in the management of a securities' trading system, in which it may continue to engage subject to its compliance with certain terms, as set forth in the Authority's Resolution (hereafter: "**the Terms for the Indices' Activity**"), which was fully achieved after the reporting date. It should be noted that the Terms for the Indices' Activity mainly address the improvement of corporate governance rules and the implementation of organizational, professional and operational segregation of duties in the Company between the Indices' Activity and the trading management activity, and have been set based on discussions with the Company.

It is hereby clarified that the approval of the amendment of the Indices' Pricelist was not conditional on the fulfillment of the Terms for the Indices' Activity, and therefore the new rates pursuant to the Indices' Pricelist took effect gradually, in two steps - the first at a partial rate of 50% commencing on 1.1.2023, and the second at the full rate commencing on 1.1.2024.

1.15.3 ETFs

ETFs are mutual funds that are traded on a stock exchange and grant to their investors the right to receive a return derived from the change rate in the price of an index or commodity.

As of Reporting Date, there are various types of ETFs, including: (a) ETFs on an index – funds that track indices; (b) commodity ETFs – funds that track the value of an underlying asset, which is a commodity traded on a commodities exchange; (c) inverse ETFs – funds with performance inversely related to the performance of an index comprising a basket of securities that serve as the underlying asset; (d) leveraged ETFs – funds for which, pursuant to their investment policy, the leverage on the index which serves as an underlying asset is greater than 1; (e) balancing ETFs – leveraged funds for which fixed dates are set for the issuer to execute a purchase and/or sale of securities in order to maintain the leverage ratio that has been established in the terms of the security.

For further details regarding ETFs and the ETN reform, see Section 1.10.6.1 above.

1.15.4 Derivatives

As stated above, derivatives are financial instruments whose value is derived from (associated with) the price of another asset, also known as the "underlying asset." Two types of derivatives can be listed on TASE: options and futures.

All of the derivatives on TASE are written by MAOF Clearing House and are cleared by it. Presented below are the main derivative products that can be listed on TASE.

1.15.4.1 Derivatives on equity indices

Options and futures on the TA-35 Index, the TA-125 Index and the TA-Banks5 Index.

1.15.4.2 Derivatives on foreign currency

Options and futures based on the exchange rates between the Israeli shekel and the US dollar, as well as between the shekel and the euro, which allow the investing public to hedge against volatility in exchange rates.

1.15.4.3 Options on shares

Options on shares listed on TASE were introduced in 2009. The shares on which options have been launched were selected from among the shares included in the TA-125 Index that meet liquidity criteria specified with regard to the average daily trading volume amount and the average daily number of transactions.

For further details regarding the derivatives market, see Section 1.10.7 above.

1.15.5 **Mutual funds**

A mutual fund is a financial instrument that unites individuals for the purpose of jointly investing in listed securities. Investment in a mutual fund is made by purchasing participation units, which entitle their holders to participate in the mutual fund's profits. The mutual fund's investment portfolio is managed by professional managers who charge management and trust fees, which are deducted from the return on the investment.

The Israel Securities Authority supervises the mutual funds pursuant to the Joint Investment Trust Law, 1994, which prescribes the legal framework for the establishment and operation of mutual funds. A mutual fund is not a legal entity and its operation is based on a trust agreement that is agreed and signed between the fund's trustee and the fund manager.

As compared to a direct investment in securities, a mutual fund allows diversification of investments, which reduces the risk involved in each individual investment, and this also in relatively small amounts.

1.15.6 **Clearing House services**

As stated above, the Company provides additional services such as trading and clearing services in securities that were sold to institutional investors not pursuant to a prospectus. The Company also handles securities that are listed overseas and in Israel that are cleared both by TASE Clearing House and also by an overseas clearing house through the Company's accounts at DTC and Euroclear, including the provision of custodial services and handling company events.

For details regarding the activities of the Company's nominee company, see Section 1.7.3.4 above. For details regarding activity in connection with the NLT services provided by TASE Clearing House, see Section 1.7.3.1 above.

1.15.7 **Distribution of trading and other data and connectivity services**

1.15.7.1 As part of its ongoing business, the Company engages with various data distributors and financial corporations (including the TASE members, hedge funds, quote generators, market makers and more), which purchase real-time data from the Company regarding its activities, as well as processed data products, which are based on its operating data, at a delay or at the end of the trading day. This data is supplementary to the public information that appears on the TASE website.

A data distributor is an Israeli or international entity whose expertise is in the distribution of financial data (e.g., Kav Manche, Bloomberg, Refinitiv, etc.) and that enters into a data distribution agreement with the Company for the purpose of distributing such data from the trading systems either in real time or with a delay, to end-user clients. Data distributors specialize in the field of data distribution, among other things, by means of dedicated systems, and offer their clients various additional services, such as data distribution from international trading systems, sophisticated analysis tools based on complex mathematical models and unique projects customized to the client's needs.

1.15.7.2 Connectivity services (co-location)

In June 2019, the Company launched a new service targeting TASE members, their clients and the data distributors. The service includes hosting the clients' servers at the Company's data center and providing a direct and faster connection to trading servers, as compared to an external connection to the Company's servers. Within this framework, the Company leased a data farm with 17 racks for rental to customers as individual units or half units. To the date of the report, the Company has leased all of the racks and has even constructed additional hosting spaces. In 2023, TASE made improvements to infrastructure and connectivity. In addition to the existing point of presence (PoP) in London, in 2023 TASE initiated a review of the possible setting up of an additional PoP in Frankfurt, which it expects to activate in 2024.

1.15.8 **Listing and examination fees and annual levies**

Pursuant to the TASE Rules, the Company charges the following fees to companies that are candidates for a TASE listing and those that are listed on TASE: prospectus examination fees, listing fees with respect to the listing of the securities and an annual fee. The rates of the listing fees, the examination fees and the annual fee are set in accordance with mechanisms established in the TASE Rules, based on the characteristics of the issuing companies and are published in TASE's pricelist.

1.16 **Breakdown of Revenues and Profitability from Products and Services**

1.16.1 **General**

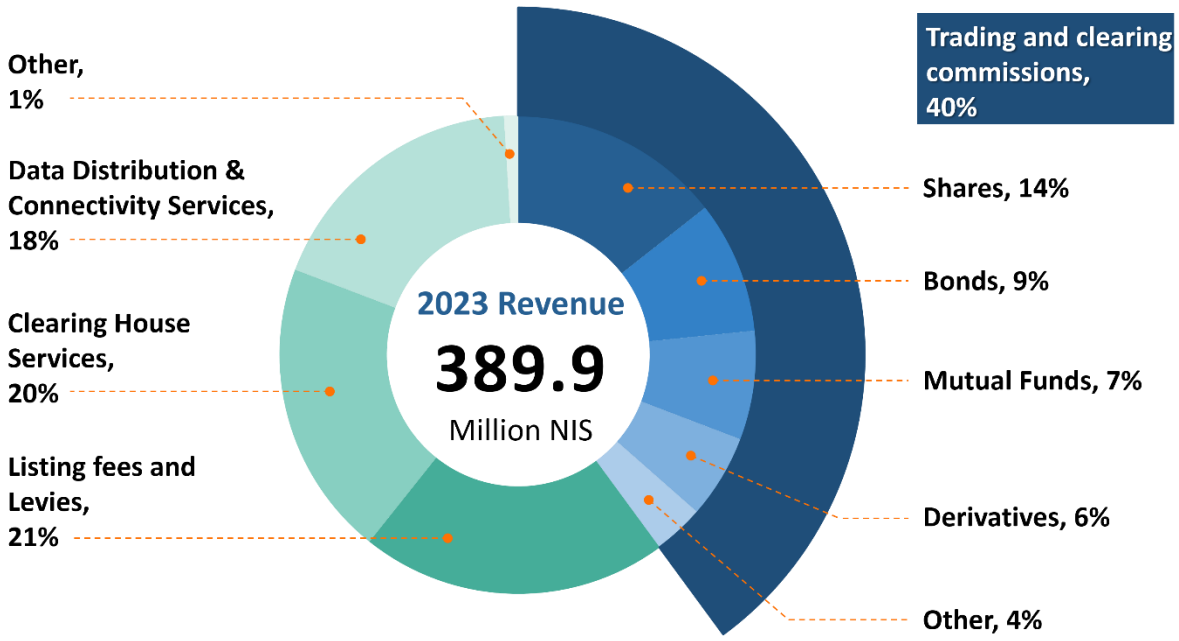
As of Reporting Date, the Company collects from its members, among other things, trading and clearing commissions on buying and selling securities and collects from issuers examination fees for the examination of prospectuses / private offerings, as well as listing fees for listing securities and annual fees from the listed companies. In addition, the Company collects payments from data distributors with respect to the data distributed by them.

The revenue of the TASE Clearing House, in addition to revenue from clearing transactions both on- and off-the exchange, is generated from the creation and redemption of units in mutual funds, custodian fees, company events, principal and interest payments and dividends, and from services provided to the Ministry of Finance and to the Bank of Israel.

The revenue of MAOF Clearing House is generated from the commissions it collects from members of MAOF Clearing House for clearing derivatives and for the transfer of derivatives between members of the MAOF Clearing House.

In general, the Company's various revenues cover its operating expenses, including expenses involved in operating its trading and clearing systems. A portion of the Company's revenues are retained for investment to enhance the trading and clearing systems and to establish reserves for unexpected events.

During 2023, the Company's revenue from trading and clearing operations and from operations other than those relating to trading (such as the data distribution, other Clearing House services, listing fees and annual levies) amounted to NIS 389.9 million, which was broken down as follows:



1.16.2 Revenue, expenses and profit distribution model

The Company, the Clearing Houses and the Nominee Company are closely interconnected. Pursuant to agreements between the Company and the Clearing Houses, with effect from 1.1.2014, all of the Group's revenue from its operations is calculated and recorded in the financial statements of the Clearing Houses and of the Company and such revenue is divided in accordance with the mechanism established in an agreement for distributing the Group's revenue from trading and clearing commissions (the "**Distribution Model Agreement**").

In formulating the distribution model, an allotment was made of three main categories: revenue, expenses and the distribution of the Group's profits among the Group companies. The distribution is performed by identifying and assigning the relevant revenue and expenses to each Group company. Any revenue and expenses that have not been identified are classified as mixed common revenue and expenses and are allocated pursuant to the distribution key prescribed in the Distribution Model Agreement. The distribution of profit between the parties to the Distribution Model Agreement is performed using a profitability index generally accepted in the financial sector.

On 1.12.2017, the Nominee Company also joined the distribution model. As of Reporting Date, the Company provides the Clearing Houses and the Nominee Company with their required operational infrastructure, such as information technology, human resources, management, etc. Pursuant to the agreements among the Company and the Clearing Houses, each of the Clearing Houses and the Nominee Company is responsible for its proportionate share of the expenses attributed to its operations. Within the Distribution Model Agreement, a mechanism is prescribed for distributing the profit between the Company, the Clearing Houses and the Nominee Company.

Pursuant to the Distribution Model Agreement, the Company collects payments from the Clearing Houses and the Nominee Company with respect to specific services provided by the Company. In addition, the Company charges from the subsidiaries initiation fees or pays them balancing fees, based on the profitability index calculated pursuant to provisions of the Distribution Model Agreement. The Company and its subsidiaries make an accounting settlement for each quarter, and a final accounting settlement at the end of each calendar year and after closing the Company's consolidated financial statements. The Distribution Model Agreement is automatically renewed for successive one-year periods, unless one of the parties to the Agreement requests that the distribution model be reviewed.

In 2021, the model was examined and validated. As part of the examination, it was decided that the process of dividing the economic profit between the Company and its subsidiaries will continue to be calculated as a percentage of the Company's revenues. The economic profit margin and the distribution of the mixed-income were validated in accordance with a recent market survey. On 20.5.2021, the Company's Board of Directors approved the updated distribution model.

For further details in connection with the distribution model, including determining the manner in which the revenue and expenses are allotted, as well as in connection with the mechanism for distributing the profits among the Group companies, see note 25 E to the Company's consolidated financial statements as of 31.12.2023, which are included in this Periodic Report.

1.16.3 TASE's tariffs

As of Reporting Date, the Company has four main product categories, each of whose revenues in 2023 were greater than 10% of the Company's total revenue: (a) commissions from trading and clearing in connection with securities, derivatives and financial instruments that are traded on TASE (including the clearing of mutual funds)[18]; (b) listing and examination fees and annual fees; (c) Clearing House services; and (d) fees for the distribution of trading and other data (including authorization to use data and connectivity services).

In general, pursuant to the Securities Law, arrangements for commissions, listing fees and handling fees for the Company's services are required to be set forth in the TASE Rules. Consequently, the processes for determining the various commissions, including changes thereto, are subject to the regulation mechanism that applies to the TASE Rules, approval by TASE's Board of Directors and by the Israel Securities Authority (and including the possibility of involvement by the Minister of Finance in the amendments to the TASE Rules).

In July 2022, the amendment for the cancellation of the maximum commission on off-exchange (**OTC**) transactions, this for a period of three years

[18] For further details regarding the breakdown of the revenues from trading and clearing in 2021 and 2022, see Section 1.16.5.1 above.

1.16.4 **Presented below is a breakdown of the Company's revenue from the above product groups in 2022 and 2023 (NIS millions):**

	2023		2022		Three months ended 31.12.2023		Three months ended 31.12.2022	
	Revenue	% of Company's total	Revenue	% of Company's total	Revenue	% of Company's total	Revenue	% of Company's total
Trading and clearing commissions	155.6	40%	142.5	40%	41.2	41%	33.8	39%
Listing fees and levies	81.1	21%	84.5	23%	20.2	20%	19.5	23%
Clearing House services	78.2	20%	70.9	20%	21.0	20%	17.9	21%
Data distribution and connectivity services	71.2	18%	58.0	16%	18.5	18%	14.2	16%
Other	3.8	1%	5.1	1%	0.5	1%	0.9	1%
Total	**389.9**	**100%**	**361.0**	**100%**	**101.4**	**100%**	**86.3**	**100%**

1.16.5 **Presented below are summary data in connection with the markets in which the Company operates along with data in connection with the Company's revenue from its product groups and services:**

1.16.5.1 Trading and clearing commissions

Market Capitalization of the Securities Listed on TASE and Mutual Funds[1] (NIS billions)

	As of 31.12.2023	As of 31.12.2022	% change
Shares[2]	1,055	1,020	4%
Corporate bonds[2]	476	436	9%
Government bonds –- shekel[3]	308	287	7%
Government bonds – linked and other[4]	304	300	1%
Treasury bills	305	209	46%
Mutual funds[4]	330	272	21%

(1) Value of the mutual funds' assets, as recorded in the in TASE Clearing House.
(2) Including ETFs
(3) Including "Shahar" fixed-interest shekel bonds and short-term government bonds.
(4) Includes CPI-linked bonds, "Gilon" variable-interest shekel bonds and global government bonds (currency linked).

Average Daily Trading Turnover /Average Value of Creations/Redemptions of Mutual Funds (NIS millions)

	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
No. of trading days	249	244	2%	66	58	14%
Shares[1]	1,998	2,295	(13%)	1,926	1,990	(3%)
Corporate bonds[1]	1,016	1,046	(3%)	956	1,012	(6%)
Government bonds – shekel[2]	1,902	1,476	29%	2,406	1,569	53%
Government bonds – linked[3]	1,009	955	6%	1,121	825	36%
Treasury bills	1,397	783	78%	1,568	1,194	31%
Mutual funds	1,424	987	44%	1,474	1,232	20%

(1) Including ETFs.

(2) Including "Shahar" fixed-interest shekel bonds and short-term government bonds.

(3) Including CPI-linked bonds, "Gilon" variable-interest shekel bonds and global government bonds (currency linked).

Average Daily Volume of Contracts (thousands of units)

	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Derivatives on the TA-35 Index	108.5	114.6	(5%)	110.8	107.4	3%
Derivatives on foreign currency	36.1	40.3	(10%)	31.5	39.3	(20%)
Derivatives on individual shares	12.7	4.3	195%	10.0	3.5	186%
Total derivatives	**157.3**	**159.2**	**(1%)**	**152.3**	**150.2**	**1%**

Revenue from Trading and Clearing and from Creations/Redemptions of Mutual Funds (NIS thousands)

	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Shares[1]	56,176	58,469	(4%)	14,579	12,496	17%
Corporate bonds[1]	17,833	18,036	(1%)	4,499	4,150	8%
Government bonds – shekel [2]	9,579	7,010	37%	3,372	1,804	87%
Government bonds – linked and other [3]	7,615	6,760	13%	2,327	1,421	64%
Treasury-bills	13,170	6,375	107%	3,123	3,205	(3%)
Mutual funds	28,819	24,732	17%	7,576	5,992	26%
Other	227	208	9%	33	37	(11%)
Derivatives on indices	15,709	16,244	(3%)	4,256	3,617	18%
Derivatives on foreign currency	3,146	3,451	(9%)	724	780	(7%)
Derivatives on individual shares	3,315	1,205	175%	701	259	171%
Total revenue from trading and clearing	**155,589**	**142,490**	**9%**	**41,190**	**33,761**	**22%**

(1) Including ETFs.

(2) Including “Shahar” fixed-interest shekel bonds and short-term government bonds.

(3) Including CPI-linked bonds, “Gilon” variable-interest shekel bonds and global government bonds (currency linked).

Average Commission on Trading Value/on Value of Creations/Redemptions of Mutual Funds[1] (percent)

	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Shares	0.01129%	0.01044%	8%	0.01147%	0.01083%	6%
Corporate bonds	0.00705%	0.00707%	-	0.00713%	0.00707%	1%
Government bonds – shekel[2]	0.00202%	0.00195%	4%	0.00212%	0.00198%	7%
Government bonds – linked and other [3]	0.00303%	0.00290%	4%	0.00315%	0.00297%	6%
Treasury bills	0.00397%	0.00334%	13%	0.00302%	0.00463%	(35%)
Mutual funds	0.00813%	0.01027%	(21%)	0.00779%	0.00838%	(7%)

(1) The changes in the average commission reflect the effect of the maximum commission on on-exchange transactions and the minimum commission on off-exchange transactions, as well as the effect of the change in the collection of internal transactions commencing in July 2023.

(2) Including "Shahar" fixed-interest shekel bonds and short-term government bonds.

(3) Including CPI-linked bonds, "Gilon" variable-interest shekel bonds and global government bonds (currency linked).

Average Commission per derivative (NIS)

	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Derivatives on indices	0.58	0.58	-	0.58	0.58	-
Derivatives on foreign currency	0.36	0.36	-	0.36	0.36	-
Derivatives on individual shares	1.00	1.00	-	1.00	1.00	-

1.16.5.2 Listing and examination fees and levies

Revenue from Listing Fees and Levies (NIS thousands)

	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Annual levies	39,751	38,125	4%	9,910	9,641	3%
Examination and listing fees	41,369	46,364	(11%)	10,276	9,876	4%
Total revenue from listing and examination fees	**81,120**	**84,489**	**(3%)**	**20,186**	**19,517**	**3%**

Average Number of Companies/Funds Weighted Annually/for the Interim Period*

	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Number of companies*	621	612	1%	612	608	1%
Number of funds	2,314	2,314	-	2,300	2,345	(2%)

* The average weights the fact that new companies do not pay an annual fee in the first year of their being listed and that companies that are delisted do pay an annual fee through the date of their delisting.

Revenue from Annual Levies (NIS thousands)

	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Annual levies from companies	13,670	13,966	(2%)	3,414	3,479	(2%)
Annual levies from funds	18,682	17,778	5%	4,628	4,541	2%
Annual levies of Nominee Company and others	7,399	6,381	16%	1,868	1,621	15%
Total revenue from annual levies	**39,751**	**38,125**	**4%**	**9,910**	**9,641**	**3%**

Average Weighted Revenue from Levies for the Period (NIS thousands)

	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Companies	22.0	22.8	(4%)	5.6	5.7	(2%)
Funds	8.0	7.6	5%	2.0	1.9	5%

Revenue from Examination and Listing Fees (NIS thousands)

	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Examination fees	7,048	8,245	(15%)	1,582	1,661	(5%)
Receipts from listing fees:						
Listing fees – companies – shares, bonds and ETFs	23,152	25,183	(8%)	6,989	4,941	41%
Listing fees – government bonds	6,266	5,952	5%	1,566	1,488	5%
Listing fees – treasury bills	2,824	1,618	75%	697	745	(6%)
Levies and examination fees from members	226	850	(73%)	55	-	-
Other	490	236	108%	170	106	60%
Total receipts	**32,958**	**33,839**	**(3%)**	**9,477**	**7,280**	**30%**
Accounting adjustment to revenue recognition[(1)]	1,363	4,280	(68%)	(783)	935	(184%)
Total revenue from listing fees	34,321	38,119	(10%)	8,694	8,215	(154%)
Total revenue from examination and listing fees	**41,369**	**46,364**	**(11%)**	**10,276**	**9,876**	**4%**

(1) In the first quarter of 2022, an update was made to the estimated period of revenue recognition from listing fees on shares (in IPOs and secondary offerings) and on ETFs, in accordance with IFRS 15, "Revenue from Contracts with Customers".

Recognition of deferred income from listing fees over a period of three years following the reporting period (NIS in millions)

	Total deferred income from listing fees as of 31.12.22	Total receipts in the one-year period ended 31.12.23	Total income recognized in the one-year period ended 31.12.23	Total deferred income from listing fees as of 31.12.23	Total deferred income recognizable in the 12-month period ending on			Total deferred income from listing fees as of 31.12.26
					31.12.24	31.12.25	31.12.26	
Listing fees- companies- shares*	28.9	2.8	6.2	25.5	5.6	4.9	4.1	10.9
Listing fees- companies- bonds*	40.0	17.2	14.2	43.0	13.0	9.6	6.8	13.6
Listing fees- ETFs	24.6	3.1	5.0	22.7	4.8	4.2	3.4	10.3
Listing fees- government bonds	11.4	6.3	5.2	12.5	3.6	3.2	2.9	2.8
Listing fees- treasury bills	1.0	2.8	2.5	1.3	1.3	-	-	-
Total	**105.9**	**32.2**	**33.1**	**105.0**	**28.3**	**21.9**	**17.2**	**37.6**

* Including bonds listed on TASE UP.

Value of Issuances Used to Calculate the Listing Fees[1] (NIS, in millions)

	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Companies – shares, bonds and ETFs[2]	139,052	143,732	(3%)	41,655	29,659	40%
Government bonds[3] [4]	116,323	41,501	180%	51,953	9,338	456%
T-bills	403,460	231,158	75%	99,602	106,376	(6%)

(1) Value on listing date of a security, used to calculate the listing fees, as prescribed in the TASE Rules.
(2) The actual amount raised (excluding ETFs) in the year ended 31.12.2023 totaled NIS 110.1 billion, compared to NIS 114.8 billion as of 31.12.2022.
(3) Of said amount, NIS 29.7 billion through swap transactions, compared to NIS 1.4 billion as of 31.12.2022.
(4) Commencing in 2021, listing fees on government bonds will be charged based on a new pricelist, as signed between the Company and the State of Israel's Ministry of Finance, which provides for the payment of a fixed amount over the entire period set out in the agreement, rather than a percentage of the amount raised (for additional details, see section 1.7.3.1 above).

Number of Issuances						
	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Number of share issuances[1]	66	78	(15%)	14	16	(13%)
Number of new issuers of shares[2]	1	13	(92%)	-	-	-
Number of new (dual listed) companies	2	2	0%	-	1	(100%)

(1) Including shares listed on TASE UP.
(2) Excluding companies listed without raising capital.

Number of Issuances and Volumes Raised (NIS millions)						
	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Amount raised in share IPOs of new issuers	145	2,342	(94%)	-	-	-
Number of corporate bond offerings to the public	137	165	(17%)	30	25	20%
Number of corporate bond offerings to the public by new companies	9	8	13%	2	2	0%
Amount raised in bond offerings by new issuers	2,049	967	112%	1,186	231	413%

Average Receipts from Listing Fees (per period and in percent)

	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Companies – shares, bonds and ETFs[(1)]	0.0166%	0.0175%	(5%)	0.0168%	0.0167%	1%

(1) Commencing in 2021, listing fees on government bonds will be charged based on a new pricelist, as signed between the Company and the Ministry of Finance, which provides for the payment of a fixed amount over the entire period set out in the agreement, rather than a percentage of the amount raised (for additional details, see section 1.7.3.2 above).

1.16.5.3 Clearing House services

Average Monthly Value of Assets in Custodianship Used to Calculate Custodian Fees (approximation, NIS billions)

	2023	2022	% change	3 months ended 31.12.23	3 months ended 31.12.22	% change
Asset value	2,890	2,983	(3%)	2,908	2,865	2%

Revenue from Clearing House Services (NIS thousands)

	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Custodian fees	31,711	32,460	(2%)	7,986	7,841	2%
Clearing House services for members	25,823	22,549	15%	7,365	6,362	16%
Clearing House services to companies and funds	15,120	10,799	40%	4,280	2,436	75%
Other	5,554	5,100	9%	1,335	1,232	8%
Total revenue from Clearing House services	**78,208**	**70,908**	**10%**	**20,966**	**17,871**	**17%**

Average Commission from Custodian Fees* (in percent and annualized)

2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
0.00110%	0.00109%	1%	0.00110%	0.00109%	1%

* Commission on custodian fees is charged monthly based on the value of the assets on the last day of each month.

1.16.5.4 Data distribution and connectivity services

Revenue from data distribution and connectivity services (NIS, in thousands)

	2023	2022	% change	Three months ended December 31, 2023	Three months ended December 31, 2022	% change
Business customer in Israel[1]	17,800	16,693	7%	4,516	4,082	10%
Business customer overseas[2]	12,330	9,251	33%	3,211	2,444	31%
Private customer	8,584	8,254	4%	2,260	1,798	26%
Derivative and non-display data[2]	4,613	4,775	(3%)	1,275	1,137	12%
Data files and other data	4,656	4,147	12%	1,203	1,093	10%
Authorization to use indices	10,181	3,202	218%	2,735	763	258%
Connectivity services	13,012	11,738	11%	3,374	2,961	14%
Total revenue from data distribution and connectivity services	**71,176**	**58,060**	**23%**	**18,574**	**14,278**	**30%**

(1) Revenue from distribution of data to business customers includes data packages and varying prices.
(2) Revenue from a business customer overseas in the one-year period include revenue differences from previous years in an amount of NIS 350 thousand.
(3) Revenue from units of non-display data includes data packages at varying prices for customers in Israel and overseas, including for quote generators. Revenue from units of non-display data, including quote generators, in the three-month period ended 31.12.2023, as of 31.12.2022 and in the one-year period ended 31.12.2023 and as of 31.12.2023 totaled NIS 634 thousand, NIS 591 thousand, NIS 2,113 thousand and NIS 2,187 thousand, respectively.
(4) The market cap of the assets tracking the TASE indices as of 31.12.2023 is NIS 81.2 billion, of which NIS 35.9 billion relates to equity indices and NIS 45.3 billion relates to bond and T-bill indices.

Average Number of Data Terminals Charged Monthly per Period						
	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Business customer in Israel[1]	7,345	7,419	(1%)	7,446	7,221	3%
Business customer overseas[2]	5,892	5,447	8%	5,955	5,514	8%
Non-display data	261	288	(9%)	287	284	1%
Total	**13,498**	**13,154**	**3%**	**13,688**	**13,019**	**5%**

(1) Data packages containing all data groups for a fixed monthly charge.
(2) Data packages containing all data groups for a fixed monthly charge.
(3) Packages of non-display data, including quote generators.

1.16.5.5 Other revenue

Other Revenue (NIS thousands)						
	2023	2022	% change	Three months ended 31.12.2023	Three months ended 31.12.2022	% change
Rent and Conference Center	2,864	3,456	(17%)	449	834	(46%)
Other[1]	898	1,608	(44%)	83	64	30%
Total other revenue	**3,762**	**5,064**	**(26%)**	**532**	**898**	**(41%)**

(1) The revenue in 2022 includes sales of technological consulting services provided in the first half of 2022.

1.17 New Products

Close to the of this Report, the Company is in various stages of developing significant new products and services, the principle of which are as follows:

Launch of an Additional Weekly Series of Options on the TA-35 Index

In July 2023, TASE launched of a new weekly series of options on the TA-35 Index, this in addition to the current weeklies that expire on Thursdays. The weekly options on the TA-35 Index were launched at TASE in 2013, and their use is constantly on the rise. Trading in the series that is closest to expiration concentrates more than 60% of the overall trading volume of options on the TA-35 Index. Consequently, these options hold most of the liquidity among the overall series in circulation. Short-term options are trending globally, under the heading Zero Days to Expiration (0DTE). The launch of the additional weekly series is part of this trend and is designed to diversify the derivatives market and align it with international standards. Shortly before the date of the report, TASE is planning to launch an additional weekly series of options on the TA-35, to allow for three expirations per week, on Sunday, Tuesday and Thursday.

Reporting of OTC Transactions

In July 2023, TASE launched a digital system for real-time reporting of OTC transactions, giving investors access to readily available information on transactions executed off the order book. This step is in alignment with international standards. As part of the launch of the new system, TASE charges dedicated fees for the publication of the transactions. The real-time, transparent publication of the transactions helps optimize trading by local and foreign investors, on par with the leading global capital markets.

Distribution of Trading Data Via the Market by Order Protocol, which Includes the Full Order Book

Since the end of 2022, TASE allows its customers to receive trading data via a new information protocol, Market by Order, which includes the full order book, instead of only the top five price brackets included in the regular transmission. This product, which requires the payment of a commission to TASE, enables market participants to obtain a more complete picture of the supply and demand on the market, both deeper within the order book and in relation to the structure of the presented price brackets. These data are consumed both algorithmically by automated participants and by TASE members, development entities and other market participants. TASE intends to continue working with those entities towards the use of these data by additional market participants, including those operating manually with viewing terminals.

Launch of a Futures Market

To the date of the report, the Israel Securities Authority approved the Board of Directors' resolution that allows TASE to customize its derivatives for various type of customers by way of flexibility in determining the multipliers that are assigned to the various products and flexibility in determining commissions on the futures, which will be relaunched. Accordingly, TASE plans to reduce the multipliers of options on the TA-35 index, the TA-Banks5 index and the TA-125 index. TASE also plans to relaunch the futures market and, within this framework, to launch futures on the TA-35 index, the TA-Banks5 index, the TA-90 index, the exchange rate of the dollar and the exchange rate of the Euro, including the assignment of product-specific fees.

Central lending pool

Securities lending activity is concentrated in the hands of a relatively small number of parties that provide custodian services, limiting competition in this sphere. Moreover, lenders usually operate through a small number of brokers and lending activity is done on the basis of telephone calls without a central automatic trading platform. In light of the aforesaid, the Company has worked to develop and launch a product that will enable the TASE Clearing House members to conduct securities lending automatically, transparently and efficiently for their clients, as well as among themselves. In 2020, the Company launched the product and, to the date of this Periodic Report, no revenue has yet been recognized in respect of the use of the Central Lending Platform. Nevertheless, the Company believes that as more "custodian members" join the Clearing Houses and connect directly to the clearing systems for non-banking Clearing House members, the demand for this product will grow.

1.17.1 **"Smart Personal Portfolio"**

In November 2021, the Company entered into an agreement with a third party (hereafter: "**the Vendor**") that provides algorithm analysis products and AI services for the analysis of public information on securities (including trading data, investment houses' buy/sell recommendations, analyses and more). The agreement entitles the Company to incorporate the results of the analyses performed by the Vendor on the Company's website (after certain adjustments for the identification and processing of information relating to securities that are traded on TASE), for the benefit of the users of the Company's website. Similar products are available to investors in international exchanges, mainly retail investors, and as such the product is intended to encourage the volumes of activities of those investors in securities (including mutual fund units) that are listed on TASE. The initial period of the agreement will end in the third quarter of 2025.

1.17.2 **Tailor-made indices**

On 9.1.2023, TASE entered into an agreement with a public institution for the creation of tailor-made indices that are based on TASE's trading data and customized for the specific needs of the customer. This is the first agreement signed by TASE in the trail of the approval of the amendment to the Indices' Pricelist that permits TASE to receive payment for tailor-made indices, as above. According to the agreement, TASE will create tailor-made indices, based on the specifications that will be provided by the public institution and approved by TASE. TASE will develop and edit the indices using the methodology that it applies in the development and editing of the other TASE indices, and they will be published in the same manner as the other indices. TASE will retain the rights in the tailor-made indices, however the public institution will be granted an exclusive license to use each such tailored index. The overall exclusivity period of each tailored index shall not exceed a cumulative ten years. The consideration to which TASE shall be entitled consists of development fees and usage fees that are calculated as a percentage of the volume of assets of the financial instruments using the tailored index (in immaterial amounts). The Company plans to further pursue the expansion of this line of business in the coming year, inter alia, through the development of tailor-made indices in collaboration with various customers.

1.17.3 **Mutual hedge fund**

The ad hoc provision published by the Israel Securities Authority concerning assets that may be purchased and held in a mutual hedge fund pursuant to Section 65A of the Joint Investment Trust Law, 1994 determines the framework for the legal and operational regulation of a mutual hedge fund that makes investment in a hedge fund accessible to the public under the supervised roof of a mutual fund. Consequently, the Company has developed a dedicated system that enables TASE-CH to operate and clear mutual hedge funds. In March 2023, the dedicated system for the clearing of mutual hedge funds aired, with the last week of March 2023 set as the first "creation period". During the first creation period, creation orders totaling NIS 20 million were submitted, this in relation to 15 mutual hedge funds, with prospectuses approved by the Israel Securities Authority, that registered at TASE-CH. To the date of the report, 22 mutual hedge funds with an aggregate AUM of NIS 210 million are registered at TASE-CH.

1.18 **Customers**

1.18.1 The Company's main customers can be divided into customers that are TASE members and/or Clearing House members and customers that are companies listed on TASE, as well as the Ministry of Finance. In addition, the Company provides data distribution services and data services to data distributors and to various data users that do not have any set characteristics, as well as granting authorizations to various financial entities for the use of indices.

For details regarding characteristics of the TASE members and the Clearing House members, see section 1.7.2 above.

1.18.2 Revenue from TASE members is primarily generated from trading and clearing commissions and Clearing House services, which TASE members pay for the trading and clearing services pursuant to the TASE Rules.

1.18.3 As of Reporting Date, the Company is not dependent on any single customer or on a limited number of customers, the loss of which would materially affect its operations and/or its results. Nevertheless, government bonds, including treasury bills, constitute a common investment product which attract a high concentration of the trading on TASE. They also constitute one of the main components in the collateral arrays required from, and provided by, members of the Clearing Houses. Therefore, the State could be viewed as an issuer having a material effect on the Company's operations and on its results.

In addition, apart from three TASE members (as referred to below), the Company has no other customers whose revenues constitute 10% or more of the Company's total revenue.

	2023		2022	
	Revenue – in NIS millions	**% of the Company's total revenue**	**Revenue – in NIS millions**	**% of the Company's total revenue**
TASE member A	56.5	14.5%	49.0	13.6%
TASE member B	50.6	13.0%	46.0	12.7%
TASE member C	46.2	11.8%	45.3	12.6%

The TASE members referred to above are banks and most of the revenue from them derives from trading and clearing commissions.

1.19 Marketing and Distribution

As part of TASE's dedication to strengthening its ties with the public and enhancing the public's awareness, involvement and participation in the success of the Israeli economy, particularly on the backdrop of the war and the efforts to protect investments in the local capital market, in 2023, too, TASE persevered on its quest to expand the knowledge base, improve the familiarity with the capital market and the accessibility of trading data and promote trading at lower commissions and in smaller amounts.

In May 2023, TASE launched a nationwide campaign on television, billboards, digital and social media, calling the Government of Israel to reduce the capital gains tax on investments in the local market, in order to encourage the economic activity in Israel, make it easier for companies to raise capital and attract more investors to the Israeli capital market. The campaign was launched following the rating issued by Statista in cooperation with the Globes newspaper, which awarded TASE the first place as the financial company in which the Israeli public has the most confidence. This achievement motivated TASE to ask the Israeli Government to boost the public's confidence in the local capital market by reducing the tax rate to 20% in place of the current 25%, as a means to enhancing the activity of the Israeli companies traded on the local capital market and prioritizing the investments in those companies.

Furthermore, in the second half of 2023 TASE activated, for the first time in Israel, TASE+, a smart tool that monitors shares in Israel and overseas, offers analyses, insights and AI-based alerts, and is designed to give the members of the public better access to information and education on their investment portfolio. Concurrently, TASE also launched the new website and the digital Data Store. The new services are designed to provide transparency and a more direct access to relevant information by companies and investors. TASE believes that these digital tools are becoming increasingly more significant to investors as a whole and will be conducive to eliminating investment barriers originating from insufficient access to data and capital market education, mainly among the general public.

Following the breakout of the "Swords of Iron" War in October 2023, TASE launched a televised image campaign, describing the historical milestones of the State of Israel alongside its economic development over the years, through the prism of the development of TASE as home of the Israeli economy. This action was designed to encourage and support the local companies, the citizens of Israel, the army and the economy as a whole.

Marketing and distribution costs totaled NIS 5,693 thousand in 2023, compared to NIS 13,171 thousand in 2022.

1.20 Competition

The Company faces competition from the world's other stock exchanges in the domestic market and in the international market, in both the securities and derivatives segments.

1.20.1 The securities markets

The equity market

Companies considering making an issuance on a stock exchange do so for various reasons, including raising funds for development and expansion purposes or realizing and liquidating holdings of that company's controlling shareholders.

In the primary market, TASE faces competition over the listing of Israeli companies from foreign stock exchanges that offer a variety of trading platforms and regulatory regimes and access to a broad spectrum of investors. The dual-listing arrangement assist in mitigating such competition risk by giving Israeli companies access both to local investors and to foreign investors, while retaining the

advantages of listing on their “home-court” and averting the costs associated with having to comply with two different reporting regimes.

The Company believes that, for the purpose of motivating companies to dual-list on TASE, the following main advantages should be emphasized:

- increased public interest in investment activity on TASE and the opportunity to raise capital on TASE;
- inclusion in TASE’s leading equity indices;
- the opportunity for continuous trading throughout the greater part of the day (particularly with regard to the United States, due to time differences between the two countries);
- reducing the burden of oversight arrangements and regulation to which reporting corporations in Israel are subject;
- availability of tax incentives or other incentives for listing on TASE alongside the listing on the foreign exchange;
- efficiency and simplicity of implementation of the dual-listing arrangement.

In the equity market, competition could also come from private investment funds, holding companies and multinational companies interested in investing in Israeli companies, thereby presenting them with an alternative to public investment. In the secondary market, there is direct competition in relation to trading in dual-listed securities, as well as competition coming from foreign stock exchanges, alternative trading platforms and alternative investment channels, which offer investment instruments that are not connected to Israel.

The corporate bond market

In the sphere of corporate debt raising, the Company faces competition in the domestic market from banks and institutional and financial corporations, as well as from private investment and credit funds. In addition, some of the Israeli entities are able to raise debt at competitive terms from foreign banks and financial institutions, including through foreign bonds. In this market, competition from foreign stock exchanges is less intense, since most of the bond markets in the Western World are generally not maintained under the roof of exchanges, but rather on OTC markets.

Competition in the corporate bonds primary market comes from banks, institutional investors, and private investment and credit funds that are interested in providing funding to Israeli companies within the framework of bank credit or private institutional loans. TASE is still the primary player in this market in the case of financial corporations and other major corporations, but it faces more intense competition over smaller corporations that might find it difficult to comply with the TASE listing rules, including disclosure and corporate governance obligations and are thus deterred by them, as well as fierce competition in relation to short-term credit and project finance.

Further intensification in competition, beyond its present level, could lead to slower growth and to lower trading volumes, which could negatively impact the Company’s business results and profitability. In the short and medium-term, the Company believes that it has an advantage over its existing and potential competitors, as a platform for raising equity and debt and as the sole option for multilateral trading available in Israel. Moreover, TASE’s Clearing Houses, pursuant to the Israel Securities Authority’s announcement of 29.6.2017, are recognized as a Qualifying Central Counterparty and operate pursuant to the provisions of the Authority’s “Clearing Houses’ Stability Directive,” which is based on international standards for financial infrastructures.

This recognition testifies to the Clearing Houses’ stability, pursuant to such standards, a factor that ensures a major advantage over existing and potential competitors in the domestic market. However, the Company sees a potential competitive threat arising from accelerating globalization developments

and from investors' direct participation in off-exchange trading in Israel. It should be noted that, as part of its strategy, the Company is working to encourage companies to list on TASE through implementing regulatory changes that make it easier for companies to do so, increasing collaborative efforts for dual-listing, and considering, from time to time, the launch of new products that will broaden the range of products and services currently offered by TASE and the Clearing Houses, thereby increasing the attractiveness of TASE as compared to the other investment markets, channels and alternative products. As to a bill for the establishment of a dedicated stock exchange, see section 1.20.4 below.

1.20.2 **The derivatives market - trading platforms and trading rooms**

The Company faces competition in the derivatives market, among other things, from trading platforms, which are computerized systems through which a platform buys financial instruments from its customers for its own account, or through which a platform sells financial instruments to its customers from its own account. Trading platforms operate in an organized, frequent and systematic manner ("**Trading Platforms**").

Trading Platforms are defined in Section 44L of the Securities Law and are, in practice, computerized trading platforms with trading generally being conducted on the Internet. Trading Platforms allow investors to trade with their operators in a variety of financial instruments, typically foreign currency derivatives (FOREX), commodity derivatives or foreign securities derivatives.

Trading on the Trading Platforms takes place with the Trading Platform itself, as opposed to trading on TASE, which in essence is a market that allows a large number of independent parties to meet and determine the transaction price in accordance with supply and demand.

Trading Platforms are supervised by the Israel Securities Authority and are regulated by the Securities Law and the Securities Regulations (Trading Platforms for their Own Account), 2014.

To the best of the Company's knowledge, as of Reporting Date, there are four companies that have a permit to manage Trading Platforms. The trading turnover on the Trading Platforms is not officially published. Therefore, it is not possible to estimate the impact that the Trading Platforms have on TASE's trading volumes and, particularly, on its revenues.

In addition, there is competition in the derivatives market, particularly in derivatives on foreign exchange rates, from the trading rooms of banks (both domestic and foreign), brokers and other financial institutions, which offer a variety of derivatives that are personalized specifically to the customers' needs, within the framework of direct over-the-counter trading between them, and from other derivatives exchanges.

1.20.3 **Indices' Editing Sector**

The Company acts as an indices' editor and maintains the Israeli market's leading indices. This activity is not subject to regulation, is not based on specialized knowhow and does not require the setting up of large-scale infrastructure. Therefore, the entry barriers to this sector are immaterial. Consequently, the Company is exposed to competition from international and local index editors. The Company's success in this sector depends, inter alia, on the preferences of the investors and the investment distributors, the demand for mutual funds and the need for the editing of their indices. To the best of the Company's knowledge, total assets tracking international and local indices on TASE as of 31.12.2023 amounted to NIS 200 billion, of which the Company holds a market share of 40% as of the same date.

1.20.4 **Bill for the Establishment of a Dedicated Stock Exchange**

In 2020, a new memorandum of law (hereafter: "**the Memorandum**") was published, which discusses amendments to the Securities Law and the Companies Law for the purpose of laying the foundations for the establishment of a dedicated stock exchange, the distinguishing factors of which may be the limitation of the trading therein to qualified investors only (similarly to the Company's TACT-Institutional system, including the TASE UP brand), innovative and advanced operating features, or the restriction of its trading volumes, the number or value of its listed entities or the types of securities that may be listed therein (hereafter: "**Dedicated Stock Exchange**"). According to the Memorandum, the arrangement primarily concerns the exemption of a company that seeks to operate a Dedicated Stock Exchange from all or part of the regulation directives that apply to a stock exchange under the Securities Law, and the exemption of entities that are listed for trade on a Dedicated Stock Exchange from the provisions of the Securities Law and the Companies Law that apply to public companies and bond companies. The Memorandum states that its provisions shall also apply to a Dedicated Stock Exchange that would be operated by a stock exchange (such as the Company).

On 2.8.2021, a related bill was published in the Official Gazette, consisting primarily of the arrangements described above and expands the supervisory powers of the Authority over underwriters and distributors and authorizes the Authority to establish arrangements for the issuance of companies without operations (SPACs).

1.20.5 **Trading services in securities**

Section 49A of the Securities Law prescribes that trading services in securities are not to be offered using a system for trading in securities ("**Trading Services in Securities**") unless the system is managed by a licensed stock exchange. However, the Chairman of the Israel Securities Authority may allow Trading Services in Securities to be offered using a system managed by a stock exchange outside Israel, under set terms, if he has found that this will not damage the interests of the investing public in Israel.

Pursuant to Israel Securities Authority's position paper from November 8, 2017, until such time as the terms for a general permit to offer Trading Services in Securities are published, the Israel Securities Authority shall refrain from taking enforcement measures due to a breach of the provisions of Section 49A of the Securities Law.

Furthermore, the Israel Securities Authority published a paper with the text of the terms for a general permit to offer Trading Services in Securities, which sets forth the terms for granting a permit to offer Trading Services in Securities (the "**General Permit**"). The terms of the General Permit relate primarily to foreign stock exchanges or to a person acting on their behalf and restricts application to qualified corporations, which are included in the First Schedule to the Securities Law and to trading in securities that are not listed on the stock exchange in Israel (apart from securities that are dual-listed). The terms of the General Permit also referred to other parties that trade in securities and are subject to oversight and regulation in Israel (such as, a banking corporation, a TASE member, the holder of a consulting license or a holder of a marketing license) or that are subject to oversight and regulation in the fields of trading in securities and investments in the United States, the United Kingdom, in the nations of the European Union or in Switzerland ("**Non-Exchange Parties**"). In addition, the General Permit includes an alternative of a limited application, whereby the provision of Trading Services in Securities would be offered only to qualified investors, as listed in the First Schedule of the Securities Law, whether these be corporations or individuals (the "**Institutional Alternative**"). The terms of the General Permit require that an application be submitted and that the appropriate permit be received from the Authority for a party applying to act as such, other than in the case of a Non-Exchange Party acting within the framework of the Institutional Alternative. The terms

of the General Permit do not preclude granting a specific permit to a party that wishes to do so other than in accordance with the terms of the General Permit.

To the best of the Company's knowledge, pursuant to the Israel Securities Authority's announcement, shortly before the publication date of the report more than 120 entities received a General Permit, mostly foreign exchanges and foreign brokers[19].

1.20.6 **Trading platforms in cryptocurrencies and use of Distributed Ledger Technology (DLT)**

In January 2023, the Israel Securities Authority published a proposal for public comments on legislation amendments to securities laws pertaining to digital assets. The proposal contained, inter alia, amendments to definitions in the various supervised areas prescribed by law alongside clauses that authorize the Authority to make additional adjustments to accommodate the characteristics of digital assets, the introduction of a definition of digital assets into the Securities Law, and expansion of the definition of a "financial instrument" to also include digital assets. The proposal was designed, on the one hand, to address the risks involved in investment in digital assets and, on the other hand, retain the potential benefits inherent in digital assets by authorizing the Authority to set additional directives or to grant exemptions from the provisions of the law with regard to digital assets, as aforesaid.

After reviewing the public's comments, in August 2023 the Authority published an updated proposal in this regard, containing several changes, including amendment of the definition of the term "securities" in the Securities Law, 1968 and introduction of a definition for the term "digital investment asset" and amendment of the terms "financial instrument" and "digital asset". It also prescribes new principles in connection with the Authority's supervision of this field.

In August 2019, the Commissioner of the Capital Market, Insurance and Savings (hereafter: "**the Capital Market Commissioner**") published an updated procedure for the licensing of financial services that includes a dedicated chapter for those seeking to provide a service in a financial asset that is a virtual currency, which places emphasis on cyber aspects, protection of customers and custody. Based on the aforesaid, the Commissioner started issuing licenses to entities looking to operate in virtual currencies.

Additionally, in November 2023, the Commissioner of the Capital Market published, inter alia, an updated draft of the Special Circular concerning the Safekeeping of Customers' Assets ("Safekeeping of Financial Asset" draft circular), through which the Commissioner intends to regulate, inter alia, the ways by which license holders may receive and/or offer custody services for virtual currencies. The updated draft includes, inter alia, directives relating to the safekeeping of a financial asset that is a virtual currency and establishes the TASE Clearing House's position as outsourced custodian for entities licensed to provide financial services (Money Service Businesses - MSBs).

In November 2022, the Chief Economist in the Ministry of Finance published the "Report on the Regulation of the Digital Assets Sector - Roadmap to a Policy", as part of a large-scale study involving all financial regulators, including the Israel Securities Authority, the Capital Market Authority and the Bank of Israel, designed to delineate a plan for the comprehensive and clear regulation of this sector. The report indicates that the current regulatory approach in Israel, and in certain other countries, is to impose regulation on financial activities or services in virtual assets similarly to that currently applied to non-virtual assets, taking into consideration the non-traditional and unique characteristics of this sector.

19 According to data published on the website of the Israel Securities Authority.

Additionally, in September 2023, the Bank of Israel published a principles paper concerning the regulation of the activity in stable currencies in Israel. The regulation is designed to facilitate activity in stable currencies while managing the risks involved in their use, and adjust the protection available to consumers and the stability requirements for this specialized activity. The paper proposes rules for activity in stable currencies that the Bank of Israel recommends to promulgate in legislation or to prescribe as part of the provisions of the Arrangement.

In October 2022, TASE and the Accountant General in the Ministry of Finance, through the Debt Unit of the Financing Division, announced a dedicated joint PoC (Proof of Concept) for examining the issuance and clearing of digital state bonds on a platform that is based on advanced technologies - Blockchain (DLT - Distributer Ledger Technology), smart contracts, and tokenization.

The PoC included the digitalization of a new series of bonds and its (mockup) issuance to the system participants. A live test conducted in May 2023 at TASE included twelve leading international and local banks (primary dealers). As part of the test, the Ministry of Finance issued for the first time (in a mockup issuance) a digital government bond (security token) over a Blockchain platform developed by TASE with the assistance of select technology vendors that are leaders in this field. In light of the success of the PoC, TASE is considering additional moves in this aspect, whether through the incorporation of innovative technologies into traditional processes or by advancing additional innovative PoCs in this field.

In addition, in accordance with TASE's strategic plan, and subject to obtaining the approval of the Israel Securities Authority, TASE-CH intends to offer custody services for digital assets, with emphasis on cryptographic currency. Initially, the service will be provided for select cryptographic currencies, and only to entities that have been granted a permit/license by the applicable regulator and in conformity with the applicable regulation. These services will, for the first time in Israel, make digital assets' custody services accessible to local investors and market participants, by a regulated entity possessing the necessary experience. The Company believes that this will be conducive to the development of proper digital asset trading in Israel, as well as to the adoption of innovative technologies by the major financial infrastructures in Israel. It will give Israeli investors access to quality services in relation to digital assets, while reducing the dependence of local investors on service providers that are not subject to regulation and/or that do not possess the necessary experience. For the purpose of providing the aforesaid services, TASE has engaged with Fireblocks, a company that develops an enterprise-grade platform delivering a secure infrastructure for moving, storing, and issuing digital assets. Through their collaboration, the Company and Fireblocks plan to make available to the Israeli market a dedicated framework for activity in digital assets that is specialized, secure, transparent and regulated.

To the date of the report, the Company continues to monitor the technological and regulatory developments in this field.

1.21 Seasonality

The Company's sphere of activity is not characterized by seasonality that affects its operations in a material manner. However, the Company's revenue is affected by trading volumes on TASE and by revenues from listing fees. During the periods that include religious holidays, intermediate days or vacation, changes may occur in the Company's revenues due to a reduction in the scope of activity, due mainly to the dependence of daily trading volumes on the number of trading days and hours and the activity hours during such periods.

1.22 **Operating Capacity**

As of Reporting Date, the Company has operating capacity that can be activated immediately (or within a short preparation time) of up to 100 million orders per day on any of the markets in which the Company operates. Any increase above such amount would require the Company to make substantial investment in its trading infrastructure. In relation to 2023, the average number of daily orders on the continuous trading system amounted to approximately 9.3 million orders a day (with the number of orders on the most active day in TASE's history reaching almost 20 million), while on the derivatives market the number was considerably lower. In addition, despite a material increase in activity volumes, alternative operating methods are available to cope with such an increase without extensive investment being needed for replacing the infrastructures (e.g., reducing communication speed, etc.). The Company believes that, in view of the aforesaid, as of Reporting Date, there is no effective limit from this aspect.

Part Four - Additional Information at the Company and Group Level

1.23 Fixed Assets, Real Estate and Fixtures

1.23.1 In 2007, the Company entered into agreements for the acquisition of title, possession and usage rights, as well as leasing rights, in real estate for the purpose of erecting a new building for the Company in which its management, units and systems are housed (the "**TASE Building**"). In 2010, the Company signed a lease with the Tel Aviv Municipality for the lease of underground space for a term of 49 years, in effect from December 2009, with an option to extend the term for a further 49 years, and paid leasing fees of NIS 2.3 million, based on an appraiser's valuation. In 2018, the Company received a refund of NIS 1.8 million with respect to betterment levies. The total area of the TASE Building comprises 22,454 square meters, which includes 10 floors of offices with an overall area of 7,980 square meters, an events hall and Conference Center comprising an area of 1,249 square meters, and a parking lot of 7,003 square meters. As of Reporting Date, one floor is vacant and available for rent and/or for future use, and another floor will become available at the end of April 2024, as described below.

1.23.2 In April 2021, the Company entered into an agreement with a foreign state ("the Renter") for the rent of one floor at the TASE building, to serve as the offices of the foreign state's embassy. The first rent period was set at three years commencing on 18.4.2021, with an option to extend by an additional two years. In conformity with the agreement, the Renter informed TASE of the termination of the rent at the end of April 2024.

1.23.3 The depreciated cost of the owned land and the TASE Building, which are classified as fixed assets in the Company's financial statements, amounted to NIS 201.7 million and NIS 205.9 million as of 31.12.2023 and 31.12.2022, respectively (the owned land alone amounted to NIS 19.5 million). For further details, see note 11 to the Company's consolidated financial statements as of 31.12.2022, which are included in this Periodic Report.

1.23.4 The depreciated cost of the right-of-use assets in the Company's books amounted to NIS 50.6 million and NIS 52.2 million as of 31.12.2023 and 31.12.2022, respectively (including leased land amounting to NIS 37.3 million as of 31.12.2023 and NIS 37.5 million as of 31.12.2022, leases with respect to the backup facility, communication lines and motor vehicles). The depreciated cost of the equipment (which includes, among other things, IT systems, equipment systems and also furniture), in the Company's books, totaled NIS 54.8 million and NIS 57.5 million as of 31.12.2023 and 31.12.2022, respectively.

1.23.5 The Company owns various equipment, including storage systems, communications equipment, various control systems, multimedia systems, computer equipment, cooling systems, elevators, generators, etc.

1.23.6 For further details regarding the Company's fixed assets, see note 11 to the Company's consolidated financial statements as of 31.12.2023, which are included in this Periodic Report.

1.23.7 The Company has entered into a lease agreement in connection with a backup site for TASE's systems until 31.3.2027. The annual leasing fees are linked to the CPI and amounted to NIS 2.75 million in 2023. The site, which comprises 345 square meters, could be used as an operational site if needed, in addition to being a backup site.

1.24 **Intangible Assets**

1.24.1 The amortized cost of the Company's intangible assets in the Company's books amounted to NIS NIS 140.1 million and NIS 153.3 million as of 31.12.2022 and 31.12.2023, respectively. The cost includes licenses, software and self-development costs of computer software for internal use.

1.24.2 The following trade names are used by the Group and are registered with the registrar of trademarks in Israel: TASE, TASE UP and the names of some of the security indices. These names are important to the Company's operations as it is the only party within its industry in Israel.

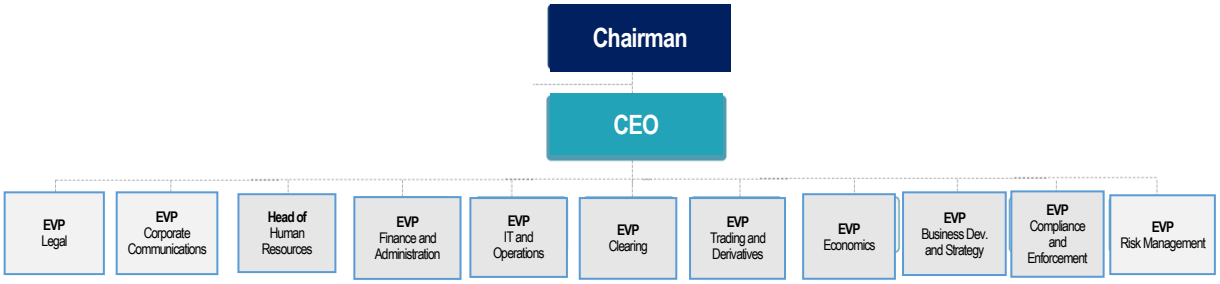
1.24.3 For further details regarding the intangible assets of the Company, see note 12 to the Company's consolidated financial statements as of 31.12.2023, which are included in this Periodic Report.

1.25 **Human Capital**

1.25.1 **General**

The Company views human capital as an important resource and therefore invests considerably in retaining and recruiting high-quality manpower with experience and expertise in the industry and with unique specializations relevant to the Company's operations. In addition, the Company dedicates substantial resources to the retention, development and advancement of the existing human capital, as well as to the management of the accrued knowhow. The significance of this aspect derives, inter alia, from the complexity associated with managing the trading and clearing of transactions in securities and in financial instruments in significant financial scopes.

1.25.2 **Presented below is an organizational chart of the TASE Group shortly before the publication date of the report:**



The units included in the departments shown in the above chart are overseen by experienced managers who are in charge of professional work teams, as set forth below:

Department	Number of Employees as of	
	31.12.2023	31.12.2022
Bureau of the Board Chairman and the CEO	3	3
Trading, Derivatives and Indices	12	11
Economics	30	29
Clearing and Listings	25	24
IT and Operations	120	115
Business Development and Strategy	10	8
Finance and Administration	31	32
Corporate Secretary and Legal	4[20]	5
Risk Management	10	10
Compliance and Enforcement	10	9
Corporate Communications	3	3
Human Resources	5	5
Total	263	254

The above table does not include employees of external contractors, or seasonal employees.

[20] On 1.2.2024, an EVP, Legal Counsel, took office in the Company - for details, see Regulation 26A to Part Four, "Additional Information".

1.25.3 The Company has policies and internal work procedures that govern its conduct with respect to such activities as: employees recruitment, selection and absorption; employment termination; attendance at work; vacations and absences; participation in training; refund of personal expenses; refund of expenses for work trips; etc.

1.25.4 In January 2018, the Company adopted an ethics code, which applies to all of its employees and managers at all positions and at all comparable levels, as well as to the members of the Board of Directors (the "**Ethics Code**"). The Ethics Code is based on guiding principles by which the Company conducts its professional activity, as well as on rules of behavior and standards that ensure the core values that characterize the Company: human respect, honesty, initiative, professionalism and commitment. In November 2023, the Company reaffirmed the Ethics Code.

1.25.5 As part of the measures taken by the Company to mitigate risks to its continuous operation, the Company implemented secure technological processes that are designed to enable the operation of its systems, including the trading and clearing systems, in remote format. In light of the Company's preparation for remote work and the experience that was accumulated during the coronavirus crisis, a more flexible work format is implemented that facilitates remote work at varying scopes, at management's discretion, taking into account the nature of the assignments of the various departments and other considerations.

1.25.6 **Investments in training, courses and human capital development**

The Company invests resources in the professional training of employees in order to enrich their knowledge and enhance their profession standing, as well as to align their knowhow with the varying needs and market demands. The Company's training program addresses all of its training needs, including professional training, regulatory seminars, enrichment courses and more.

1.25.7 **Compensation Policy**

On 12.1.2023, the Company's general meeting, after obtaining the approval of the Company's Board of Directors and Audit Committee (in its capacity as Compensation Committee, hereafter: "**Compensation Committee**"), approved the updated compensation policy for the Company's officers, pursuant to the provisions of the Companies Law, which shall be in effect for the years 2023 through 2025 (hereafter: "**the 2023-2025 Compensation Policy**").

As a rule, the compensation policy is a three-year policy and includes provisions regarding the fixed and variable components of the officers' compensation and their interrelationship, while prescribing parameters, threshold terms, ranges and ceilings for the compensation components (based on the Company's performance and the performance of the officers).

On 29.6.2023, the general meeting of the Company, after obtaining the approval of the Board of Directors and the Compensation Committee, approved an amendment to the 2023-2025 Compensation Policy, in order to adjust the provisions of the Compensation Policy to the terms of employment of Prof. Eugene Kandel, Chairman of the Board of Directors, who was appointed shortly before that date (as described in section 1.25.3.2 below). For additional information, see the Company's shareholders' meeting convening report dated 23.5.2023 (reference no.: 2023-01-055275) and the report on the results of the meeting dated 29.6.2023 (reference no.: 2023-01-072711). The information presented in the aforesaid reports is included herein by way of reference.

1.25.8 **Compensation Plans**

The Company compensates its employees in accordance with the provisions of a special collective agreement (as described in Section 1.25.4 below) and its officers in accordance with the compensation plans described below.

1.25.8.1 Equity Compensation for the Company's CEO

On 1.5.2019, the Company's general meeting approved (after the Compensation Committee and the Board of Directors had given their prior approval) a retention program for Mr. Ittai Ben Zeev, the Company's CEO (hereafter: "**the 2019 Retention Plan**"). Among the matters covered by this approval, it was agreed to allocate 4,250,000 non-listed warrants to a trustee for the calendar years 2019 through 2023 (inclusive). Each warrant is exercisable into one ordinary share of the Company, up to a total of 4,250,000 ordinary shares of the Company, subject to adjustments[21], at an exercise price of NIS 12 per share. The cost of the benefit inherent in the options for the CEO allocated as aforesaid, based on the fair value on the date of their allocation, amounted to NIS 2.743 million. For further details, including with regard to the method of calculating the fair value and of recognizing the expense, see note 15 C to the Company's consolidated financial statements as of 31.12.2023, which are included in this Periodic Report.

On 4.5.2023, shortly before the end-date of the 2019 Retention Plan, the general meeting of the Company (after obtaining the approval of the Compensation Committee and the Board of Directors of the Company) approved an additional retention plan for the CEO of the Company, including the extension of a new retention loan in an amount of NIS 3.5 million and the grant of 544,435 warrants (allotted on 1.6.2023) exercisable into 544,435 ordinary shares of the Company, subject to adjustments22, at an exercise price of NIS 40 per share. The cost of the benefit embodied in the warrants allotted to the CEO as above, based on their fair value on their grant date, amounted to NIS 1.5 million. For additional information, see the meeting convening report dated 28.3.2023 (reference no.: 2023-01-029779), the report on the results of the meeting dated 4.5.2023 (reference no.: 2023-01-048360) and the immediate report dated 1.6.2023 (reference no.: 2023-01-059613). The information presented in the aforesaid reports is included herein by way of reference.

1.25.8.2 Equity compensation for officers who report to the CEO pursuant to a warrant plan from 2023

On 26.2.2023, the Company's Board of Directors, after obtaining the approval of the Compensation Committee, approved a warrant plan for all officers in the Company (including directors, but excluding the CEO) in a total amount of up to 4,100,000 non-listed, registered warrants exercisable into up to 4,100,000 ordinary shares of the Company with no par value, subject to adjustments[23] (hereafter: "**the 2023 Warrant Plan**"). The 2023 Warrant Plan conforms with the provisions of the 2023-2025 Compensation Policy. Within this framework, after obtaining the approval of the Compensation Committee, the Board of Directors of the Company approved the grant of 2,980,000 warrants to 9 officers who report to the CEO, which are exercisable into Company shares[24] in three equal annual batches, commencing at the end of 12 months from the date of their allotment and ending at the end of 48 months of said date, for an exercise price of NIS 24.386 per share. The cost of the benefit inherent in the warrants allocated as aforesaid, based on the fair value on the date of their allocation,

21 It should be noted that the allocation of the full number of ordinary shares stemming from the exercise of the aforesaid warrants (the "**Exercised Shares**") is purely theoretical, since – in practice – the full number of the Exercised Shares will not be allocated, but only shares in an amount that reflects the amount of the monetary benefit inherent in the warrants as of the exercise date.

22 See footnote 19 above.

23 See footnote 20 above.

24 See footnote 19 above.

amounted to NIS 10 million. On 15.2.2024, a senior officer whose employment commenced in February 2024 was allotted 176,342 additional warrants under the 2023 Warrant Plan, which are exercisable into shares of the Company25 in three equal annual batches, commencing at the end of 12 months from their allotment until the end of 48 months from that date, for an exercise price of NIS 23.58 per share. All of the warrants have been allotted to a trustee subject to the obtaining of the approvals required pursuant to Section 102 of the Income Tax Ordinance under the capital gains track, and subject to obtaining TASE's approval for the listing of the exercise shares.

Equity compensation to directors

On 15.8.2023, further to the framework resolution of the Company's general meeting from 12.1.2022, the Board of Directors of the Company (after obtaining the approval of the Compensation Committee on the same day), approved the grant, to 6 directors of the Company, of 376,746 warrants, which are exercisable into 376,746 ordinary shares of the Company26. The warrants were granted within the framework of the 2023 Warrant Plan, in compliance with the provisions of the Company's 2023-2025 Compensation Policy. For further details, see the private placement report dated 15.8.2023 (reference no.: 2023-01-076096) and the immediate reports dated 24.8.2023 (reference nos.: 2023-01-079204 and 2023-01-079186). The information presented in the aforesaid reports is included herein by way of reference.

1.25.9 **Bonus Plan for 2023**

Pursuant to the approval of the 2023-2025 Compensation Policy and based on its principles, on 6.3.2024 (after obtaining the approval of the Compensation Committee on 28.2.2024), the Board of Directors of the Company approved a plan for the payment of an annual bonus for 2023 (hereafter: "**the 2023 Bonus Plan**") to all officers of the Company, excluding directors.

The various targets were determined based on the Company's budget and work plan for 2023. The quantitative bonus amount payable to each of the officers will be calculated based on the results as per the Company's financial statements for 2023. Further to the aforesaid, on the same date the Board of Directors approved the grant of bonuses under the 2023 Bonus Plan to the 10 Company officers who are not directors, in a total amount of NIS 4,865 thousand. For details regarding the bonus plan for 2023, see Article 21 of Part Four – "Additional Information".

1.25.10 **Bonus Plan for 2024**

Pursuant to the approval of the 2023-2025 Compensation Policy and based on its principles, on 6.3.2024 the Board of Directors of the Company (after obtaining the approval of the Compensation Committee on 28.2.2024), approved a plan for the payment of an annual bonus for 2024 (hereafter: "the 2024 Bonus Plan") to all officers of the Company, excluding directors. According to the 2024 Bonus Plan, the maximum annual bonus for 2024 is 6 monthly salaries to the CEO, of which up to 3 monthly salaries with respect to the quantitative bonus component and up to 3 monthly salaries with respect to the qualitative bonus component, and 7 monthly salaries to each of the officers that report to the CEO, of which up to 4 monthly salaries with respect to the quantitative bonus component, as the case may be, and up to 3 monthly salaries with respect to the qualitative bonus component. The various targets were determined based on the Company's budget and work plan for 2024. The quantitative bonus amount payable to each of the officers will be calculated based on the results as per the Company's financial statements for 2024.

25 See footnote 19 above.
26 See footnote 19 above.

1.25.11 **Allotment of Shares to the Company's Employees and to its Service Providers**

In May 2017, the Company entered into a collective agreement with the Histadrut (the New General Federation of Labor in Israel) and the Company's employees committee, pursuant to which it was agreed – among other matters – to allocate shares to employees with respect to TASE's restructuring. Accordingly, on 13.9.2017, TASE allocated 6,000,000 ordinary shares having no par value to a trustee for TASE employees and service providers, for no consideration. On the allocation date, these shares constituted 6% of the Company's issued share capital. Shortly before the date of the report, 3,381,438 ordinary shares of the Company with no par value are held on behalf of the Company's employees and service providers, as above.

For details regarding the fair value of the benefit and how the expense is recorded, see note 15 A to the Company's consolidated financial statements as of 31.12.2023, which are included in this Periodic Report.

1.25.12 **The Company's Senior Officers**

1.25.12.1 For details regarding the terms of employment and office of Mr. Ittai Ben-Zeev, who serves as CEO of the Company (including the CEO retention plan), see Article 21 of Part Four - Additional Information on the Company.

1.25.12.2 On 12.7.2023, further to the approval by the Company's general meeting on 29.6.2023, Prof. Eugene Kandel took office as Chairman of the Board of Directors of TASE. It should be noted that the general meeting of the Company, after obtaining the approval of the Board of Directors of the Company and of the Compensation Committee, approved the appointment and the terms of employment of Prof. Eugene Kandel as Chairman of the Board of Directors, at a 50% appointment percentage. In accordance with his terms of employment, Prof. Kandel shall be entitled to a (gross) monthly salary of NIS 64.5 thousand, an annual bonus of up to 3 (gross) monthly salaries and the grant of 319,800 warrants exercisable into 319,800 ordinary shares of the Company, which were allotted on 17.7.2023, as well as to related benefits, as customary in the Company. The cost of the benefit embedded in the warrants allotted as above to Prof. Kandel, based on the fair value on their grant date, amounted to NIS 967 thousand. It is also stipulated that, at the end of his first three years in office, the Company will work to approve the grant of additional equity compensation to Prof. Kandel, based on the principle of a quantity of warrants equal to 5 Salaries for each year in office (which shall be determined based on the value of the warrants on the date of approval of the Equity Compensation), this subject to obtaining all of the approvals required by law. For further details, see the Company's immediate report dated 1.5.2023 (reference no. 2023-01-039703), the Meeting Reports, as described in section 1.25.7 above, the immediate report dated 12.7.2023 (reference no.: 2023-01-078855) and the immediate report dated 17.7.2023 (reference no.: 2023-01-081531). The information presented in the aforesaid reports is included herein by way of reference.

1.25.12.3 For details regarding the Company's senior officers as of Reporting Date, see Article 26A of Part Four – Additional Details Regarding the Company. For information on the terms of office and employment of some of the senior officers who report to the CEO, see Article 21 of Part Four – Additional Details Regarding the Company.

1.25.13 **Collective labor relations at the Company**

The Group's labor relations (except with respect to the Chairman of the Board of Directors, the CEO and the vice presidents who are employed under personal contracts) are based on special collective labor agreements that were signed between the Company's management and the Histadrut (the New General Federation of Labor in Israel) - the Tel Aviv-Jaffa Workers' Council and the employees committee (collectively, the "**Collective Agreement**"). The Collective Agreement is intended to govern the obligations and rights of the employees (other than senior officers who, as stated, are employed under personal agreements), define the disciplinary rules and the manner in which these are applied and resolve labor issues at the Company. Details relating to the Collective Agreement are presented below:

1.25.13.1 The basic Collective Agreement has existed at the Company since 1974 and governs the work conditions and pay terms at the Company, including organizational aspects relating to the absorption of employees at the Company and their employment. This includes defining the status of temporary employees and permanent employees, dealing with disciplinary breaches and prescribing arrangements regarding the termination of employees' employment and consultation with the employees committee (the "**1974 Agreement**").

1.25.13.2 Over the years since the 1974 Agreement was signed, additional collective agreements have been signed, from time to time, which update the pay of the Company's employees and also define benefits and related conditions for the employees (e.g., one-time annual bonuses, special bonuses, pay increments, pension arrangements, vehicle running costs, leasing, professional literature, clothing, and so forth). These pay agreements are registered as special collective agreements and constitute addendums to the 1974 Agreement.

1.25.13.3 On 7.5.2017, as the Company was completing a change in its ownership structure, a collective agreement was signed for a five-year period (the "**2017 Agreement**"). On 14.9.2022, the 2017 Agreement expired. On 11.6.2022, a labor dispute was declared at TASE. In accordance with the Labor Disputes Law, commencing on 21.11.2022 and subject to obtaining the Labor Federation's consent, the employees are entitled to initiate various organizational steps. For further details, see the Company's immediate report dated 6.11.2022 (reference no.: 2022-01-107583). The information provided in said report is included herein by way of reference.

Since then, and until the publication date of this report, the management of TASE, TASE's Employees Representation and representatives of the New General Federation of Labor are in advanced states of the discussions towards a new collective agreement, which to the publication date of this report, have not yet evolved into a binding agreement. To remove any doubt, it is hereby clarified that the declaration of a labor dispute at TASE, as aforementioned, has not yet been withdrawn.

1.25.14 **Corporate Social Responsibility (ESG)**

In December 2023, the Company published a corporate social responsibility (ESG) Report for 2022. The report was published on the Company's website. In addition, in July 2023, Maala published its ESG ratings for 2022, which granted TASE, for the first time, a BB Gold raring.

1.25.15 **Insurance policies**

For details of officers' liability insurance policies, see Regulation 22 of Part Four, "Additional Information".

Each of the Clearing Houses and the Nominee Company shall bear a proportionate part of the premium in accordance with the principles of the distribution model agreement (as referred to in Section 1.16.2 above).

In addition, the Company holds Public Offering of Securities Insurance (POSI) with regard the public offering of securities of the Company in July 2019, for an insurance period of 7 years, with a liability limit of US $30 million per event and in total for the insurance period, in consideration for a premium totaling US $95 thousand for the entire 7-year insurance period and with a deductible of US $250 thousand. Under the terms of this policy, the Officers will have preference over the Company in receiving insurance compensation.

1.26 **Raw Materials and Suppliers**

The Company is not dependent on specific suppliers and it has a number of suppliers for all raw materials. The raw materials that the TASE Group procures are standard products and the TASE Group would have no major difficulty in replacing suppliers pursuant to price, quality, availability and other considerations.

1.27 **Working Capital**

Presented below are additional details relating to the Group's working capital:

1.27.1 As of 31.12.2023, the Group's current assets – excluding assets relating to clearing operations with respect to open positions – amounted to NIS 527 million, compared to NIS 412 million as of 31.12.2022. Assets relating to clearing operations with respect to open positions as of the above dates amounted to NIS 1,695 million and NIS 937 million, respectively.

As of 31.12.2023, the Group's current liabilities – excluding liabilities relating to clearing operations with respect to open positions – amounted to NIS 399 million, compared to NIS 96 million as of 31.12.2022. Liabilities relating to clearing operations with respect to open positions as of the above dates amounted to NIS 1,695 million and NIS 937 million, respectively.

The change in the total as of 31.12.2023, relative to 31.12.2022, is primarily due to a dividend declared in an amount of NIS 231 million and to current maturities of a bank loan in an amount of NIS 50 million. For further details, see Section 1.2 of the Board of Directors' Report for 2022, which is included in this Periodic Report.

1.27.2 The working capital from the Group's operating activities as of 31.12.2023 and 31.12.2022, amounted to NIS 408.3 million and NIS 316 million, respectively.

1.27.4 The working capital ratio – excluding assets and/or liabilities relating to clearing operations with respect of open positions – as of 31.12.2023 and 31.12.2022 was approximately 4.4 and 4.3, respectively.

1.28 **Investments**

Loans and credit facilities in favor of subsidiaries

1.29 On 8.12.2015, the Company entered into an agreement with TASE Clearing House, through which the Company granted a NIS 60 million loan to TASE Clearing House. The loan is linked to the Consumer Price Index and bears annual interest (at the rate of 4.25% per year) over a period of 10 years. In November 2023, TASE-CH made a full early repayment of the aforesaid loan.

1.30 In 2004, the Company approved the grant of a loan to TASE Clearing House in an amount not to exceed NIS 50 million, in the event that TASE Clearing House required such funds to meet its liabilities. It was also resolved to authorize a committee of the Board of the Directors (in this section, the "**Board Committee**") to determine when the loan would be granted and also the amount of the loan, which may not exceed NIS 50 million. The loan will be made available at the same rate of interest as the Bank of Israel charges the banks, unless otherwise agreed between the Company and TASE Clearing House.

1.31 In early 2009, the Company approved the grant of a loan to MAOF Clearing House in an amount that would not exceed NIS 50 million, and provided that the total loan to MAOF Clearing House and to TASE Clearing House, as above, would together not exceed NIS 50 million, in the event that MAOF Clearing House required such funds in order to meet its liabilities. It was also resolved to authorize the Board Committee to determine when the loan would be granted and the amount of the loan, subject to the above limitations. The loan would be made available at the same rate of interest as the Bank of Israel charges the banks unless otherwise agreed between the Company and MAOF Clearing House.

As of Reporting Date, the Company has not made loans by virtue of the decisions listed in sections 1.30-1.31 above. It should be noted that the Company has no obligation to the Clearing Houses to provide loans pursuant to the aforesaid decisions.

For further details regarding the activity of the Clearing Houses and the Nominee Company, see Section 1.7.3 above.

1.32 **Financing**

The Group's operating activities are financed with equity and with the cash flows from its operations. For further details, see note 25 B to the consolidated financial statements of the Company as of 31.12.2023, which are included in this Periodic Report.

1.33 Further to the stated in section 1.3 above, on 28.12.2023 the Company engaged in an agreement with a bank for the receipt of a loan in an amount of up to NIS 150 million, this to ensure the surplus liquidity required pursuant to the models implemented by the TASE Group (hereafter: "the Loan Agreement" and "the Bank", respectively). The loan shall be repayable (principal) in 36 equal monthly installments, starting on January 2024 and will bear interest at the rate of Prime with the addition of a 0.5% margin. The interest on the Loan will be payable in equal monthly installments as above, through to the final repayment of the principal of the Loan. As part of the terms of the Loan Agreement, TASE has undertaken to the Bank to comply with the covenants, which will be reviewed every quarter, subsequent to the approval of the financial statements of TASE. In addition, TASE has undertaken not to pledge or mortgage and not to undertake to pledge or mortgage ("negative pledge") in any manner whatsoever and for any purpose whatsoever its rights in the building. TASE has also made undertakings that are customary in agreements such as the Loan Agreement. For additional information, see note 13 to the Company's consolidated financial statements as of 31.12.2023, which are included in this periodic report, as well as the immediate report dated 28.12.2023 (reference no.: 2023-01-117868).

1.34 For details regarding a credit facility with a commercial bank in an amount of up to NIS 30 million, which has been extended to TASE-CH for the purpose of providing additional, readily available, liquidity in the event of default by a Clearing House member, see note 4 B (c) to the Company's consolidated financial statements as of 31.12.2023, which are included in this periodic report. It should be noted that, in the reported period and as of the date of the report, TASE-CH did not require the use the aforesaid credit facility.

1.35 **Taxation**

For details regarding the taxation of the Company, see note 16 to the Company's consolidated financial statements as of 31.12.2023, which are included in this Periodic Report. The Company and its subsidiaries have received tax assessments that are considered final up to and including the 2018 tax year.

1.36 **Restrictions on and Supervision over the Company's Activity**

Company and the Clearing Houses activities are governed directly within the framework of the Securities Law and are impacted indirectly by various legislative considerations – as is the case for all business activity in Israel. As of Reporting Date most of the arrangements to which TASE is subject result from Amendment No. 63, which was devoted to TASE's restructuring, with the aim of separating the TASE members' ownership of TASE from their activity on its platform, while shifting the regulatory center of gravity away from the direct involvement of governmental parties in the Company's bodies toward supervisory arrangements customary in the financial segment, along with a strengthening of the corporate governance mechanisms. An additional supervisory tier over the Company's activity is incorporated in the self-regulation of the activity of the Company and the Clearing Houses, whose establishment (as opposed to its planning) is obligatory pursuant to a requirement in the Securities Law, and is set forth in the TASE Rules and the Clearing Houses' Rules, alongside the establishment of an internal supervision and control array.

Presented below is a summarized review of some of the Law's principal provisions which apply to the TASE Group, in general, and to its sphere of activity – trading and clearing of transactions in securities, in particular, which, in the Company's opinion, have or might have a material impact on the Company's activity and on its business results.

1.36.1 **Licensing of TASE and the Clearing Houses**

Pursuant to Section 45 of the Securities Law, no person shall open or operate a system for trading in securities except under a license granted to him for this purpose (a "**Stock Exchange License**"). The Minister of Finance, after consulting with the Israel Securities Authority and with the approval of the Knesset Finance Committee, may grant a Stock Exchange License to a company, for which all the following are true:

- it, and any corporation that it controls, is engaged only in the activities permitted for a stock exchange (see Section 1.36.2 below);
- its articles of association do not include provisions that might affect its sound, proper and fair management;
- it has made rules as stated in the Securities Law and the rules have been approved by the Israel Securities Authority and the Minister of Finance;
- it has the technical expertise and the appropriate means to operate a system for trading in securities that will ensure the stability of the system, its reliability, availability and security of information;
- it has paid the fees set for this purpose;

- it meets the requirements concerning equity, insurance, deposit and guarantee determined by the Minister of Finance.

In a similar manner, Section 50A of the Securities Law prescribes that no person may open or manage a clearing system (as this term is defined in Section 44.EE of the Securities Law) except under a license (a "**Clearing House License**").

The Minister of Finance, after consulting with the Israel Securities Authority and with the approval of the Knesset Finance Committee, may grant a Clearing House License to a company, if it meets the conditions set by the Minister of Finance and regulations, including with regard to equity, insurance, deposit and guarantee, and if it has paid the fees prescribed for this purpose.

The Chairman of the Israel Securities Authority may cancel or suspend a Stock Exchange License or a Clearing House License in a decision explained in writing, if any of the circumstances set forth in the Securities Law exist with regard to the stock exchange or the clearing house. This includes circumstances in which a license was granted based on false or erroneous information, if any of the conditions for granting the license has ceased to exist, if insolvency proceedings are being taken against the license holder, if there exist with regard to the license holder (including its controlling shareholder or one of its senior officers) circumstances testifying to a flaw in its reliability, or if the license holder has breached any of the provisions under the Securities Law or any directive or guideline of the Israel Securities Authority and has not rectified the breach within the period set for doing so.

Under the transition provisions prescribed within the framework of Amendment No. 63 of the Securities Law, the Company and the Clearing Houses are deemed to be persons that have been granted a Stock Exchange License and a Clearing House License, as the case may be, pursuant to the provisions of the Securities Law.

1.36.2 Restrictions on the activity of a stock exchange and a clearing house

A stock exchange or a company which a stock exchange controls may engage only in managing a system for trading in securities, as well as in clearing services of transactions in securities, in securities custodian services or in other ancillary services, which do not raise a real concern of a conflict of interests or which are essential to the stock exchange's engagement in the management of a system for trading in securities and if the Israel Securities Authority has approved this. A stock exchange must operate in a sound, proper and fair manner while protecting the public interest.

A clearing house or a company in which a clearing house holds the means of control may engage only in managing a clearing system or in ancillary services, connected to the engagement in the management of a clearing system, subject to restrictions similar to those that apply to a stock exchange in relation to ancillary services.

A stock exchange may not carry out a transaction in securities for its own account except with permission from the Israel Securities Authority. On 30.10.2017, such a permit was received whereby the Company may carry out transactions for its and its subsidiaries' account, subject to all the transactions being carried out in securities issued by the government or the Bank of Israel, by way of managing a securities portfolio kept by a licensed portfolio manager, with certain restrictions on giving orders to the portfolio manager, and in accordance with the investment policy and the monitoring rules that will be set by the Company's Board of Directors, from time to time.[27] In addition, the Securities Law establishes the various restrictions with regard to the activity of employees and directors in

[27] The above terms do not apply to the Clearing Houses, in connection with carrying out transactions in securities as a CCP, which are intended to guarantee the transaction's performance for the parties thereto.

securities on their own accounts. The restrictions specify that members of the Company's Board of Directors, as well as the Company's employees, may not conduct transactions in securities, other than with the permission of the Minister of Finance (such permission may be with respect to securities in general or with respect to specific classes of securities). In addition, the members of the Board of Directors and the Company's employees must give notice to the Chairman of the Israel Securities Authority and the Chairman of the Board of Directors, within one week of their appointment, regarding the securities held by each one of them.

TASE must publish on its website (and in any other way that the Israel Securities Authority may prescribe) the commissions that TASE members collect from their clients, including trading commissions and clearing commissions, as well as any changes to these commissions, and all in a manner that will allow for comparison to be been made between the commissions. For this purpose, TASE members must report to the Company the commissions that they collect from their clients, as well as any changes to commissions. In addition, an obligation has been imposed on the Company to report on this matter to the Knesset Finance Committee.

A stock exchange will not discontinue the operations of a system for trading in securities except if, in its opinion or in the opinion of the Minister of Finance, doing so will be for the benefit of the investing public, and it shall not decide to discontinue the system's operations for more than one business day, except with the approval of the Minister of Finance, pursuant to the Securities Law. Within the framework of the TASE Rules, arrangements are prescribed for the suspension of trading on TASE in certain circumstances and for a limited length of time, with the principal cause being exceptional movements in the prices and indices of securities.

A Clearing House will allow any stock exchange or Clearing House member and any other person to obtain services from it and will not unreasonably refuse to provide its services. The Chairman of the Israel Securities Authority may exempt a certain Clearing House from providing service to any of the above parties, under certain terms and conditions.

1.36.3 Legislative arrangements in connection with clearing activity

The activity of clearing transactions in securities is primarily based on performing a transfer of funds against a transfer of securities between Clearing House members, pursuant to a clearing order timely received at the Clearing House, pursuant to the Clearing House Rules. Due to the importance of certainty that a clearing order will be fulfilled, particularly in instances of a Clearing House member's default, specific arrangements are prescribed in the Securities Law to ensure the finality of the clearing at the Clearing House, including provisions that apply in cases of a Clearing House member's default, including against the background of insolvency proceedings against a Clearing House member.

Within this framework, validity is granted in the Securities Law to the arrangements prescribed in the Clearing House Rules with regard to a Clearing House member's default, with regard to early termination of transactions or activity performed at the Clearing House and with regard to settlement between the Clearing House and the Clearing House member or between Clearing House members with each other. These arrangements are also recognized for the purpose of applying the provisions of the Financial Agreements Law.

For details regarding the collateral that Clearing House members have provided for the benefit of the Clearing Houses, see note 4 A to the Company's consolidated financial statements as of 31.12.2023, which are included in this periodic report.

1.36.4 **Self-regulation of stock exchange and clearing house activity**

As stated above, one of the conditions for obtaining a Stock Exchange License is the prescription of rules and regulations, in which the rules for the sound, proper and fair management of TASE are prescribed (the "TASE Rules"), among which the following may be prescribed:

- rules regarding TASE membership (including, among other things, eligibility terms for TASE membership and a procedure for accepting members; the permitted fields of activity for TASE members; obligations of TASE members toward TASE and toward its members, including disclosure, record keeping and reporting obligations; rules of conduct of TASE members toward their clients, including disclosure, record keeping and reporting obligations; TASE's supervision and control over compliance with the TASE Rules and Regulations, by its members; disciplinary offenses and disciplinary jurisdiction over TASE members; and terms and procedure for suspending a TASE member and for revoking membership);

- rules for listing securities on TASE (including, among other things, the characteristics of a company that may list its securities, the characteristics of the securities that may be listed, the manner of performing an IPO and the means of allotting the securities, the prevention of transactions or activity in securities for a period to be prescribed, and setting a minimum rate of public holdings);

- rules regarding trading on TASE (including, among other things, trading times, the terms and procedure for the temporary suspension or restriction of trading in a security or a group of securities, the restriction of trading to TASE members and to other parties, and publication of trading results);

- obligations of a company whose securities are listed (a "Listed Company") (including, among other things, continued compliance with the rules prescribed as conditions for listing, even after listing, trade breaks and significant events);

- terms and procedure for suspending trading in a security or for the delisting of a security, including delisting at the request of the Listed Company;

- rules regarding the publication of data by TASE, including information relating to trading, to TASE members and to Listed Companies;

- commissions, listing fees and handling fees for TASE's services;

- the application of the above rules to a corporation that is not a company and to units of a joint investment trust fund.

The Company's Board of Directors may amend the TASE Rules. An amendment requires the approval of the Israel Securities Authority. If the Israel Securities Authority approves the change, notification of the change in the TASE Rules will be sent to the Minister of Finance and the change will take effect ten days after the notification's delivery, unless the Minister of Finance gives notice prior to the end of the period that he objects to the change. In addition, if the Israel Securities Authority believes that, for the sound, proper and fair management of TASE, the TASE Rules need to be changed, the Israel Securities Authority will notify TASE of such a decision. If TASE does not change the TASE Rules pursuant to the notification within the period prescribed therein, the Israel Securities Authority may make the change. Furthermore, TASE's Board of Directors may prescribe, with the approval of the Israel Securities Authority, regulations that include details, terms and conditions regarding the provisions of the TASE Rules, where this is expressly authorized in the TASE Rules.

In accordance with the Securities Law and the directives of the Chairman of the Israel Securities Authority, the TASE Rules will be published by being deposited, together with any change, with the Registrar of Companies. In addition, TASE publishes the TASE Rules, and any changes to the TASE Rules, on its website.

In addition to the above, TASE is required to prescribe, in order to regulate its operation, procedures on certain topics, such as, ensuring its compliance with the terms and conditions of the Stock Exchange License, the technical resources needed for its operations, supervising the compliance of TASE members and its employees with the prescribed Rules and procedures, with respect to identifying and handling a conflict of interests in its operations, and with respect to engaging with a clearing house for the purpose of clearing transactions in securities (the "**Operating Procedures**").

A clearing house is responsible for fulfilling the terms and requirements to which it is subject pursuant to the Securities Law, including, among other things, prescribing rules to ensure the stability, efficiency and sound and proper functioning of the clearing house or the clearing system (the "**Clearing House Rules**"), including in connection with membership of the clearing house (with rules regarding clearing house membership needing the approval of the Authority), rules regarding commissions, listing fees or handling fees for the clearing house's services, risk management, their prevention or their mitigation, and the existence of backup arrangements in the clearing system in the event of an emergency.

1.36.5 **Corporate governance at a stock exchange and at a clearing house**

The Securities Law imposes unique requirements on a stock exchange and on a clearing house with respect to corporate governance requirements. These supplement the provisions of the Companies Law in this area in a separate chapter dedicated to this topic (the "**Corporate Governance Chapter**").

The appointment of a TASE officer, who is a director, Chief Executive Officer, internal auditor, legal counsel (and any other office holder that the Chairman of the Israel Securities Authority determines to be an officer for this purpose, but not more than seven such office holders) is subject to advance notice to the Chairman of the Israel Securities Authority, who may give notice of his objection[28] to the appointment. In doing so, attention will be paid to the considerations prescribed in the Law in connection with the suitability of the candidate for the proposed post, including his business experience, his integrity, his honesty, the manner in which he fulfilled his duties in the past at TASE, if the candidate was previously employed at TASE, his connections, of all types, with TASE and with parties related thereto, and if the candidate is nominated to serve as an independent director – the other occupations and businesses of the candidate will also be taken into account, as will the appropriateness of the board of directors' composition to its spheres of activity (the "**Advance Approval Process**").

An employee of a stock exchange or anyone employed by a stock exchange or by a company associated with a stock exchange, apart from employment as a director in the company, is not eligible to serve as a director of the stock exchange.

Additionally, the Corporate Governance Chapter includes strengthened eligibility requirements in relation to an independent director over and above those prescribed in the Companies Law, the principal of which is a prohibition against appointing a person as an independent director if, at the time of the appointment or during the preceding two years, he is a stock exchange member or a controlling shareholder of a stock exchange member, he is an interested party by virtue of being a

[28] In accordance with the aforesaid, the Israel Securities Authority has determined that, in addition to the specified officers, the following officers are subject to an early notice proceeding: CFO, Risk Management Officer, Clearing Houses' Officer and Technology Officer.

shareholder in a Listed Company, he is an interested party in a stock exchange or in a stock exchange member, he is a relative of a stock exchange member, of an officer of the stock exchange or of a stock exchange member, of a controlling shareholder of the stock exchange or of a stock exchange member or of anyone that regularly provides services against consideration to any of the aforesaid, or if he has an affiliation (as defined in Section 240 of the Companies Law) to a stock exchange member, to an officer of a stock exchange member, to a corporation under the control of the stock exchange member or to a controlling shareholder of a stock exchange member or to anyone who regularly provides services against consideration to any of the above or to a stock exchange. Nevertheless, service as a director either of a stock exchange or of a clearing house will not be considered, in and of itself, as impairing the eligibility of a person to serve as an independent director in any of these corporations (an "**Independent Director**").

It is further prescribed that the board of directors of a stock exchange shall comprise 15 directors at the most, that a majority of its members will be Independent Directors, and that at least three of the Independent Directors will be appointed at the general meeting of the stock exchange pursuant to the recommendations of an external nominating committee ("**Recommended by the Nominating Committee**"), established in accordance with the provisions of the Securities Law (and whose members are a judge, the chairman of the board of directors and a representative of the academy) (the "**Nominating Committee**"). If the stock exchange is required to appoint external directors pursuant to the provisions of Section 239(a) of the Companies Law (an "**External Director**"), they shall be appointed from the candidates Recommended by the Nominating Committee.

On 27.2.2024, Mr. Yoav Chelouche, an outside director recommended by the Nominating Committee, stepped down. Additionally, in view of the incomplete composition of the Nominating Committee (as the office of several of its members expired and new members have yet to be appointed), which precludes its convening to discuss the selection of those recommended by the Nominating Committee as above, on 15.2.2024, the Board of Directors of TASE, by virtue of his authority pursuant to the provisions of Section 50B3(E) of the Securities Law, determined that Ms. Ornit Kravitz, an independent director at TASE, shall be deemed as a director recommended by the Nominating Committee, to complete the minimum requirement of independent directors recommended by the Nominating Committee on the Board of Directors of TASE, this until the convening of TASE's next general meeting.

The service term of an Independent Director Recommended by the Nominating Committee will be the same as that of an External Director (up to three terms of service, each of which shall be for three years). The term of service of the chairman of the board of directors of a stock exchange will be five years, and he may be reappointed for an additional term of three years (and, if he is an Independent Director Recommended by the Nominating Committee, the service term as chairman of the board of directors will be deemed the service term of a director Recommended by the Nominating Committee). In addition, unique arrangements have been prescribed for terminating the appointment of Independent Directors Recommended by the Nominating Committee, and with regard to the obligation to include one such Director on every committee of the board of directors that is authorized to exercise any of the board of directors' powers.

In accordance with the Corporate Governance Chapter, in addition to its duties pursuant to Section 92 of the Companies Law, TASE's Board of Directors is responsible for the Operating Procedures and for ensuring their implementation, including, among other things, establishing control and supervision measures to ensure the sound, proper and fair management of TASE and to ensure the TASE members' compliance with the TASE Rules, for approving the TASE Rules, and for appointing an internal auditor for TASE. Moreover, TASE's Board of Directors will appoint from its members an Audit

Committee and a Compensation Committee) including the Audit Committee which will serve as a Compensation Committee).

The members of TASE's Board of Directors and TASE's employees are subject to restrictions to conducting transactions in securities similar to the restrictions that apply to the Authority's employees.

The provisions of the Corporate Governance Chapter, as described above, also apply to a clearing house, with appropriate changes, except that there is no requirement for the appointment of Independent Directors Recommended by the Nominating Committee, no requirement for the majority of the clearing house's board of directors to be Independent Directors (although it must have at least three Independent Directors) and no obligation to establish an Advance Approval Process for the appointment of a clearing house's officers by the Israel Securities Authority. The provisions of the corporate governance chapter further prescribed that the clearing house's board of directors may declare a distribution only if, by doing so, no harm will be caused to the stability of the clearing house or to its sound, proper and fair management.

1.36.6 **The Israel Securities Authority's supervision of the activity of TASE and the Clearing Houses**

Pursuant to the Securities Law, the Israel Securities Authority supervises the sound, proper and fair management of TASE and exercises control over the stability and efficiency of the Clearing Houses, as stated in Section 10 of the Payment Systems Law, 2008, and over the suitability of the Clearing Houses' Rules.

If the Israel Securities Authority believes that TASE is operating in a manner contrary to the prescribed procedures or contrary to the provisions of its rules or regulations or in any manner that might impair its sound, proper and fair management, it must inform TASE and instruct it on the proper course of action. A similar power is granted to the Israel Securities Authority if a Clearing House is not fulfilling any of its obligations pursuant to the Securities Law or is operating in a manner contrary to its procedures or the Clearing House Rules or in a manner that might impair its sound, proper and fair management.

It is also prescribed in the Securities Law that TASE and the Clearing Houses shall send to the Israel Securities Authority reports regarding their operations, on the dates and with the details and in the manner that the Israel Securities Authority prescribes, and shall send to it, upon request, information regarding its affairs, as well as financial reports.

Pursuant to the powers granted to it, the Israel Securities Authority has made rules to ensure the sound and proper operation of the TASE Clearing Houses, which prescribe, among other things, provisions regarding the following: the establishment of a Board of Directors' committee for risk management and its duties; the appointment of a compliance officer; the identification, management and handling of conflicts of interest; the clearing operations; setting risk management policy; margin requirements, their receipt, their management and their realization, as well as the creation of a default fund to guarantee the obligations of the Clearing House members; management of a Clearing House member's default event; and the membership requirements for Clearing House members; outsourcing of some of a Clearing House's operations and services; reporting to the public and to the Israel Securities Authority; and, the equity requirement and the insurance requirement.

In June 2017, the Israel Securities Authority published a pronouncement regarding implementation of the principles for financial market infrastructures at the Clearing Houses, pursuant to which it imposes on the Clearing Houses, on an ongoing basis, local laws and rules, consistent with the principles of international standards for the operations of capital market entities that have been defined as financial market infrastructures, as presented in the report of a special international committee on payments

and settlements, acting on behalf of the Bank of International Settlements and the International Organization of Securities Commissions, and deems the Clearing Houses as acting in accordance with these principles.

On 24.1.2023, the Israel Securities Authority confirmed to ESMA that the rules of TASE-CH and its internal procedures are fully compliant with the requirements of the Securities Law, 1968 and with all other applicable requirements in Israel.

1.36.7 **The Concentration Law**

Pursuant to Amendment No. 63 of the Securities Law, the Law for Promotion of Competition and Reduction of Concentration, 2013 (the "**Concentration Law**") was also amended, whereby areas of operations for which a Stock Exchange License and a Clearing House License are required have been defined as essential infrastructure fields. Consequently, the Company and the Clearing Houses have been included on the list of centralized parties that has been drawn up pursuant to the provisions of the Concentration Law. Pursuant to the Concentration Law, at the time of conferring a right on a centralized party (e.g., a license, franchise or contract), the regulatory authority must also examine national economic concentration considerations, and these might amount to a reason for not conferring the above right. In addition, pursuant to the Concentration Law, the Competition Commissioner has declared that the grant of a Stock Exchange License by the Minister of Finance falls within the definition of a right whose grant requires consultation with her.

1.36.8 **Compliance and enforcement**

The function and status of the TASE Group requires it to be doubly meticulous in complying with the regulatory provisions to which it is subject. In June 2017, the Company's Board of Directors approved the TASE Group's policy for "compliance risk" management, with compliance risk being the risk of imposition of legal or regulatory sanctions, of a material financial loss, or of reputational damage, which the Group might sustain as a result of it not fulfilling the "compliance provisions", including the laws, regulations, regulatory directives and internal procedures, which apply to the operations of the TASE Group, as set forth above. The policy is intended to define the compliance management format of the TASE Group, among other things, by means of the Company's compliance officer and its compliance department, and including by way of defining compliance functions within the TASE Group and defining the powers and spheres of responsibility of the parties involved in the compliance management process. Within the aforesaid framework, and taking into consideration the Company having become a reporting entity pursuant to the Securities Law, which is subject, inter alia, to the administrative enforcement powers of the Authority, the Company's Board of Directors has appointed the Company's Compliance Officer to the post of Internal Enforcement Officer of the securities laws and has also approved a program for the internal enforcement of the securities laws.

1.36.9 **Supervision of TASE members**

The Company has established an internal supervision and control system to ensure compliance with the TASE Rules, with emphasis on the obligations placed on the TASE members pursuant to the TASE Rules. This system is backed by authority to require an audit and to demand information, along with the organized mechanisms for disciplinary proceedings, prescribed in the TASE Rules. For further details see Section 1.7.2 above.

1.36.10 **Additional provisions in connection with the tax laws and tax treaties**

As part of the Clearing Houses' services, TASE Clearing House is active in making credits and debits (gross, before tax) in Israel, which relate to interest payments, linkage differences and dividend payments.

1.36.10.1 Income Tax Regulations (Implementation of a Common Standard for Reporting and for Due Diligence on Financial Account Information), 2019

On 2.1.2019, the Knesset Finance Committee approved the Income Tax Regulations (Implementation of a Common Standard for Reporting and for Due Diligence on Financial Account Information), 2019 (hereafter: "**the CRS Regulations**), which prescribe that Israeli financial institutions are required to furnish information to the tax authorities in Israel regarding accounts of foreign residents for the purpose of tax enforcement.

The CRS Regulations are the latest stage in assimilating international commitments for the automatic exchange of information within domestic statutes that Israel has taken upon itself and the adoption of the international standard for the exchange of information.

1.36.10.2 US taxation – the TASE Clearing House, a QI that is not a withholding agent

The securities registered with TASE Clearing House include those of companies that are subject to the tax laws of the United States ("US Securities").

The tax laws of the United States allow any foreign entity, which is not American, to enter into a QI agreement with the tax authorities in the United States (the IRS), which grants it the status of a QI (Qualified Intermediary). This status is essential for TASE Clearing House to be able to handle the clearing of US securities transactions, which occupy a significant share of the total volume of transactions cleared through TASE Clearing House. In April 2023, TASE-CH entered into a QI agreement for the years 2023 to 2028, as a non-withholding QI. Pursuant to the agreement, TASE-CH is required to comply with various requirements, including, inter alia, extensive guidelines concerning client documentation, deduction of current taxes, and reporting to the IRS.

1.36.10.3 Documentation and reporting within the framework of the FATCA provisions

The State of Israel has signed an agreement with the United States for the improvement of international tax enforcement and for the implementation of the provisions of the FATCA legislation. The agreement governs the manner in which information is transferred to the IRS by the Israel Tax Authority, which obtains such information from the financial bodies in Israel. For FATCA purposes, TASE Clearing House is defined as an FFI (Foreign Financial Institution) and provides services solely to Clearing House members who are QIs, according to an approval from the IRS.

1.36.10.4 Recognition of TASE-CH by ESMA

On 15.3.2023, the European Securities and Markets Authority (ESMA) announced, pursuant to an application submitted by TASE-CH, that it recognizes TASE-CH as a Tier-1 Third-Country CCP, in accordance with the principles of the applicable European regulation and that, therefore, TASE-TASE-CH is qualified to provide clearing services to EU member states for a variety of financial instruments (up to said date, ESMA adopted various resolutions, from time to time, for the temporary suspension of the processes pertaining to the application for recognition, the most recent of which expired on 28.6.2022, on which date the recognition process was resumed).

The classification of the Clearing House as a Tier-1 Third-Country CCP signifies that the Clearing House was established in a country outside the European Union, and is not deemed as systemically

important to the stability of the European Union or of any of its member states, and is not expected to become systemically important, considering its current activity and characteristics.

1.37 **Material Agreements**

Termination of framework agreements with the Bank of Israel and a change in the mix of collaterals

As part of the preparations for the termination of the agreements with the Bank of Israel for the liquidation of collateral provided by the Clearing House members (hereafter: "**the Liquidity Agreements**") and in view of the provisions of the Rules Securing the Proper Operation of The Tel Aviv Stock Exchange Clearing House Ltd. and of The MAOF Clearing House Ltd., in July 2022, each of the Clearing Houses notified its members of a change in the cash component of the Default Fund, pursuant to which this component will constitute at least 50% of the total collateral that each of the aforesaid is required to deposit in the Default Fund, this in accordance with the recommendation of the Committee for the Management and Calculation of the Default Fund. On 8.8.2022, the Audit Committee and the Board of Directors of each of the Clearing Houses approved the aforesaid change in the rate of the cash component. In addition, the Board of Directors of each of the Clearing Houses approved the updating of the safety factors (haircut) model, concerning the value for security purposes of securities that are deposited as collateral in the TASE Clearing House and the MAOF Clearing House, and with regard to the MAOF Clearing House it has been determined that the cash component with respect to MAOF transactions carried out by a Clearing member will be an amount equal to at least 35% of the total current collateral that such member is required to furnish. In January 2023, the Audit Committee and the Board of Directors of TASE-CH approved an increase in the minimum cash component that each member is required to deposit as collateral in the Default Fund of TASE-CH to 100%.

1.37.1 **MTS agreement**

During 2006, TASE Clearing House entered into an agreement with EuroMTS Limited ("**EuroMTS**"). EuroMTS manages the "EuroMTS" system which is an electronic trading system for trading by means of market participants in government bonds that is managed and supervised by the relevant authority in the United Kingdom ("United Kingdom Financial Services Authority") (the "**MTS System**"). Pursuant to such agreement, TASE Clearing House has undertaken to provide services to EuroMTS for transactions that are executed on the MTS Israel System. EuroMTS is entitled to collect commissions from users of the MTS Israel System (as defined in the above agreement) and TASE Clearing House is entitled to collect commissions from the Clearing House members, with respect to the above-referenced clearing services. TASE Clearing House constitutes a Central Counterparty (CCP) for transactions that are carried out on the MTS Israel System pursuant to the rules prescribed in the agreement and in accordance with the Clearing House's bylaws. The above agreement is for a term of two years, after which the agreement will be renewed automatically, unless otherwise agreed and/or canceled by one of the parties by giving 180 days' advance notice.

1.37.2 For details regarding the distribution model agreement, see Section 1.16.2 above.

1.37.3 For details regarding a distribution agreement with Jefferies, see section 1.3.1 above.

1.38 Cooperation Agreements

1.38.1 Cooperation agreements with the global stock exchanges

From time to time, the Company considers strategic collaborations with other stock exchanges around the world, which are intended to enhance the accessibility to the financial markets of each of the parties to the agreement and to leverage strategic advantages of each of the parties to the agreement, taking into consideration, inter alia, the suitability of companies operating in each of the countries for trading on the counterparty stock exchange.

Additionally, on 6.12.2022, the Company signed a memorandum of understanding with NYSE ("**the MOU**"), concerning the establishment of an agreed framework for potential collaborations between the exchanges in their various areas of activity. To the date of the report, agreements have not yet been reached with regard to such collaborations, realizing the purpose of the MOU.

1.38.2 QI (Qualified Intermediary) agreement with the US tax authorities (IRS)

Further to the stated in Section 1.31.10.2 above, in 2002, pursuant to the QI agreement, TASE Clearing House is required to comply with various requirements, which include, among other things, extensive guidelines regarding the manner of customer documentation, deduction of current taxes and reporting to the IRS. In April 2023, TASE Clearing House engaged in a QI agreement for the years 2023-2028 as a QI that is not a withholding agent.

1.39 Legal Proceedings

To the date of the report, the Company is not a party to any legal proceedings.

1.40 Goals and Business Strategy

1.40.1 Formulation of a new strategic plan

As five years have elapsed since the approval of the Company's previous strategic plan and on the backdrop of the progress of implementation of the principal strategic projects that were included in the Company's previous strategic plan as well as the principal changes, trends and developments in the financial markets and in the business environment of TASE, in February 2022 the Board of Directors was presented with the principals of the strategic brainstorming initiated by management of the Company. Further to that, on 23.10.2022 the Board of Directors of the Company approved a new strategic plan for the years 2023-2027. For additional information, see the Company's immediate report dated October 24, 2022 (reference no: 2022-01-104718). The information that is provided in said report is included herein by way of reference. Presented below are the principals of the Strategic Plan:

1. Strategic Goals

According to the updated strategic plan, the Company intends to promote four principal strategic goals:

a. **Further developing and enhancing the value proposition of the core activity of TASE -** The Company attributes significant strategic value to further enhancement and upgrading of its core activities and to increasing its value proposition to customers in the various segments.

b. **Strengthening the engagement with the end customers -** The Company will consider courses of action for strengthening the interrelations and the interfaces with its customers, in all relevant segments, whether directly or through intermediaries, as appropriate.

c. **Digital assets strategy -** Establishment of a Blockchain platform for trading in digital assets and venturing into the cryptocurrency arena.

d. **Export of technological services and solutions to foreign exchanges -** The Company intends to advance the sale of technological services and solutions designed for small and medium exchanges.

2. Quantitative Goals

As part of the approval of the Strategic Plan, the Board of Directors of the Company has set a compounded annual growth rate (CAGR) from organic growth of 10% to 12% in the years 2023-2027. Achievement of the aforesaid goal depends, among others, on the Company's flexibility in determining its tariffs.

Restructuring of the TASE Group

In light of the strategic challenges presented by the Company's business environment, taking into consideration the strategic goals specified above, and based on a study of the operating structure of the leading global exchanges, the Board of Directors of the Company approved the advancement of a restructuring in the TASE Group in order to ensure the effective implementation of the Strategic Plan and to further the continued development and upgrading of the capital market for the benefit of the public. Within this framework, a new public holding company will be established, which will hold 100% in the Company that will become a private company, and at the same time the subsidiaries of the Company will be moved up, becoming subsidiaries of the new holding company and fellow subsidiaries of the Company and of new companies that would be established as part of the implementation of the aforementioned business and strategic plans of the TASE Group. It is hereby emphasized that the implementation of the aforesaid restructuring requires the obtaining of the approval of TASE's shareholders' meeting and various regulatory approvals, including the approval of the Israel Securities Authority.

Mergers and acquisitions

As part of the implementation and advancement of its strategic goals, the Company intends to consider the implementation of a plan for strategic purchases and/or investments in its areas of activity and/or in areas that offer added value to its activity (programmatic M&A). Specific plans will be presented to the Board of Directors of the Company for approval, as necessary.

It is hereby clarified that the implementation of the Strategic Plan and the courses of action that may ensue from the principal strategic goals described above, requires, inter alia, the execution of significant changes to structure and infrastructure, this subject to regulatory restrictions that apply to the activity of TASE and to the ability of the Company to provide sufficient dedicated sources for this purpose. To the extent that an extraordinary investment is required to further any of the new strategic goals of TASE, or any of the ensuing courses of action, the matter will be presented to the Board of Directors for discussion and approval, as required.

The information provided in the chapter and in the Company's immediate report dated 24.10.2022 (reference no.: 2022-01-104718) contains the principals of the Company's Strategic Plan, as formulated by it and approved by the Board of Directors of the Company. The aforesaid information, including the rate of increase in the revenue of the Company, the restructuring of the TASE Group and the merger and acquisition activity, contains forecasts, assessments, estimates and other information pertaining to prospective events and matters, the realization of which is uncertain and is not in the control of the Company.

Accordingly, it is hereby clarified that the aforementioned forecasts, assessments, estimates and other information may not be realized or may be realized differently, inter alia as a result of inability to obtain the requisite approvals, and as a result of changes in the volumes of activity of the Company and in the relevant market conditions compared to those known at present or the realization of the risk factors that apply to the TASE Group, as described in section 1.42 below.

1.41 **Likely Developments in the Coming Year**

As aforesaid, in relation to operations, management of the Company intends to place an emphasis on various actions for the implementation of the strategic plan, including:

Within the framework of the continued efforts to develop and enhance the value proposition of TASE's core activity:

- Reinforcing the international profile and attracting foreign investors;
- Continuing to upgrade the trading infrastructures of TASE, including the upscaling of market connectivity, upgrading of the data distribution systems and connection to the trading servers of the Company; It should be noted that TASE is pursuing the establishment of an additional PoP in a European country, which it expects to activate in the coming year.
- Considering the need to update the methodology of the TASE indices, alongside the launch of innovative index products, including through strategic cooperations; In 2023, TASE launched the Indices Liquidity Reform and is currently examining its impact on the liquidity in the equity market. Further to the approval received from the Israel Securities Authority, the Company plans to further pursue the expansion of this line of business in the coming year, inter alia, through the development of tailor-made indices in collaboration with various customers.
- Considering the need to advance programs for the enhancement of liquidity, as is the custom in leading global exchanges;
- Continuing the alignment of the local derivatives market with international standards and advancing the launch of futures on the TASE indices and on currency exchange rates - Further to an approval received from the Israel Securities Authority in February 2024 concerning the adjustment of the multipliers on TA-35 derivatives, in the coming year the Company plans to launch additional derivatives to enhance liquidity in the derivatives market, this further to the launch of an additional weekly series of options on the TA-35 index.
- Regularization and upgrading of the mechanisms for the clearing and reporting of off-exchange ("OTC") transactions;
- Further to the launch of a system for the reporting of OTC transactions during the year, the Company intends to continue developing the reporting, the information and the settlement in relation to OTC transactions and to advance settlement orders in this field.

Within the framework of the efforts to strengthen the direct engagement with the end customers:

- Continuing to address the Israeli public via traditional and digital media, in order to improve the positioning of the Company in the eyes of the public, improve financial literacy and acquaintance with the process of investment on TASE, and increase the number of Israeli investors operating on TASE;
- Continuing to expand the types and variety of information products and connectivity services that are offered to the Company's customers, by introducing advanced analytics and increasing the number and depth of information layers and the processing options that are offered to the end customers;
- Initiating direct services to local institutional investors and market participants;

- Improving and enhancing the Company's value proposition in the private market, building on the Company's expertise, reputation and operational solutions, with emphasis on the strengthening of the direct engagement with qualified and accredited customers. During the year, the Company launched listing and settlement services for transactions in mutual hedge fund units and listing and settlement services for transactions in units of private investment funds. The Company plans to continue expanding its activity in this field, including through expansion of the services offered to cover a wide range of products that are available on the private market.
- Continuing to upgrade the personal area on the TASE website, including the creation of a dedicated digital platform to enhance the value offered to the end customer (a broader range of analytics tools, overview of the portfolio, an investment experience that is on par with international standards) and enhancing the business potential of the Company;
- Continuing to advance the digitalization of the Company's business interfaces with its customers.

Within the framework of the implementation of the digital assets strategy:

- Advance the implementation of innovative technologies, including, inter alia, the use of DLT technologies, tokenization of various types of assets, and smart contracts;
- Advance the provision of custodial services for cryptographic assets; for details, see section 1.20.6 above.

Within the framework of the export of technological services and solutions to foreign exchanges:

- Considering the sale of technological services and solutions designed for small and medium exchanges, based on TASE's existing technological capabilities and those that will be developed as part of the implementation of the new strategic plan;

The Company's assessments and plans, as set forth in sections 1.36 and 1.37 above, are forward-looking information, which is based, among other things, on the Company's assessments and plans regarding the economic and business development of the Group, taking its past experience into consideration. It is possible that, in practice, the above assessments, plans and intentions will not be realized or will be realized in a manner different from that expected by the Company, as a result of various factors of which the Company is unaware as of Reporting Date, including, due to the materialization of any of the risk factors set forth in Section 1.42 below.

1.42 Risk Factors Discussion

As with every business activity, the activity of the TASE Group is – by its nature -susceptible to the impact of various risk factors. Described below are the principal risk factors that the Company believes affect the activity of the TASE Group. For further details regarding the exposure to risks and their management, see Section 2 of the Board of Directors' Report for 2023, which is included in this Periodic Report, as well as notes 4 and 8 to the Company's consolidated financial statements as of 31.12.2023, which are included in this Periodic Report.

1.42.1 State of the economy and the state of the capital market and its image

In general, while noting the Company's unique position as the sole stock exchange in Israel, which constitutes the central infrastructure in Israel of the financial market for making investments in securities and financial instruments and for raising equity and debt, its activity is not affected materially by normal changes in macroeconomic factors. Material changes in the capital market or in the state of the economy (for example, in the case of beneficial tax arrangements for alternative investment channels, a rise in the base interest rate or a global financial crisis (such as the 2008 credit squeeze) could affect the appetite and preferences of the investing public, leading to a downturn in the scopes of trading activity in securities and financial instruments and/or to such activity being diverted to alternative investment channels.

Furthermore, the investing public's tastes and preferences might also be influenced by failure events with respect to parties in the investment-making field, particularly events arising from fraudulent acts and dishonesty, as has happened in the past (according to the media), with the result that, in the eyes non-professional market participants, such events could be deemed to have implications affecting the capital market's legitimacy and, consequently, could lead to their refraining from participating in trade on TASE, to an extent that could have a detrimental effect on the Company's scopes of activity.

1.42.2 Legal risk

Legal risk is the risk of damage, loss or harm being caused to the Group's reputation as a result of an improper interpretation of the law, regulation or a binding statutory directive, to which the whole spectrum of the TASE Group's activities are subject, or as a result of a lack of clarity regarding the obligations applying to the Company by virtue of the provisions of the law. The Group conducts continual monitoring of judicial decisions, the directives of the Israel Securities Authority, and legislation passing through the Knesset, as well as by obtaining legal interpretations concerning the Group's policies and procedures. In addition, internal and external professional reviews are conducted of the principal exposures connected with legal claims. However, there is no assurance that such actions will identify all the Group's exposures to legal risks.

1.42.3 Regulatory changes

TASE's activity is closely regulated and supervised. The main capital market participants (such as public companies and bond companies, joint investment trust funds, investment consultants and portfolio managers, banks, insurers, and investment houses) are also subject to broad regulation and oversight. Furthermore, the activity of the TASE Group could be impacted to a certain extent by regulation deriving from a foreign country, even though TASE does not operate within such country's jurisdiction (such as, directives of the international clearinghouse organizations in connection with a clearing houses' stability, the Basel rules that apply to banking corporations, including in relation to their activity as members of a stock exchange and a clearing house, and so forth). Overregulation of parties seeking to raise equity or debt from the public could drive them to other alternatives for the capital raisings described above. Similarly, due to the considerable amount of regulation to which the TASE Group is subject, considerable financial and managerial resources have to be invested in order to ensure compliance with regulatory provisions, including, investing in information systems and computerized processes, deploying procedures and controls, employee training and so forth – costs that have implications on the business results of the TASE Group. Consequentially, there is a risk of harm to the Group's revenues and/or capital arising from the legislative measures and/or the draft directives of the various regulatory agencies, which could result in changes to the Group's business environment. The Group monitors domestic and international regulation coming into being and implements measures to adapt its operations and limit the risk of damage, wherever possible.

However, there is no certainty that the monitoring measures will fully identify all the regulatory changes, or that the Group will be able to adapt its operations and mitigate any detrimental impact.

1.42.4 **Credit risk**

Credit risk is the risk of the Group incurring a loss as a result of a counterparty to a transaction, a financial institution that provides custody services for its assets, or another debtor, not fulfilling its obligations when due, or at any time in the future.

The main credit risk in the Group derives from the Clearing Houses' undertaking to act as a CCP in transactions in securities or in transactions in derivatives or in lending transactions on the lending pool, as the case may be, with respect to which each Clearing House has a material exposure to counterparty credit risk, which is the risk that a Clearing House member will not be able to meet its obligation in a transaction toward other Clearing House members that have fulfilled their part of the transaction, when due or at any time in the future, and as a result the Clearing House will be required to fulfill the obligations of the defaulting Clearing House member toward the other Clearing House members, as stated. MAOF Clearing House will be required to also attend to the open positions of the defaulting Clearing House member with respect to the transactions performed on TASE. The Group manages and mitigates its exposure to credit risk using measures to manage the risks that include, inter alia, setting qualification terms for membership of the Group, requiring collateral from the Clearing House members and allocating resources from its equity.

1.42.5 **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its liquidity needs, on time and in full, either at the time of the default by a member of one or both of the Clearing Houses, by virtue of each of their duty to act as a CCP, or for financing its ongoing activities. The material exposure of TASE-CH to liquidity risk in the event of default by a Clearing House member arises not just from the amount of the defaulting Clearing House member's obligations in the monetary clearing round of the Bank of Israel's RTGS system, which TASE-CH would be required to fulfill in its place, provided that the member has chargeable balances, but also from the need to quickly realize the financial resources standing at TASE-CH's disposal for dealing with the default event for the purpose of fulfilling the aforementioned monetary obligations. The material liquidity exposure of MAOF-CH arises due to the Clearing House being a CCP to transactions in derivatives, whereby it will be required to continue to meet its obligations in a transaction toward the other Clearing House member that has not defaulted, including the final settlement of the future cash flows in the transaction, provided that the terms and conditions for doing so in accordance with the by-laws of MAOF-CH are fulfilled. The Group manages and mitigates its exposure to liquidity risk, inter alia, by maintaining liquid assets deposited as collateral, holding its own liquid assets, maintaining surplus liquidity in relation to the liquidity requirements and so forth. In January 2023, the Audit Committee and the Board of Directors of TASE-CH approved an increase in the minimum cash component that each member is required to deposit as collateral in the Default Fund of TASE-CH to 100%. This change took effect on 5.2.2023.

1.42.6 **Market risk**

Market risk is the risk of loss that will be caused to the Group from changes in market prices (such as exchange rates, the Consumer Price Index, interest rates, etc.), to the extent that these changes will cause a decrease in net profit or a loss that will lead to a decrease in the Group's shareholders' equity. In the ordinary course of business activities, the Group is exposed to market risk in respect of the holding of securities included in its (nostro) investment portfolios that are held for trading, such that a downturn in market prices has a direct effect on the Group's profit and loss, as well as in respect of the holding of deposits at variable interest or in foreign currency. The Group manages and mitigates its exposure to market risks, inter alia, by means of a conservative investment policy that is approved every year by the Company's Board of Directors. In accordance with the current policy of the Group, nostro portfolios may only include investments in marketable Israeli government bonds, T-bills and cash. In the assessment of the Company, its exposure to the consumer price index risk with respect to its holdings in securities that are not linked to the CPI is not material, since part of the Company's revenue is linked to the CPI.

1.42.7 **Settlement risk**

Settlement risk is the risk that the settlement will not be properly completed, whereby the monetary consideration, the securities or the financial instrument will be transferred to the party to the transaction without the financial instrument, the securities, or the monetary consideration being received simultaneously from the counterparty to such transaction. The materialization of settlement risk could cause a material increase in the credit and liquidity exposures of the Clearing Houses as a CCP.

1.42.8 **Custodian risk**

Custodian risk is the risk of loss or damage to the assets held in custody as a result of negligence, fraud, misuse of the assets, improper management, defective documentation or insolvency of the custodian or of its agent. Custodian risks arise in light of the fact that the Group holds its assets and the assets of the members of the Clearing Houses, which are deposited as collateral, with commercial banking corporations (cash and securities included in the investments portfolio), with central securities depositories (CSDs) and other entities, and therefore it is exposed to risks that are imposed upon it by these entities. In addition, the Group is exposed to custody risk with respect to its holding of digital financial assets for entities that are licensed to operate in digital financial assets in Israel or that have received a permit from the Israeli regulator and/or additional entities as may be approved by the Board of Directors of TASE. The Group manages and minimizes its exposure to concentration risk by means of maintaining the assets at the Bank of Israel and at supervisory agencies and by spreading the exposure through the use of several banking corporations.

1.42.9 **Concentration risk**

Concentration risk is the risk of a relatively high exposure to a specific risk factor (for example: the underlying asset price, the security price, an issuer, etc.) and/or to a Clearing House member and/or to a TASE member, which might lead to an increase in the overall exposure to other risks (such as credit risk, market risk and liquidity risk). The Group manages and minimizes its exposure to concentration risk by means of, inter alia, the Group's concentration risk management policy and the Group's investment policy.

1.42.10 **Wrong-way risk**

Wrong-way risk is the risk that the exposure to a particular counterparty will increase with a rise in the probability of that counterparty's insolvency in light of there being a positive link between them. The Group manages and minimizes its exposure to wrong-way risk by means of, inter alia, the Group's wrong-way risk management policy, including TASE Clearing House not accepting securities issued by Clearing members as qualifying collateral.

1.42.11 **Operational risks**

Operational risk is the risk of loss and/or harm to the Group's ongoing activity as a result of the unsuitability or failure of internal processes, personnel and/or systems, including improper and/or ineffective use of the various resources activated by the Group or that are available to it (such as, software, IT systems, manpower, etc.), and also as a result of external events. The main areas of operational risks are:

A. IT risk

IT risk is attributable to the failure of technological factors, including system errors, insufficient backup of the IT systems, defects in the ongoing operation of the systems, obsolescence of existing technology and reliance on outdated systems. Materialization of operational risks relating to the IT systems, the central computer infrastructures, or the confidentiality, integrity, reliability and availability of the information connected therewith could cause economic and reputational harm to the Group.

B. Cyber and information security risk

In view of its status as a provider of a "critical information infrastructure" operating a stock exchange with global interfaces, the Company faces a significant risk of cyber-attack and other cyber and information security risks, which could cause interruptions in its operations that could cause it to lose customers and trading volume, and result in substantial liabilities or expense to legally protect against, respond to, and recover from cyber-attacks.

The Company's IT systems, those of its employees and those of its third-party service providers and its customers may be vulnerable to targeted attacks, unauthorized access, fraud, computer viruses, denial of service attacks (DDOS), terrorism, "ransom" attacks, firewall or encryption failures and other security problems. Criminal groups, political activist groups and nation-state actors have targeted the financial services industry and TASE's role in the marketplace places it at a more significant risk than other public companies for a cyber-attack and other information security threats. In accordance with the aforesaid, there are frequent attempts to penetrate the Company's IT systems, however, to date the Company has not experienced material cyber attempts that culminated in the breach of its systems or that caused the Company damage. The Company is proactive and dedicates significant resources to handling the cyber risk and adjusting the means of defense, monitoring and recoverability in order to comply with current and evolving requirements and to counter the dynamic characteristics of the cyber threat. The Company has an annual work plan for defense against the cyber threat and the mitigation of cyber and information security risks, which implements preventative, detective, and responsive measures, including inter alia, implementation of the following actions:

1) The Board of Directors of the Company adopted an information defense and cyber policy for the management of cyber risks and information security (hereafter: "**the Defense Policy**"). The **Defense** Policy is reaffirmed once a year by an information defense and cyber steering committee and by the Company's Board of Directors.

2) The Company appointed an Information Security Officer was approved. This officer is responsible for implementing the Company's policy for the management of cyber and information security risks, is subordinate to the Company's VP IT and Operations and reports to management and to the Steering Committee and the Audit Committee.

3) The Company provides training to IT personnel that is consistent with its status as a provider of a critical information infrastructure, with regard to the implementation of the Defense Policy, the operation of the protective systems, the identification of cyber events and their handling. The Company periodically runs drills simulating a significant cyber event.

4) The Company is in compliance with international security standards, ISO27001 and ISO27032 for the management of cyber defense, and with the requirements of the related annual certification process.

5) By virtue of its "critical information infrastructure" provider status, it is supervised by the Israel National Cyber Directorate, which is a governmental body. Within this framework the Company is subject to strict instructions and audits in the area of information security and cyber, and holds the highest certification in this area.

6) Management of the Company maintains ongoing controls to ensure the Company's ability to withstand the various cyber risks and periodically convenes steering committees to monitor the progress of the cyber defense work plan. Based on said reports, regular reports are submitted to the Board of Directors, in light of which management of the Company implements the risk management policy and the Board of Directors of the Company prescribes guidelines in relation to the cyber risks.

In 2023, cyber defense activities focused on the continued reinforcement of the organizational defense mechanism by enhancing the technological and operational capability to mitigate the cyber and IT security risks, inter alia, by integrating advanced defense technologies, improving the identification and alert capabilities, alongside improvement of the organizational and technological-operational cross-organizational cyber crisis management capabilities. Within this framework, the IT Security Department focused on raising the awareness of the employees, who serve as an invaluable line of defense against cyber events, by identifying cyber events and even by developing related controls. In the assessment of the Company, the implementation of the policy and the means for the management of the cyber risks are effective in countering and mitigating the cyber risk.

Nevertheless, in view of the complexity of the matter and the rapid technological development in recent years, there can be no assurance that unauthorized access, interruption in availability or reliability of the services, or mishandling or misuse of information or the Company's IT systems, or cyber incidents will not occur in the future, and they could occur more frequently and on a more significant scale.

C. Business continuity

Because the Company deploys a central financial market infrastructure, the Group needs to develop, establish and maintain an operative plan intended to ensure the continuity of its operations and the provision of its critical services (i.e., trading and clearing) upon the occurrence of operational failure events, a disaster event and/or emergency events. In accordance with guiding international standards and the Clearing Houses' Stability Directive, the Group is required to authenticate the recoverability of its critical systems and processes within two hours of a request, at the most. In light of TASE's central role in the Israeli financial market, damage to the continuity of its operations could lead to a

material exposure to claims from market participants, to the involvement of the oversight and regulatory agencies and to harm to the Company's reputation.

The Group maintains an emergency backup site, the purpose of which is to provide a solution in situations where the Group's main site may not function and/or may be damaged, and, by holding exercises in various scopes and at different intervals, in accordance with a multi-topic and multi-year plan, including a periodic exercise intended to test the Group's ability to recover its activity at the backup site and within a short time. However, there is no assurance that the backup site will fully ensure the continuity of the Group's principal services.

On the backdrop of the coronavirus outbreak, the Company implemented operational and technological capabilities that facilitate the operation of TASE and the Clearing House with a significantly lower number of employees that present at the sites of the Company for the operation of the core trading and clearing systems.

D. Human factor risk

The nature of TASE's activity, with emphasis on the management of trading and clearing of transactions in securities and financial instruments in considerable financial scopes and on the complexity and the exposures associated therewith, make it extremely important for the Company to be able to recruit and retain professional high-quality employees, with some having unique expertise. Any impairment of this ability could increase the risk of harm due to negligence, incompetence, human error or lack of professionalism of the TASE Group's employees.

The Group maintains an array of internal controls across the entire organization, including its processes and operations – in order to ensure that the Group's activity is efficient and effective, that information is complete, reliable and provided on time, and that the Group operates in accordance with the rules that apply to it. However, there is no assurance that this array of internal controls will identify all the human factor risks that might arise and prevent them.

Moreover, the Group has set a human resources policy that includes prescribing principles that accompany an employee at every stage of his/her "lifecycle" within the organization, including employee recruitment, education and training in the various departments, promotion processes, compensation, and termination of employment.

In addition, the TASE Group has a professional liability insurance policy that covers the activity of all the Group's employees. However, there is no assurance that the insurance policy will fully cover all the actions or all the amounts that might be brought against the Group with respect to the human factor risks.

E. Asset Servicing Risk

The risk that a participant (a Clearing House member/a listed company) might be caused a loss and/or financial damage by a custodial member and/or receive erroneous information from such member. This risk arises when a participant relies on information that is supervised and managed by the custodial member or when the participant instructs the custodial member to execute a transaction on its behalf. If the custodial member fails to provide the information or fails to correctly execute the instructions, the participant might suffer a loss for which the custodial member denies responsibility. Moreover, the risk that the integrity of the issuance/listing/securities' transfer process would be harmed as part of the risks involved in the securities' custodianship activity of the custodial member, who is responsible for keeping full and proper records in the securities register, either physically and/or digitally.

TASE maintains a whole array of broad internal controls and automated controls, so as to ensure that its activity as a CSD, as well as the activity of the Nominee Company in operating the custodianship array and in managing the inventory, is efficient, accurate and reliable in all the listing processes, in providing services and in managing the securities inventory. In addition, a broad array of controls is in place to ensure that the management and distribution of information is complete, reliable and timely.

F. Conduct Risk

The risk that could materialize as a result of an inappropriate conduct by interested parties, including the members of TASE or of the Clearing Houses, employees and vendors within and outside the TASE Group, abuse of the corporation's status or failure to maintain the market integrity. The realization of the risk could result in economic losses and reputational damage as well as in the realization of additional risks, such as legal and regulatory risks.

The Company maintains a proper regularization of its dealings with members and vendors in the form of procedures and policy documents, in order to ensure that the TASE Rules and the regulations that govern its activity coincide with the provisions of the law, including the provisions of the Securities Law. In addition, TASE has an Ethics Code in place that is based on a set of guiding principles and rules of conduct, and holds related training and seminars for the employees of the Company.

1.42.12 Model risk

Model risk relates to a potential exposure to negative ramifications/outcomes for the Group (such as financial losses, reputational damage, etc.), mainly resulting from taking decisions based on an inaccurate/defective model and/or use of inaccurate/erroneous model results.

The Group manages and minimizes its exposure to model risk, inter alia, by means of the Group's Model Risk Management Policy, model validation, model development/ upgrading in light of the validation recommendations and model authentication.

1.42.13 Compliance risk

Compliance risk is the risk of the imposition of legal or regulatory sanctions, sustaining a material financial loss, or suffering reputational harm, which could arise as a result of the Group failing to fulfill the "compliance directives" as set forth in Section 1.32.8 above (including all the laws, regulations, regulatory directives and internal procedures to which the TASE Group is subject). The Group establishes control and oversight processes that are performed by the Compliance Officer, including periodically conducting a compliance survey. However, there is no assurance that these control and oversight processes will effectively ensure the full identification of all the compliance risks to which the Group is exposed.

Compliance with international sanctions regimes

Various governmental and intergovernmental authorities around the world – including the United Nations, European Union, United Kingdom, United States, and other jurisdictions – maintain economic sanctions that prohibit persons subject to the jurisdiction of these authorities from conducting activities or transacting business with certain countries, governments, entities, or individuals.

The Company is not aware of any companies listed on the TASE being identified on sanctions-related lists of designated persons maintained by the United Nations, European Union, United Kingdom, United States, or Israel, or otherwise being the target of any economic sanctions. That said, the

Company cannot assure you that this will continue to be the case. While there are legal requirements and measures applicable to TASE members and that are implemented by them, which are expected to prevent a company that is the target of sanctions imposed by the Israeli government from listing on TASE, it is possible that, in the future, one or more companies listed on TASE will be the target of economic sanctions imposed by a governmental or intergovernmental authority outside of Israel.

While the Company believes that it has been, and continues to be, in compliance with applicable sanctions, the Company cannot assure that it will remain in compliance in the future. Non-compliance with international sanctions could subject the Company to adverse media coverage, investigations, and severe administrative, civil and possibly criminal sanctions imposed pursuant to foreign legislation, expenses related to remedial measures, and legal expenses, which could materially adversely affect the Company's business, results of operations, financial position and reputation.

1.42.14 **Business risk**

The Group's business risk is the risk of experiencing a steep decline in the scope of revenues or a significant increase in the scope of expenses, with management being unable to take immediate cost-cutting measures (due to the Company's predominantly rigid expenses structure) and, as a result thereof, an operating loss will be created that could make it difficult for the Group to implement its strategy and to conduct its core activities. Among the possible causes are: a change in the public's tastes, onerous regulation, failure to realize the strategy or in managing TASE's business, failure to cope with heightened competition, reputational damage and so forth. The Group conducts tracking, ongoing monitoring and reporting of the Group's revenues and expenses and maintains a policy and supporting procedures to ensure the Group's budgetary balance and its financial stability. However, there is no assurance that the Group's policy and its procedures with regard to this will fully identify or prevent the Group's exposure to business risk.

1.42.15 **Reputational risk**

Reputational risk is the risk of a potential event, the occurrence of which will have detrimental effect on the TASE Group's reputation. Hence, the materialization of other risks, such as compliance risks, operational risks and financial risks might also cause damage to the Company's business or its public image and, consequently, could also lead to a withdrawal or reduction in the scopes of activity within the framework of the Stock Exchange that is manages.

1.42.16 **Competition**

As TASE is the central infrastructure in Israel for investments and for raising equity and debt from the public, its activity is affected by the availability of other accessible alternatives for making the aforesaid investments and raisings, such as foreign exchanges and other organized markets, institutional, bank and non-bank credit providers, private investment funds, trading platforms, crowdfunding, etc. These parties are in competition with TASE – both for the entities that are seeking to raise equity or debt and also for the entities that are looking for investment channels, thereby impacting on the scopes of TASE's activity. For further details regarding competition on TASE's markets, see Section 1.21 above.

1.42.17 **Collective labor relations**

The employees of the TASE Group have been unionized under a collective labor agreement for a considerable number of years. The format of this arrangement increases the risk of a full or partial strike by the TASE Group's employees in instances of labor disputes and, consequently, limits the managerial flexibility of the TASE Group, for example in relation to adapting the structure and scope of the payroll expenses to changes in the revenues of the TASE Group.

On 14.9.2022, the collective agreements at TASE expired and on 6.11.2022 a labor dispute was announced at TASE. For further details, see section 1.26.12 above.

1.42.18 **Restrictions on business flexibility**

The TASE Group's operations are subject to close supervision of its operational aspects and its permitted activities, as well as the pricing and setting of tariffs that it collects for its services. In addition, due to it being an exchange that provides clearing services intended to confer a high degree of confidence and authenticity in executing and clearing the transactions, the ongoing activity of the TASE Group is not conducted with the "final user" but with a high-quality, but relatively small, group of parties (TASE members and the Clearing Houses' members), which are required to meet various qualification conditions in accordance with the TASE Rules. In addition, as stated above, the unique characteristics of an exchange's activity require the employment of competent personnel. TASE's employees (other than the senior officers) are unionized and act under a collective labor agreement. The combination of these factors imposes restrictions on the business flexibility of the TASE Group and on the ability of its management to make rapid adjustments in response to changes in the business environment in which the exchange operates or in its business results, such as changes in the structure and scope of the payroll expenses and changes in tariffs. Furthermore, entering into new business sectors or launching new products and services is generally subject to obtaining approvals from the regulatory authorities and is also contingent on the response of the TASE and Clearing House members to making the necessary investments in adapting the trading systems, data and communications to the requested changes.

1.42.19 **Realization of the strategic growth plan**

As is true of any plan, there is a risk that the Company's efforts to implement its strategic plan would not be as successful as anticipated. As described in section 1.40 above, such efforts include the continued development and enhancement of TASE's value proposition by upgrading and reinforcing the core activities across all segments, strengthening the direct engagement with the end customers, advancing the digital assets' strategy and exporting technological services and solutions to international exchanges. The achievement of these goals depends on multiple external factors, such as the development of market conditions, local and global macroeconomic conditions, regulatory restrictions and more. In view of the aforesaid, there is no certainty that the Company's efforts to implement all or part of the strategic plan would be on par with the Company's expectations, inter alia, due to the realization of one or more of the risk factors described in this section or in section 1.40 above or of new risk factors that may affect the ability of the Company to implement the strategic plan.

1.42.20 **Assimilation of new products**

The Company is at various stages in the development and assimilation of different products and services,. By its nature, part of the Company's growth potential is based on the successful introduction of these products and services. The development of some of the products and services has not yet been completed and, with regard to those whose development has been completed (some have yet to be deployed), there is no assurance that they will be successfully adopted or accepted by market participants, among other things, bearing in mind that these are not part of TASE's core activities.

1.42.21 **Reduction in the number of listed companies**

As a result of a combination of different factors, such as oversight arrangements and regulation becoming more onerous, detrimental tax arrangements, development of technological alternatives and alternative channels for raising capital, the number of listed companies on TASE could decline or come to a standstill, or there could even be an increase in the number of companies delisting from TASE. This could also result from M&A activity in which companies listed on TASE are involved. A continuous decline in the number of listed companies on TASE might have a detrimental effect on TASE's growth, among other things, due to reducing trading volumes in their securities and due to them ceasing to need the services that TASE provides.

1.42.22 The following table presents the risk factors described above, according to levels rated according to the Company's management's assessment of their expected impact on the Company's business, while taking into account the measures that the Company takes to manage these risks, to hedge against them or to prevent them.

Risk factor	Extent of the risk factor's impact on the Group's activity in its entirety		
	High impact	Medium impact	Low impact
General risk factors			
State of the economy and the state of the capital market and its image*		√	
Legal risk			√
Regulatory changes		√	
Sectoral risk factors			
Credit risk		√	
Liquidity risk		√	
Market risk		√	
Settlement risk		√	
Custodian risk			√
Concentration risk		√	
Wrong-Way Risk			√
Operational risks			
IT risk		√	
Cyber risk		√	
Business continuity risk		√	
Human factor risk		√	
Asset servicing risk		√	
Conduct risk		√	
Model risk		√	
Compliance risk			√
Business risk		√	
Reputational risk		√	
Competition		√	
Risk factors specific to the Company			
Collective labor relations		√	
Restrictions on business flexibility		√	
Realization of the strategic growth plan		√	
Penetration of new products		√	
Reduction in the number of listed companies		√	

* The Group's assessment of the impact of the "Condition of the Economy and Capital Market Condition and Perception" risk factor remains "medium", despite the waning of the moves for the execution of the reform in the judicial system, as a result of the breaking out of the "Swords of Iron" War, whose duration and impact on the economy and the capital market, in general, and on the Company's revenues, in particular, including in the mid and long term - are still unknown, the uncertainty surrounding the Israeli Government's intention to renew the legislation for the implementation of the judicial reform, and the uncertainty and volatility of prominent macroeconomic indicators, such as the interest rate, exchange rates, the inflation rate and the State of Israel's sovereign credit rating.

For further details regarding the exposure to risks and how they are managed, see section 2 of the Board of Directors' Report for 2023, which is included in this Periodic Report, and note 4 to the Company's consolidated financial statements as of 31.12.2023, which are included in this Periodic Report.

1.42.23 **Improving and upgrading the risk management array**

The Group is working to improve and upgrade the Group risk management procedures in accordance with generally accepted criteria of infrastructure bodies on the financial market and the Clearing Houses in particular, on the basis of guiding international standards published by CPMI and IOSCO as the PFMI and the Clearing Houses' Stability Directive issued by the Israel Securities Authority.

For details regarding the measures taken by the TASE Group in the reporting period to improve and upgrade the risk management array, see Section 2.4 of the of the Board of Directors' Report for 2023, which is included in this Periodic Report.

TEL AVIV STOCK EXCHANGE
הבורסה לניירות ערך תל אביב

Part 2

Board of Directors' Report on the Company's State of Affairs for 2023

This English version is only for convenience purposes. This is not an official translation and has no binding force. Whilst reasonable care and skill have been exercised in the preparation hereof, no translation can ever perfectly reflect the Hebrew version. In the event of any discrepancy between the Hebrew version and this translation, the Hebrew version shall prevail.

We herewith present the Directors' Report of The Tel-Aviv Stock Exchange Ltd. ("the Company" or "TASE") for 2023, in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970 ("the Regulations").

1. Board of Directors' Explanations for the Company's State of Affairs

Unless explicitly stated otherwise, any reference in this report to the operating results of the Company or to its balance sheet data, as presented in the consolidated financial statements of the Company, relates to the Company together with its consolidated subsidiaries.

1.1 General

The Company, including by means of the companies consolidated in its financial statements (collectively, "the Group" or "TASE Group), is engaged in the area of securities trading and securities clearing.

Within this framework, the Group is engaged in setting rules regarding the TASE membership, rules for listing securities on TASE (including the obligations that apply to companies whose securities are listed) and rules regarding trading on TASE. The Group operates trading systems and provides clearing services for both listed and non-listed securities. In addition, the Group operates a derivative clearing house that writes derivatives that are traded on TASE, clears them and serves as a central counterparty for transactions in them. The Group provides central counterparty (CCP) services for transactions in securities and derivatives that are executed on TASE. The Group also provides listing services and central securities depository (CSD) services for securities. The Group engages in calculating security indices, in authorizing the use of indices for the creation of financial instruments that track the indices, as well as in distributing TASE trading data and in connectivity services (communication lines for members and hosting services). In addition, the Group has operated a nominee company as defined in the Securities Law (securities traded on TASE are registered in the nominee company's name). The Company has one area of activity that is reported as a business segment in the Company's consolidated financial statements – trading and clearing transactions in securities. For further details, see section 1.1 of Part One – Description of the Company's Business, which is included in this Periodic Report.

On 1.8.2019, the Company closed an initial public offering by way of a secondary offering of 31,717,504 ordinary shares of the Company and listed them on the stock exchange in Tel Aviv, which is managed by the Company. From said date, the Company became a public company, as this term is defined in the Companies Law, 1999.

This Part describes significant developments that took place in the Group's activity in 2023, in its performance, in the risks to which it is exposed, and in its goals and strategy. Wherever necessary, this Part should be read in conjunction with Part One of this Periodic Report – Description of the Company's Business, as well as with the Company's financial statements as of 31.12.2023, which are included in this Periodic Report.

Seasonality

The Company's revenues from trading and clearing are affected, among other things, by the number of trading and clearing days. Presented below is information on the quarterly breakdown of trading days:

Year	Q1	Q2	Q3	Q4	Total
2022	64	61	61	58	244
2023	64	58	61	66	249
2024	63	57	65	58	243

Presented below is condensed information relating to the results for the year ended 31.12.2023 (NIS, in thousands):

	Year ended			
Condensed Statement of Profit or Loss	**31.12.23**	**31.12.22**	**Difference**	**% Change**
Revenue from services	389,855	361,011	28,844	8%
Costs	291,516	277,813	13,703	5%
Profit before financing income (expenses), net	**98,339**	**83,198**	**15,141**	**18%**
Financing income (expenses), net	11,307	(13,225)	24,532	
Taxes on income	26,440	19,137	7,303	38%
Profit for the year	**82,206**	**50,836**	**32,370**	**64%**
% of total revenue from services for the year	**21.3%**	**14.1%**		
Basic earnings per share in NIS	**0.859**	**0.500**		**72%**
Diluted earnings per share in NIS	**0.840**	**0.492**		**71%**

- **Revenue in 2023** totaled NIS 389.9 million, compared to revenue of NIS 361.0 million in 2022, an increase of 8%. The increase in revenue is due to the increased activity of the Group, as described below. Eliminating the non-recurring effect of an update to the estimated period of revenue recognition from listing fees recorded in the corresponding period last year, in an amount of NIS 4.3 million. The increase in revenue totals 9%. The increase is comprised of revenue from trading and clearing (4% of total revenue) and revenue other than from trading and clearing (5% of total revenue).

- **The costs in 2023** totaled NIS 291.5 million, compared to costs of NIS 277.8 million in 2022, a 5% increase. The increase in costs is due mainly to the increase in expenses with respect to employee benefits, share-based payment expenses and computer and communication expenses, which was partly offset by a reduction in marketing expenses.
- **Net financing income in 2023** totaled NIS 11.3 million, compared to net financing expenses of NIS 13.2 million in 2022. The transition to financing income in the period is due to a positive yield of 3.0% on the Company's investments in Israeli Government bonds managed in marketable securities' portfolios, compared to a negative yield of 7.0% in 2022. In addition, the increase in the interest rate on deposits increased the income by NIS 6.3 million.
- **The profit in 2023** totaled NIS 83.2 million, compared to NIS 50.8 million in 2022, an increase of 64%. The increase in profit is due to the increase in revenue from services and to the transition to financing income, which were partly offset by the increase in expenses and the higher tax expenses.

Below are the main factors that affected the Company's profits in 2023, compared to 2022:

– **The revenue in the year** – below is the composition of the revenue in 2023, compared to 2022 (NIS, in thousands):

Revenue from services	Year ended 31.12.2023	% Of the Company's total revenues	31.12.2022	% Of the Company's total revenues	% Change
	155,589	40%	142,490	40%	9%
Trading and clearing commissions	9% of the increase in revenue from trading and clearing commissions results from the increase in revenue from T-bills, government bonds and mutual funds, mainly due to the increase in trading volumes and in the volumes of creations and redemptions of mutual fund units. At the same time, the decrease in revenue from shares, as a result of the reduced share trading volumes, deducted 2% of the aforesaid increase. In addition, 2% of the increase in revenue from trading and clearing commissions is due to the increase in the number of trading days this year (249 trading days) compared to the number of trading days last year (244 trading days).				
	81,120	21%	84,489	23%	(4%)
Listing fees and levies	5% of the decrease in revenue from listing fees and levies is due to a one-time income of NIS 4.3 million recorded in the first quarter last year as a result of the update to the period of revenue recognition from listing fees on shares and ETFs pursuant to International Financial Reporting Standard, "Revenue from Contracts with Customers" (IFRS 15), and 1% of the decrease in revenue is due to the reduction in revenue from the examination of prospectuses. In opposition, an increase in revenue from annual fees, mainly due to the linkage of the fee rates to the CPI, deducted 2% of the aforesaid decrease.				
	78,208	20%	70,908	20%	10%
Clearing House services	5% of the increase in revenue from Clearing House services is due to an increase in revenue from Clearing House services to companies, half of which is due to the linkage of the clearing rates to the CPI and to the updating of corporate actions' clearing rates during the year. An additional 5% increase is due to an increase in revenue from Clearing House services to members, primarily as a result of the expansion of the services in relation to information on OTC transactions and the linkage of the clearing rates to the CPI.				
	71,176	18%	58,060	16%	23%
Data distribution and connectivity services	12% of the increase in revenue from data distribution and connectivity services is due to revenues from index-use authorizations, primarily as a result of the updating of rates, and 8% of the increase is due to revenue from data distribution to business and private customers, as a result of the increase in the number of customers, the revaluation of the dollar and the linkage of rates to the CPI, of which 5% relates to data distribution to business customers overseas. Another 2% increase is due to revenue from connectivity services.				
	3,762	1%	5,064	1%	(26%)
Other revenue	The decrease in revenue is due mainly to the reduction in revenue from the sale of technological consulting services provided in the corresponding period last year in an amount of NIS 1.3 million.				
Total revenue from services	**389,855**	**100%**	**361,011**	**100%**	**8%**

Presented below are adjusted profit and adjusted EBITDA data for the years 2023 and 2022

Presented below are adjusted data for the profit and EBITDA (operating profit before interest, tax, depreciation and amortization). These data are based on the data in the Company's financial statements for the reported periods, after eliminating the effects of certain events and factors, as explained below, that are not typical of the Company's operating activities.

It is hereby clarified that the data presented below are not presented in accordance with generally accepted accounting principles and do not reflect the Company's cash flows from operating activities or its operating profit and profit and, accordingly do not constitute a substitute for the data in the Company's financial statements regarding the operating profit and/or the profit. Nevertheless, in the Company's opinion, these data enable a better comparison to be made of the Company's performance in the reported periods.

Adjusted EBITDA data and adjusted profit (NIS, in thousands):	**Year ended**			
	31.12.2023	**31.12.2022**	**Difference**	**Change %**
Adjusted EBITDA for the year:				
Profit before financing income, net	98,339	83,198	15,141	
Adjustments:				
Share-based payment expenses	6,140	530	5,610	
Depreciation and capital losses	53,103	51,466	1,637	
Adjusted EBITDA for the year:	**157,582**	**135,194**	**22,388**	**17%**
% of total revenue from services for the year	**40.4%**	**37.4%**		
Adjusted profit for the year:				
Profit for the year	83,206	50,836	32,370	
Adjustments:				
Share-based payment expenses	6,140	530	5,610	
Adjusted profit for the year:	**89,346**	**51,366**	**37,980**	**74%**
% of total revenue from services for the year	**22.9%**	**14.2%**		

Below are the main factors that affected the Company's adjusted EBITDA and its adjusted profit in 2023, compared to 2022:

- **The adjusted EBITDA for 2023** totaled NIS 157.6 million, compared to NIS 135.2 million in 2022, an increase of 17% between the years. The increase is due mainly to an 8% rise in revenue, primarily as a result of the higher volume of activity, as described above, which was counteracted by 3% increase in adjusted expenses, primarily expenses with respect to employee benefits and computer and communication expenses, partly offset by a reduction in marketing expenses.
- **The adjusted profit in 2023** totaled NIS 89.3 million, compared to NIS 51.4 million in 2022, an increase of 74%. The increase in profit is due mainly to an 8% rise in revenue and to the transition to financing income as a result of the positive return on the Company's investments in held-for-trade financial assets and an increase in the interest rates on deposits.

For further details regarding profit or loss development in 2023, see the analysis of the financial position in section 1.3 below.

Presented below is condensed information relating to the results for the fourth quarter of 2023 (NIS, in thousands):

	Quarter ended		Difference	Change %
Condensed Statement of Profit or Loss	**31.12.23**	**31.12.22**		
Revenue from services	101,448	86,325	15,123	18%
Costs	76,886	67.468	9,418	14%
Profit before financing income (expenses), net	**24,562**	**18,857**	**5,705**	**30%**
Financing income (expenses)	3,175	(474)	3,649	-
Taxes on income	7,014	5,178	1,836	35%
Profit for the quarter	**20,723**	**13,205**	**7,518**	**57%**
% of total revenue from services for the quarter	**20.4%**	**15.3%**		

- **Revenue in the fourth quarter of 2023** amounted to NIS 101.4 million, compared to revenue of NIS 86.3 million in the corresponding quarter last year, an 18% increase. The increase in revenue is across all activities, and consist of a 9% increase in revenue other than from trading and clearing, and a 9% increase in trading and clearing revenue, which was partly due to the 14% increase in the number of trading compared to the number of trading days in the corresponding quarter last year.
- **The costs in the fourth quarter of 2023** totaled NIS 76.9 million, compared to the expenses in the corresponding quarter last year that totaled NIS 67.5 million, an increase of 14%. The increase in the costs is due mainly to the increase in employee benefit expenses, share-based payment expenses, and computer and communication expenses.
- **Net financing income in the fourth quarter of 2023** amounted to NIS 3.2 million, compared to net financing expenses of NIS 0.5 million in the corresponding quarter last year. The transition to financing income results from a positive return of 1.64% on the Company's investments in Israeli government bonds managed in marketable securities' portfolios, compared to a negative return of 0.67% in the corresponding quarter last year, as well as from the increase in the Bank of Israel interest rate that increased the interest on deposits.
- **The profit in the fourth quarter of 2023** totaled NIS 20.7 million, compared to NIS 13.2 million in the corresponding quarter last year, an increase of 57%. The increase in profit is due mainly to the increase in revenue and the transition to financing income, less the effect of the increase in expenses, as described above.

Below are the main factors that affected the Company's profits in the fourth quarter of 2023, compared to the corresponding quarter in 2022:

– **The revenue in the fourth quarter of 2023 (NIS, in thousands)** – below is the composition of the quarter's revenue, compared to the corresponding quarter last year:

	Quarter ended				
Revenue from services	**31.12.23**	**% Of the Company's total revenues**	**31.12.22**	**% Of the Company's total revenues**	**% Change**
Trading and clearing commissions	41,190	41%	33,761	39%	22%
	14% of the increase in revenue from trading and clearing commissions is due to the increase in the number of trading days this quarter (66 trading days) compared to the corresponding quarter last year (58 trading days), and 8% of the increase in revenue from trading and clearing commissions derives from the effect of the higher trading volumes of government bonds and T-bills and to the effect of the increase in creations and redemptions of mutual fund units.				
Listing fees and levies	20,186	20%	19,517	23%	3%
	2% of the increase in revenue from listing fees and levies is due to an increase in revenue from listing fees and 1% of the increase in revenue is due to revenue from annual fees.				
Clearing House services	20,966	20%	17,871	20%	17%
	The increase in revenue from Clearing House services is due to an increase in revenue from Clearing House services to companies, which increased revenue by 9%. An additional 6% increase is due to an increase in revenue from Clearing House services to members, of which 3% results from the expansion of the services in relation to information on OTC transactions. In addition, an increase of 1% is due to the rise in revenue from custodian fees as a result of the increase in the value of assets that are held in custodianship at TASE-CH compared to the corresponding quarter last year.				
Data distribution and connectivity services	18,574	18%	14,728	17%	30%
	14% of the increase in revenue from data distribution and connectivity services is due to the updating of the index-usage pricelist, and 11% is due to revenue from data distribution, mainly as a result of the increase in the number of business and private customers, the revaluation of the dollar and the linkage of the rates to the CPI. Another 3% increase is due to revenue from connectivity services.				
Other revenue	532	1%	898	1%	(41%)
	The decrease in other revenue is due mainly to the suspension of activity at the Conference Center as a result of the Swords of Iron War.				
Total revenue from services	**101,448**	**100%**	**86,325**	**100%**	**18%**

Presented below are adjusted profit and adjusted EBITDA data for the fourth quarter of 2023 and 2022

Presented below are adjusted data for the profit and EBITDA (operating profit before interest, tax, depreciation and amortization). These data are based on the data in the Company's financial statements for the reported periods, after eliminating the effects of certain events and factors, as explained below, that are not typical of the Company's operating activities.

It is hereby clarified that the data presented below are not presented in accordance with generally accepted accounting principles and do not reflect the Company's cash flows from operating activities or its operating profit and profit and, accordingly do not constitute a substitute for the data in the Company's financial statements regarding the operating profit and/or the profit. Nevertheless, in the Company's opinion, these data enable a better comparison to be made of the Company's performance in the reported periods.

Adjusted EBITDA data and adjusted profit (NIS, in thousands):	**Quarter ended**			
	31.12.2023	**31.12.2022**	**Difference**	**% Change**
Adjusted EBITDA for the quarter:				
Profit before financing income (expenses), net	24,562	18,857	5,705	
Adjustments:				
Share-based payment expenses	2,001	134	1,867	
Depreciation and capital losses	13,498	13,085	413	
Adjusted EBITDA for the quarter:	**40,061**	**32,076**	**7,985**	**25%**
% of total revenue from services for the quarter	**39.5%**	**37.2%**		
Adjusted profit for the quarter:				
Profit for the quarter	20,723	13,205	7,518	
Adjustments:				
Share-based payment expenses	2,001	134	1,867	
Adjusted profit for the quarter:	**22,724**	**13,339**	**9,385**	**70%**
% of total revenue from services for the quarter	**22.4%**	**15.5%**		

Below are the main factors that affected the Company's adjusted EBITDA and its adjusted profit in the fourth quarter of 2023, compared to the corresponding quarter in 2022:

- **The adjusted EBITDA in the fourth quarter of 2023** totaled NIS 40.1 million, compared to NIS 32.1 million in the corresponding quarter last year, an inter-quarter increase of 25%. The increase is due mainly to an increase in revenue from services, as described above, which was partly offset by an increase in expenses.
- **The adjusted profit in the fourth quarter of 2023** totaled NIS 22.7 million, compared to an amount of NIS 13.3 million in the corresponding quarter last year, a 70% increase. The increase is due mainly to the increase in revenue and the transition to financing income this quarter, as compared to financing expenses in the corresponding quarter last year, net of an increase in expenses, as described above.

Presented below is condensed information relating to the financial position as of 31.12.2023 (NIS, in thousands):

Condensed statement of financial position	31.12.2023	31.12.2022	Difference	% Change
	NIS, in thousands			
Cash and cash equivalents and short-term financial assets	498,666	388,627	110,039	28%
Other current assets	28,048	23,591	4,457	19%
Property and equipment and intangible assets	460,460	455,662	4,798	1%
Other non-current assets	9,391	6,991	2,400	34%
Total assets (*)	**996,565**	**874,871**	**121,694**	**14%**
Current liabilities	399,390	96,092	303,298	316%
Non-current liabilities	195,455	92,331	103,124	112%
Total liabilities (*)	**594,845**	**188,423**	**406,422**	**216%**
Total equity (**)	**401,720**	**686,448**	**(284,728)**	**(41%)**
Ratio of equity to total assets (*)	**40%**	**78%**		
Ratio of adjusted equity to total assets (*) (***)	**51%**	**90%**		
Surplus equity over regulatory requirements (in NIS millions)	**318**	**613**	**(295)**	**(48%)**
Surplus liquidity over regulatory requirements (in NIS millions)	**145**	**257**	**(111)**	**(43%)**

(*) The total assets and liabilities in the balance sheet as of 31.12.2023 and 31.12.2022, include a balance of assets/liabilities in respect of open derivative positions amounting to NIS 1,695.1 million and NIS 937.3 million, respectively, which for reasons of convenience in analyzing the financial position has been offset against each other.

(**) Further to the stated in section 1.6.4 below, following the completion of the move for the sale of the Arrangement Shares, the Company received Excess Consideration in the amount of NIS 242 million, which was carried directly to equity. Had the Excess Consideration been received at the balance sheet date, the Company's equity would have totaled NIS 644 million.

(***) The adjusted equity is with the addition of the total deferred income from listing fees.

- The total assets as of 31.12.2023 amounted to NIS 996.6 million, an increase of 14% compared to 31.12.2022. The increase is due mainly to an increase in cash flows from operating activities (see details in section 1.2 below).
- Total liabilities as of 31.12.2023 amounted to NIS 594.8 million, an increase of 216% compared to 31.12.2022. Most of the increase is due to a dividend declared in an amount of NIS 231.1 million (which was paid after the balance sheet date) and to a loan in an amount of NIS 150 million obtained by the Company from a bank (see details in section 1.2 below).
- The equity as of 31.12.2023 totaled NIS 401.7 million, a 41% decrease compared to 31.12.2022. The decrease is due mainly to a dividend declared on 14.12.2023, in an amount of NIS 231.1 million (and paid after the balance sheet date) and to the buyback of Company shares in an amount of NIS 155.3 million, net of the profit for 2023 in the amount of NIS 83 million (see details in section 1.2 below).

1.2. **Analysis of the Financial Position**

1.2.1. Presented below are the principal data from items in the Statements of Financial Position as of 31.12.2023 and 31.12.2022 (NIS, in thousands):

Item	31.12.2023	31.12.2022	% Change	
	NIS, in thousands			
Current assets				
Cash, cash equivalents and financial assets	498,666	388,627	28%	The increase is due mainly to an increase in cash from operating activities, net of investments in property and equipment and intangible assets in an amount of NIS 109.7 million and a loan obtained from a bank in an amount of NIS 150 million, partly offset by the buyback of Company shares in an amount of NIS 155.3 million.
Trade and other receivables	28,048	23,591	19%	The increase is due mainly to an increase of NIS 2.6 million in trade receivables as a result of the timing of collection of revenue, and to an increase in prepaid expenses, primarily maintenance and licensing, in an amount of NIS 1.1 million.
	526,714	**412,218**	**28%**	
Assets derived from clearing operations with respect to open derivative positions	1,695,082	937,259	81%	The amount expresses the value of the derivative assets that are cleared on the MAOF Clearing House and that are open on the reporting date (an identical amount appears in liabilities). The increase in the balance of net assets is due mainly to the rise in the value of the open positions on single shares (for further details of the offsetting of financial assets and financial liabilities, see note 8 to the Company's consolidated financial statements as of 31.12.2023). For further details regarding the financial resources held by the Group to cope with a default event of a MAOF Clearing House member, see note 4 to the Company's consolidated financial statements as of 31.12.2023.
Total current assets	**2,221,796**	**1,349,477**	**65%**	
Non-current assets				
Property and equipment and intangible assets, net	460,460	455,662	1%	The increase is due to investments in assets in an amount of NIS 57.9 million (of which NIS 7.2 million with respect to leases), and was counteracted by depreciation expenses and net retirements in an amount of NIS 53.1 million.
Other long-term receivables	5,358	1,405	281%	An increase of NIS 2 million is due to a retention loan granted to the CEO (for details, see note 14 E(2) to the Company's consolidated financial statements as of 31.12.2023) and an increase of NIS 2.6 million is due to an increase in prepaid expenses with respect to payments made for periods of 2-3 years.
Deferred tax assets	4,033	5,586	(28%)	The balance of the deferred taxes is primarily with respect to deferred income and employee benefits, and is offset by a provision for deferred taxes with respect to property and equipment and intangible assets. The decrease is due mainly to the increase in the provision for deferred tax with respect to property and equipment and intangible assets (see note 17 A(1) to the Company's consolidated financial statements as of 31.12.2023).
Total non-current assets	**469,851**	**462,653**	**2%**	
Total assets	**2,691,647**	**1,812,130**	**49%**	

Item	31.12.2023	31.12.2022	% change	
	NIS, in thousands			
Current liabilities				
Current maturities of a bank loan	49,946	-	-	On 28.12.2023, the Company obtained a loan from a bank in an amount of NIS 150 million, bearing annual interest at the rate of Prime +0.5%. The loan is repayable in 36 equal principal installments commencing in January 2024 through December 2026 (inclusive) (for details, see note 13 to the Company's consolidated financial statements as of 31.12.2023).
Dividend declared	231,110	-	-	On 14.12.2023, the Board of Directors of the Company decided on the distribution of a dividend within the framework of a transaction in connection with the Arrangement Shares (for details, see section 1.6.4 below).
Trade and other payables	84,860	59,207	43%	The increase is due mainly to an increase in non-current liabilities for employee benefits in an amount of NIS 18.7 million and in the liability for current taxes in an amount of NIS 6.7 million.
Current maturities of lease liabilities	4,740	8,473	(44%)	See the long-term lease liabilities item.
Deferred income from listing fees and levies	28,734	28,412	1%	
	399,390	**96,092**	**316%**	
Liabilities derived from clearing operations with respect to open derivative positions	1,695,082	937,259	81%	The amount expresses the value of the derivative liabilities that are cleared on the MAOF Clearing House and that are open on the reporting date (an identical amount appears in assets). For further details, see "assets derived from clearing operations with respect to open derivative positions" above.
Total current liabilities	**2,094,472**	**1,033,351**	**103%**	
Non-current liabilities				
Bank loan	99,888	-	-	For details, see "Current Maturities of a Bank Loan" above.
Non-current liabilities for employee benefits and other liabilities	9,500	7,300	30%	The increase is due mainly to a liability for severance pay (for additional information see note 14 to the consolidated financial statements of the Company as of 31.12.2023).
Lease liabilities	9,009	6,572	37%	The decrease in the balance of lease liabilities (long-term and current maturities) is due to new leases in an amount of NIS 7.2 million, net of current lease payments of NIS 8.5 million.
Deferred income from listing fees and levies	77,058	78,459	(2%)	The decrease of NIS 1.1 million (long-term and current maturities) is due mainly to receipts during the year in an amount of NIS 32.2 million, net of revenues recognized during the year in an amount of NIS 33.1 million (for details, see note 15 to the Company's consolidated financial statements as of 31.12.2023).
Total non-current liabilities	**195,455**	**92,331**	**112%**	
Equity	401,720	686,448	(41%)	The decrease is due mainly to a dividend declared in an amount of NIS 231.1 million and to the buyback of Company shares in an amount of NIS 155.3 million, net of the profit for the year in an amount of NIS 83 million.
Total liabilities and equity	**2,691,647**	**1,812,130**	**49%**	

1.3. **Operating results:**

1.3.1. Presented below are condensed Company profit or loss data (reported amounts) for the years 2023 and 2022

Item	2023	2022	% Change	Explanations for material changes
	NIS, in thousands			
Revenue from services:				
Trading and clearing commissions	155,589	142,490	9%	For details of the revenue, see table below, section 1.3.2.
Listing fees and levies	81,120	84,489	(4%)	The decrease in revenue from listing fees and levies is due mainly to one-time income resulting from the update to the period of revenue recognition from listing fees on shares and ETFs pursuant to International Financial Reporting Standard, "Revenue from Contracts with Customers" (IFRS 15) in an amount of NIS 4.3 million performed in the first quarter last year, as well as to a reduction in revenue from the examination of prospectuses in an amount of NIS 1.2 million, which were offset by an increase in revenue from annual fees in an amount of NIS 1.6 million, primarily as a result of the linkage of the fee rates to the CPI.
Clearing House services	78,208	70,908	10%	The increase in revenue from Clearing House services is due to an increase in revenue from Clearing House services to companies, which increased revenue by NIS 3.9 million. Close to half of the increase is due to the linkage of the clearing rates to the CPI and the updating during the year of corporate actions' clearing rates. Another increase, of NIS 3.3 million, is due to an increase in revenue from Clearing House services to members, primarily as a result of the expansion of the services in relation to information on OTC transactions and the linkage of the clearing rates to the CPI.
Data distribution and connectivity services	71,176	58,060	23%	An increase of NIS 7 million in revenue from data distribution and connectivity services is due to revenue from index use authorizations, primarily as a result of the updating of the index-usage rates, and an amount of NIS 4.5 million is due to revenue from data distribution as a result of the increase in the number of business and private customers, the revaluation of the dollar and the linkage of the rates to the CPI. Of said amount, NIS 3 million relates to data distribution to business customers overseas. Another increase of NIS 1.3 million is due to revenue from connectivity services.
Other revenue	3,762	5,064	(26%)	The decrease in revenue is due mainly to the reduction in revenue from the sale of technological consulting services provided in the corresponding period last year in an amount of NIS 1.3 million.
Total revenue from services	389,855	361,011	8%	
Cost of revenue:				
Expenses with respect to employee benefits	153,643	147,325	4%	The increase in expenses is due mainly to salary rises between the years.
Share-based payment expenses	6,140	530	1058%	The increase is due to the allotment of warrants in 2023. Expenses with respect to the grant of warrants are recognized as an expense over the vesting period (for details regarding warrants granted in 2023, see note 16 to the

Item	2023	2022	% Change	Explanations for material changes
	NIS, in thousands			
				Company's consolidated financial statements as of 31.12.2023).
Computer and communication expenses	38,559	30,533	26%	The increase is due mainly to additions with respect to licensing and maintenance of new systems and an increase in human resources and projects.
Property taxes and building maintenance expenses	13,732	13,798	(0%)	
General and administrative expenses	9,389	9,100	3%	
Marketing expenses	5,693	13,171	(57%)	The decrease in marketing expenses is due to the termination of the sponsorship agreement with the Israeli Professional Football Leagues in May 2022, a decrease of NIS 2.8 million, and to the cost of campaigns in 2022 that totaled NIS 6.6 million, compared to NIS 2.8 million in 2023.
Fee to the Israel Securities Authority	8,098	9,341	(13%)	The decrease reflects the effect of approval of the reduction of the fee by (an additional) 15% by the Knesset's Finance Committee.
Other operating expenses	2,470	2,548	(3%)	
Depreciation and amortization expenses	54,412	51,335	2%	
Other expenses	1,380	132	945%	Other expenses in 2023 include capital loss on retirements of property and equipment and intangible assets in an amount of NIS 0.7 million and donations in an amount of NIS 0.7 million. In 2022, other expenses consist solely of capital losses on retirements of intangible assets and property and equipment.
Total cost of revenue	291,516	277,813	5%	
Profit before financing income (expenses), net	98,339	83,198	18%	
Total financing income (expenses), net	11,307	(13,225)	-	The transition to financing income is due mainly to the positive return of 3.0% on the Company's investments in financial assets held for trading, compared to a negative return of 7.0% in 2022 (an increase of NIS 19.1 million in revenue). In addition, an increase in the interest rate on deposits increased the income by NIS 6.3 million.
Profit before taxes on income	109,646	69,973	57%	
Taxes on income	26,440	19,137	38%	The increase in expenses was due to the higher pre-tax profit and the reduction in the fair value of the Company's investments in government bonds for which deferred taxes were not created.
Profit for the year	83,206	50,836	64%	Most of the increase in profit in 2023 compared to 2022 is due to an increase in revenue from services and to the

Item	2023	2022	% Change	Explanations for material changes
	NIS, in thousands			
				transition to financing income, which was partly offset by an increase in costs and tax, as described above.

1.3.2 Presented below are data relating to the trading and clearing revenue:

Item	Year ended 31.12.23	Year ended 31.12.22	% Change	Explanations for material changes
	NIS, in thousands			
Shares and convertibles	56,176	58,469	(4%)	The decrease in revenue is due mainly to the decrease in the trading volumes between the years, from an average daily trading volume of NIS 2.3 billion in 2022 to an average daily trading volume of NIS 2.0 billion in 2023, a 13% decrease in revenue. In opposition, an increase in the effective commission rate (mainly as a result of the reduction in the number of transactions that are affected by the existence of a maximum commission), counteracted the decrease in revenue by 7%, and the increase in the number of trading days in 2023 compared to 2022 (5 more trading days) counteracted the decrease by an additional 2%.
Corporate bonds	17,833	18,036	(1%)	The decrease in revenue is due mainly to the reduction in the trading volumes of corporate bonds from an average daily trading volume of NIS 1.05 billion in 2022 to an average daily trading volume of NIS 1.02 billion in 2023, a decrease of 3% in revenue. In opposition, an increase in the number of trading days in 2023 compared to the 2022 (5 more trading days) deducted 2% of the decrease in revenue.
Government bonds	17,194	13,770	25%	The increase in revenue is due mainly to the increase from an average daily trading volume of NIS 2.4 billion in 2022 to an average daily trading volume of NIS 2.9 billion in 2023, a 20% increase in revenue. In opposition, an increase in the effective commission rate (mainly as a result of the reduction in the number of transactions that are affected by the existence of a maximum commission), and the increase in the number of trading days in 2023 compared to 2022 (5 more trading days) increased revenue by 2% and 3%, respectively.
Derivatives	22,170	20,900	6%	The increase in revenue is due mainly to the rise in the effective commission rate as a result of a change in the mix of transactions on the various underlying assets, which contributed a 5% increase. In opposition, an increase in the number of trading days in 2023 compared to 2022 (5 more trading days) increased revenue by 2%.
Mutual funds clearing	28,819	24,732	17%	The increase in revenue is due mainly to increase in the volume of creations and redemptions of mutual fund units, from an average daily volume of NIS 1.0 billion in 2022 to an average daily volume of NIS 1.4 billion in 2023, a 45% increase in revenue. In opposition, a reduction in the effective commission rate (mainly as a result of the increase in the volume of transactions that are affected by the existence of a minimum commission), decreased revenue by 31%.
T-bills (Makams) and other	13,397	6,583	104%	The increase in revenue is due mainly to an increase in the trading volumes of T-bills from an average daily volume of NIS 0.8 billion in 2022 to an average daily trading volume of NIS 1.4 billion in 2023, an 80% increase in revenue, as well as to an increase in the effective commission rate (mainly as a result of the reduction in the volume of transactions that are affected by the existence of a maximum commission and the cancellation of the maximum commission at the end of October 2022), an increase of 25% in revenue.
Total	155,589	142,490	9%	

For further information regarding the trading volumes, market value, effective commission rates and other data, see Part A, "Description of the Company's Business," in this Periodic Report.

1.3.3 Presented below are condensed Company profit or loss data (reported amounts) for the years 2022 and 2021:

Item	2022	2021	% Change	Explanations for material changes
	NIS, in thousands			
Revenue from services:				
Trading and clearing commissions	142,490	131,116	9%	For details of the revenue, see table below, section 1.3.4 below.
Listing fees and levies	84,489	69,056	22%	The increase in revenue stems from the increase in revenue from listing fees (an amount of NIS 10.4 million), mainly as a result of the update to the period of revenue recognition from listing fees on shares and ETFs pursuant to IFRS 15, "Revenue from Contracts with Customers". Another increase in revenue is due to the increase in revenue from annual fees (NIS 5.1 million), mainly as a result of the increase in the number of companies and funds that pay an annual fee compared to 2021.
Clearing House services	70,908	65,505	8%	The increase in revenue is due to the rise in revenue from Clearing House services to members (an amount of NIS 5.7 million).
Data distribution and connectivity services	58,060	52,268	11%	The increase in revenue is due to the rise in revenue from the distribution of trading data and derivative information to business customers outside Israel, to an increase in the volume of activity and to the updating of the pricelist (NIS 2.8 million). Add to that an increase in revenue from connectivity services (NIS 2.2 million) and an increase in revenue from the sale of information through TASE's API service (NIS 0.8 million).
Other revenue	5,064	5,712	(11%)	The reduction in revenue is due to the effect of an agreement signed between TASE and the Ministry of Finance in May 2021, which provides for the payment to the Company of a one-time settlement amount of NIS 3.8 million in respect of government bonds that were listed in the lending pool in the period up to 31.12.2020, and was counteracted by a NIS 1.7 million increase in revenue from the Conference Center and trade openings and a NIS 1.3 million increase in respect of the sale of technological consulting services (an engagement that ended in the first half 2022).
Total revenue from services	361,011	323,657	12%	
Cost of revenue:				
Expenses with respect to employee benefits	147,325	146,821	-	
Share-based payment expenses	530	739	(28%)	Expenses with respect to the grant of warrants to managers and the CEO, which are recognized as an expense over the vesting period. The warrants plan for managers ended in July 2021.
Computer and communication expenses	30,533	29,397	4%	Most of the increase in expenses is due to new projects and to a rise in licensing expenses.
Property taxes and building maintenance expenses	13,798	13,190	5%	Most of the increase is due to an increase in security and electricity expenses.

Item	2022	2021	% Change	Explanations for material changes
	NIS, in thousands			
General and administrative expenses	11,648	10,883	7%	Most of the increase is due to an increase in legal and other consulting expenses. In addition, in 2021 a court fees' reimbursement in an amount of NIS 0.5 million was received.
Marketing expenses	13,171	11,203	18%	The expenses in this item are affected mainly by the timing of the performance of the Group's marketing activities. The expenses include the cost of the sponsorship agreement with the Israeli Professional Football Leagues, which ended in May 2022, and campaigns. In 2022, two television campaigns were conducted, as compared to one in 2021.
Fee to the Israel Securities Authority	9,341	9,123	2%	
Depreciation and amortization expenses	51,335	47,618	8%	The increase in the depreciation expenses is due mainly to the upgrading of infrastructures and the launching of new products in the trading and clearing environment. as well as to the acceleration of the depreciation of equipment that has been replaced in an amount of NIS 0.5 million.
Other expenses	132	262	(50%)	Other expenses mainly reflect capital losses on retirements of intangible assets and property and equipment.
Total cost of revenue	277,813	269,236	3%	
Profit before financing income (expenses), net	83,198	54,421	53%	
Total financing income (expenses), net	(13,225)	4,540	-	The transition to financing expenses is due to the negative yield of 7.0% on the Company's investments in financial assets held for trading, compared to a positive yield of 2.5% in 2021.
Profit before taxes on income	69,973	58,961	19%	
Taxes on income	19,137	13,491	42%	The increase in expenses was due to the higher pre-tax profit and the reduction in the fair value of the Company's investments in government bonds for which deferred taxes were not created.
Profit for the year	50,836	45,470	12%	The increase in profit in 2022 compared to 2021, is due to an increase in revenue from services, and was partly offset by an increase in costs, financing expenses and tax, as described above.

1.3.4 Presented below are data relating to the trading and clearing revenue (reported amounts) for the years 2022 and 2021:

Item	Year ended 31.12.22	Year ended 31.12.21	% Change	Explanations for material changes
	NIS, in thousands			
Shares and convertibles	58,469	49,538	18%	The increase in revenue is due mainly to the increase in the trading volumes between the years, from an average daily trading volume of NIS 1.88 billion in 2021 to an average daily trading volume of NIS 2.30 billion in 2022, a 22% increase in revenue. In opposition, a reduction in the effective commission rate (mainly as a result of the increase in the volume of transactions that are affected by the existence of a maximum commission), deducted 4% from the increase in revenue.
Corporate bonds	18,0.36	15,674	15%	The increase in revenue is due mainly to the increase of the trading volumes in corporate bonds, from an average daily trading volume of NIS 0.9 billion in 2021 to an average daily trading volume of NIS 1.05 billion in 2022, an increase of 15% in revenue.
Government bonds	13,770	16,839	(18%)	The decrease in revenue is due mainly to the reduction from an average daily trading volume of NIS 3.0 billion in 2021 to an average daily trading volume of NIS 2.4 billion in 2022, a decrease of 19% in revenue.
Derivatives	20,900	20,606	1%	The increase in revenue is due to the rise in the effective commission rate as a result of a change in the mix of transactions on the various underlying assets.
Mutual funds clearing	24,732	26,054	(5%)	The decrease in revenue is due mainly to the reduction in the effective commission rate (primarily as a result of the increase in the percentage of transactions that are affected by the existence of a minimum commission), a 16% decrease in revenue, which was partly offset by an increase in the volume of creations and redemptions of mutual fund units, from an average daily volume of NIS 0.89 billion in 2021 to an average daily volume of NIS 1.0 billion in 2022, an 11% increase in revenue.
T-bills (Makams) and other	6,583	2,403	174%	The increase in revenue is due mainly to an increase in the trading volumes of T-bills from an average daily volume of NIS 0.3 billion in 2021 to an average daily trading volume of NIS 0.8 billion in 2022, a 145% increase in revenue, and to an increase in the effective commission rate (mainly as a result of the reduction in the volume of transactions that are affected by the existence of a maximum commission and the cancellation of the maximum commission at the end of October 2022), an increase of 58% in revenue.
Total	142,490	131,116	9%	

For further information regarding trading volumes, market value, effective commission rates and other data, see Part One of this Periodic Report – Description of the Company's Business.

1.4 Condensed quarterly statements of profit or loss for 2023 and for the fourth quarter of 2022 (NIS, in thousands)

Item	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	2023	Oct-Dec 2022
		(Unaudited)			(Audited)	(unaudited)
Trading days	**64**	**58**	**61**	**66**	**249**	**58**
Revenue from services:						
Trading and clearing commissions	41,923	35,528	36,948	41,190	155,589	33,761
Listing fees and levies	20,302	20,143	20,489	20,186	81,120	19,517
Clearing House services	19,113	18,974	19,155	20,966	78,208	17,871
Data distribution and connectivity services	17,124	17,367	18,111	18,574	71,176	14,278
Other revenue	1,554	891	785	532	3,762	898
Total revenue from services	**100,016**	**92,903**	**95,488**	**101,448**	**389,855**	**86,325**
Cost of revenue						
Expenses with respect to employee benefits, net	38,171	37,067	38,071	40,334	153,643	35,131
Share-based payment expenses	611	1,645	1,883	2,001	6,140	134
Computer and communication expenses	9,013	8,914	10,183	10,449	38,559	8,430
Property taxes and building maintenance expenses	3,227	3,234	3,836	3,435	13,732	3,486
General and administrative expenses	2,245	2,357	2,166	2,621	9,389	2,424
Marketing expenses	863	2,428	820	1,582	5,693	1,545
Fee to the Israel Securities Authority	2,429	2,428	1,242	1,999	8,098	2,335
Other operating expenses	534	599	760	577	2,470	916
Depreciation and amortization expenses	12,868	13,040	13,046	13,458	52,412	13,061
Other expenses	15	879	56	430	1,380	6
Total cost of revenue	**69,976**	**72,591**	**72,063**	**76,886**	**291,516**	**67,468**
Profit before financing income (expenses), net	**30,040**	**20,312**	**23,425**	**24,562**	**98,339**	**18,857**
Financing income	2,648	3,696	2,128	3,480	11,952	(362)
Financing expenses	120	80	140	305	645	112
Total financing income (expenses), net	**2,528**	**3,616**	**1,988**	**3,175**	**11,307**	**(474)**
Profit before taxes on income	**32,568**	**23,928**	**25,413**	**27,737**	**109,646**	**18,383**
Taxes on income	7,087	5,153	7,186	7,014	26,440	5,178
Profit	**25,481**	**18,775**	**18,227**	**20,723**	**83,206**	**13,205**
Other comprehensive income (loss):						
Remeasurement of net liability with respect to defined benefit, net of tax	2,179	559	752	(3,952)	(462)	5,614
Comprehensive income	**27,660**	**19,334**	**18,979**	**16,771**	**82,744**	**18,819**

1.5 Liquidity and Sources of Finance

1.5.1 Sources of finance

The Group's sources of finance are the Group's revenues from the various services that it provides. These revenues finance the ongoing activity of the Group, as well as the TASE Group's investment program.

The Group has balances of cash and financial assets as described below:

	31.12.2023	31.12.2022
Condensed statement of financial position	**NIS, in thousands**	
Cash and cash equivalents	408,484	192,416
Financial assets at fair value through profit or loss	90,182	196,211
Cash, cash equivalents and financial assets (*)	**498,666**	**388,627**

(*) The Board of Directors of TASE has set capital adequacy and liquidity adequacy requirements at the level of the TASE Group (the capital adequacy and liquidity adequacy requirements for the clearing houses are prescribed in the Israel Securities Authority's Clearing Houses' Stability Directives) (for additional information, see note 5 to the consolidated financial statements of the Company as of 31.12.2023). The surplus liquidity of the Group after implementation of the liquidity requirements is NIS 145 million as of 31.12.2023 (NIS 257 million as of 31.12.2022).

Credit facilities

The TASE Clearing House has been granted a credit facility by a banking corporation in an amount of NIS 30 million. At the request of the TASE Clearing House, as necessary, the banking corporation will grant it credit in an amount of up to NIS 30 million against the deposit, in a pledged dedicated account of the TASE Clearing House with the banking corporation, of government bonds with a value of NIS 30 million and a lien in favor of the banking corporation. The term of the aforementioned credit facility is through 31.12.2024.

Bank loan

On 28.12.2023, the Company obtained a loan from a bank in an amount of NIS 150 million (hereafter: "the Loan"), which amounts to a material loan. The loan bears annual interest at the rate of Prime +0.5% and is repayable in 36 equal principal installments at the end of each month, commencing in January 2024 through to December 2026 (inclusive). The interest on the loan is payable concurrently with the aforesaid principal installments.

As part of its obligations to the bank, the Company has undertaken to comply with financial covenants and other requirements. For details, see note 13 B to the annual financial statements. It should be noted that, to the date of the report, the Company is in compliance with the aforesaid covenants and requirements.

1.5.2 Cash flows (NIS, in millions)

Item		Data for the year ended 31.12.2023	Data for the year ended 31.12.2022	Data for the year ended 31.12.2021	Explanations of the Company
Opening balance		**192.4**	**179.7**	**142.1**	
Net cash from operating activities	Adjusted EBITDA	157.6	135.2	103.0	The increase in adjusted EBITDA in 2023 compared to 2022 is due mainly to an increase in revenue from services, which was partly offset by an increase in expenses.
	Changes in working capital	11.2	(7.0)	13.8	The increase in working capital between 2023 and 2022 is due mainly to non-current liabilities for employee benefits.
	Financing and tax	(8.5)	(8.6)	(10.4)	
	Total	**160.3**	**119.6**	**106.4**	
Net cash for investing activities	Investments in property and equipment and in intangible assets and capitalized payroll costs	(50.6)	(48.3)	(35.6)	The increase is due to the timing of implementation of the Group's investment work plan in the periods.
	Realization (acquisition) of financial assets, net	107.6	(4.6)	(4.6)	Realization/acquisition of assets in accordance with the Company's investment policy.
	Total	**57.0**	**(52.9)**	**(40.2)**	
Net Cash for financing activities	Receipts (payments) carried directly to equity within the framework of implementing the ownership restructuring law, net.	12.8	8.2	(0.8)	Receipts from a shareholder that realized shares that are subject to the provisions of Amendment No. 63, as defined in section 1.6.3. below. In 2021, VAT paid on inputs carried to equity pursuant to an assessments agreement.
	Lease payments	(8.8)	(8.8)	(9.1)	
	Payments for the acquisition of treasury shares	(155.3)	(31.3)	-	Buyback of Company shares in accordance with an approved buyback plan (for further details, see section 1.6.2 below).

Loan from a bank	150.0	-	-	For information on a loan obtained by the Company from a bank, see section 1.5.1 above.
Dividend paid	-	(22.7)	(18.5)	Dividend paid, for further details, see section 1.6.1 below.
Total	**(1.3)**	**(54.6)**	**(28.4)**	
Total increase in cash and cash equivalents	**216.0**	**12.1**	**37.8**	
Effect of changes in exchange rates on cash balances held in foreign currency	**0.1**	**0.6**	**(0.2)**	
Closing balance	**408.5**	**192.4**	**179.7**	

Item		Data for the three months ended December 31 2023	Data for the three months ended December 31 2022	Explanations of the Company
Opening balance		**230.3**	**182.8**	
Net cash from operating activities	Adjusted EBITDA	40.1	32.1	The increase in adjusted EBITDA in 2023 compared to 2022 is due mainly to the increase in revenue from services, which was partly offset by an increase in expenses.
	Changes in working capital	9.9	(1.5)	The increase in working capital between 2023 and 2022 is due mainly to non-current liabilities with for employee benefits.
	Financing and tax	(0.4)	(0.8)	
	Total	**49.6**	**29.8**	Cash flows from operating activities increased by 66% between the quarters.
Net cash for investing activities	Investments in property and equipment and in intangible assets and capitalized payroll costs	(16.6)	(8.4)	The increase is due to the timing of implementation of the Group's investment work plan in the quarters.
	Realization (acquisition) of financial assets, net	0.1	(8.2)	Acquisition and realization of assets in accordance with the Company's investment policy.
	Total	**(16.5)**	**(16.6)**	
Net cash for financing activities	Lease payments	(2.2)	(2.2)	
	Payments for the acquisition of treasury shares	(1.5)	(0.9)	Buyback of Company shares in accordance with an approved buyback plan (for further details, see section 1.6.2 below).
	Loan obtained (repayment of credit)	149.5	(0.5)	For information on a loan obtained by the Company from a bank, see section 1.5.1 below.
	Total	**145.8**	**(3.6)**	
Total increase in cash and cash equivalents		**178.9**	**9.6**	
Effect of changes in exchange rates on cash balances held in foreign currency		**(0.7)**	**-**	
Closing balance		**408.5**	**192.4**	

1.5.3 Customer credit

Most of the Company's revenue is collected on the date of providing the service or adjacent thereto. Revenues from trading and clearing, Clearing House and custodian services are collected through the Bank of Israel's settlement system (RTGS). Revenues from listing fees, examination fees, data distribution revenues (partly), leasing, etc. are collected mainly by means of bank transfers, credit card payments, check payments or account charging authorizations.

Most of the Company's revenue from annual levies is collected at the beginning of the year on "current month +30 days" terms. Revenue from data distribution is collected on "current month +30 days" terms or on "current month +60 days" terms and, commencing in 2023, the revenue from the use of indices is collected on "current month +30 days" terms (up to 2023, it was collected at the beginning of each year in respect of the previous year).

The balance of trade receivables as of 31.12.2023 and 31.12.2022 amounted to NIS 18,671 thousand and NIS 16,021 thousand, respectively. The decrease is due mainly to the timing of collection.

1.5.4 Supplier credit

The credit granted to the Company by its suppliers is mainly "current month +30 days" or "current month +60 days" (including that received from suppliers of computer equipment).

The balance of trade payables as of 31.12.2023 and 31.12.2022 amounted to NIS 13,063 thousand and NIS 13,864 thousand, respectively. The decrease is due mainly to the timing of engagements.

1.6 Material events that occurred in the reporting period and thereafter

1.6.1 Dividend

- On 2.1.2024, a dividend of NIS 231,110 thousand (representing NIS 2.5 per share) was paid to the shareholders, pursuant to the Board of Directors' resolution from 14.12.2023.
- After the reporting date, on 6.3.2024, the Company's Board of Directors decided on the distribution of a dividend to the shareholders of the Company in an amount of NIS 41.6 million (representing NIS 0.45 per share on the date of the resolution). The Board of Directors set 13.3.2024 as the record date and 20.3.2024 as the payment date.
- **Dividend Distribution Policy**

  After the reporting date, on 6.3.2024, the Board of Directors of the Company approved a dividend distribution policy according to which, starting in its financial statements for 2024 through to its financial statements for 2026 (hereafter: "Dividend Distribution Policy", the Company will work to distribute to its shareholders a cash dividend at a rate of 50% of the annual net profit as per the Company's consolidated annual financial statements, this on the date of approval of the annual financial statements.

  To remove any doubt, it is hereby clarified that the approval of the Dividend Distribution Policy does not obligate the Board of Directors of the Company to pass a resolution on the distribution of a dividend. Any resolution on the distribution of a dividend will be passed subject to compliance with the distribution criteria set out in the Companies Law, which would be reviewed on the date of passing of a resolution to distribute a dividend, and in consideration of the current business needs of the Company, the work plan, the liquidity situation of the TASE Group, and of leveraging and liability ratios and covenants (if any), as well as regulatory requirements that apply to companies in the Group (e.g. liquidity, minimum capital requirement etc.), all on the date that such resolution is passed. It is further clarified that the Board of Directors may modify and/or cancel and/or deviate from the Dividend Distribution Policy at any time.

1.6.2 Buyback of the Company's shares

On 21.3.2022, the Board of Directors of the Company decided on the formulation of a plan for the buyback of Company shares in an amount of up to NIS 100 million over a period of up to two years. Further to the aforesaid resolution of the Board of Directors, on 24.5.2022, 29.11.2022 and 23.5.2023 the Board of Directors of the Company approved three plans for the buyback of Company shares in an amount of NIS 100 million, in "safe harbor" format (for details, see note 19 D(1) to the annual financial statements).

In addition, on 23.5.2023, the Board of Directors of the Company approved a special buyback plan in an amount of up to NIS 90 million, which is not subject to the restrictions and the terms of the "safe harbor" protection, within the framework of which, on 1.6.2023, the Company purchased 4,567,999 ordinary shares in a monetary amount of NIS 86.1 million (for details, see note 19 D(2) to the annual financial statements).

Under all of the aforementioned buyback plans, including the special buyback plan, the Company purchased 10,199,459 ordinary shares of the Company in a monetary amount of NIS 186 million.

To complete the picture, it should be noted that following the approval of the move for the sale of the Arrangement Shares, as described in section 1.6.3 below, the Board of Directors of TASE decided that under the new circumstances it is no longer necessary to further pursue a move for a tender offer buyback of the Company's shares.

1.6.3 Receipts from shareholders within the framework of implementing the ownership restructuring

According to the provisions of Section 41(L)(2) of the Securities Law, as amended within the framework of Amendment No. 63 to the Securities Law, 1968 (hereafter: "Amendment No. 63"), a shareholder at TASE that sells shares of the Company that had been allotted to those who were shareholders in the Company at the time of approval of the arrangement for the restructuring of TASE (hereafter: "the Arrangement Shares") in consideration for an amount per share exceeding NIS 5.081 is required to transfer to TASE the difference between the actual consideration and the Base Price (hereafter: "the Excess Consideration"), where, pursuant to the provisions of said section, the amounts of the Excess Consideration are to be used for the reduction of commissions and/or for the development and upgrading of TASE's systems. In view of the aforesaid, since 1.1.2019 until the end of 2023, following sales of the Arrangement Shares, the Company received a total of NIS 64 million, which was carried in the financial statements directly to the Company's equity. For further details, see note 19 to the consolidated financial statements.

1.6.4 Move for the Sale of the Arrangement Shares

Following the discussions held over the past two years between TASE and the five TASE members that hold the Arrangement Shares, which included controversies in relation to their continued holding of the Arrangement Shares and their entitlement to a dividend and TASE's resolution to discontinue the dividend distribution policy and adoption and execution of buyback plans, on 14.12.2023, the Board of Directors of TASE approved a move concerning the Arrangement Shares (hereafter: "the Move"). Within the framework of the Move, it was agreed that, subject to the payment by TASE of a special dividend in an amount of NIS 2.5 per shares to all shareholders at TASE, the five TASE members that hold 17,156,677 Arrangement Shares (hereafter: "the Selling Shareholders") will grant an irrevocable power of attorney to Leader & Co. Investment House Ltd. (hereafter: "Leader") for the sale of the aforesaid shares, for the duration of 12 months from the payment date of the aforesaid dividend, whereby, for each such sale TASE will receive the Excess Consideration (net of commissions and other related expenses). It should be noted that, on 13.12.2023, the position of the Israel Securities Authority was received, pursuant to which it does not intervene in TASE's position that the Move does not contradict the provisions of Amendment No. 63.

[1] An amount that was determined in accordance with the definition of the term, "value of sold means of control" in the transitional provision and that reflects the equity of TASE as of 31.12.2015.

The move included the mutual waiver by the parties of any contention, demand or claim in connection with arguments that had been exchanged between them in relation to the Arrangement Shares, as aforementioned.

After the balance sheet date, on 24.1.2024, the book building process was completed for the acquisition of the 17,156,677 Arrangement Shares by a number of Israeli public institutions and foreign public institutions (hereafter collectively: "the Acquiring Institutions"), at a price of NIS 20.6 per share.

The (gross) consideration for the shares totaled NIS 353.4 million, of which NIS 87 million was paid to the Selling Shareholders and TASE received (net, after deduction of commissions and other related expenses) NIS 242 million. The consideration transferred to TASE was carried directly to the equity of TASE and in accordance with the provisions of Amendment No. 63 of the Securities Law will be used for investment in technological infrastructure of TASE.

To complete the picture it should be noted that, for the purpose of implementing the move and arranging the settlement of the transactions with the foreign Acquiring Institutions, TASE, Leader and Jefferies LLC (hereafter: "Jefferies") entered into a distribution agreement.

As customary in this type of agreements, the distribution agreement includes representations by the parties thereto, including representations by TASE, inter alia, in relation to the appropriateness of the disclosure provided in the reports of TASE and the non-use of insider information. In addition, the Company has undertaken to indemnify Jefferies in instances set out in the distribution agreement. For details, see note 18 F to the annual financial statements.

It should also be noted that, as part of the Move and despite the existence of sufficient liquid balances, the Board of Directors of TASE has approved TASE's engagement in an agreement with a financial institution for the receipt of a loan in an amount of up to NIS 150 million, for details see section 1.5.1 below.

1.6.5 Appointment of Chairman of the Board of Directors

On 12.7.2023, Prof. Yevgeny (Eugene) Kandel took office as Chairman of the Board of Directors of TASE, further to the approval by the Company's general meeting of his appointment as Chairman of the Board of Directors and of the terms of his employment as Chairman of the Board of Directors, at a 50% appointment percentage.

For further details, see note 25 B to the consolidated financial statements and section 1.6.13 below.

1.6.6 Securities Indices

On 21.12.2022, the Company received the resolution of the Israel Securities Authority's Secondary Market Committee concerning amendments to the TASE Rules and the regulations by virtue thereof in connection with indices' activity on TASE (hereafter: "the Authority's Resolution") pursuant to which, inter alia, the Committee has approved the amendment of the pricelist concerning the TASE indices (hereafter: "the Indices' Pricelist"). At the same time, the Committee determines that TASE's engagement in the editing and calculation of the indices will be deemed as an auxiliary service that raises substantial concern for a conflict of interest with its engagement in the management of a securities' trading system, in which it may continue to engage subject to its compliance with certain terms, as set forth in the Authority's Resolution

(hereafter: "the Terms for the Indices' Activity"), which were complied with in full after the balance sheet date. It should be noted that the Terms for the Indices' Activity mainly address the improvement of corporate governance rules and the implementation of organizational, professional and operational segregation of duties in the Company between the Indices' Activity and the trading management activity, and have been set based on discussions with the Company.

It is hereby clarified that the approval of the amendment of the Indices' Pricelist was not conditional on the fulfillment of the Terms for the Indices' Activity and that the new rates pursuant to the Indices' Pricelist took effect gradually, in two steps - the first at a partial rate of 50% commencing on 1.1.2023, and the second at the full rate commencing on 1.1.2024.

1.6.7 Strategic Plan

On 23.10.2022, the Board of Directors of the Company approved a new strategic plan for the years 2023-2027. For further details, see section 1.40.1 of Part One, "Description of the Company's Business", which is included in this periodic report.

1.6.8 Bonus Plan for 2023

Pursuant to the approval of the 2023-2025 Compensation Policy and based on its principles, the Board of Directors of the Company (after obtaining the approval of the Compensation Committee), approved a plan for the payment of an annual bonus for 2023 (hereafter: "the 2023 Bonus Plan") to all officers of the Company, excluding directors. The various targets were determined based on the Company's budget and work plan for 2023. The quantitative bonus amount payable to each of the officers will be calculated based on the results as per the Company's financial statements for 2023. Further to the aforesaid, on the same date the Board of Directors approved the grant of bonuses under the 2023 Bonus Plan to the 10 Company officers who are not directors, in a total amount of NIS 4,865 thousand.

For further details, see section 1.25.9 of Part One, "Description of the Company's Business", as well as Regulation 21 of Part Four, "Additional Information", which are included in this periodic report.

1.6.9 Bonus Plan for 2024

In accordance with the provisions of the 2023-2025 Compensation Policy and based on its principles, on 6.3.2024 the Board of Directors of the Company (after obtaining the approval of the Compensation Committee), approved a plan for the payment of an annual bonus for 2024 to all officers of the Company, excluding directors, as well as to the Chairman of the Board of Directors of the Company.

For further details, see section 1.25.10 of Part One, "Description of the Company's Business", which is included in this periodic report.

1.6.10 Equity Compensation for officers reporting to the CEO under a 2023 warrant plan

On February 26.2.2023, the Board of Directors of the Company, after obtaining the approval of the Compensation Committee, approved a warrant plan all officers of the Company (including directors), in a total quantity of up to 4,100,000 illiquid warrants, registered in name, for up to 4,100,000 ordinary shares without par value, subject to adjustments (hereafter: "the 2023 Warrant Plan"). Within this framework, the Board of Directors of the Company, after

obtaining the approval of the Compensation Committee, approved the grant of 2,980,000 warrants to 9 officers reporting to the CEO. The cost of the benefit embodied in the warrants granted as aforesaid, based on their fair value on their grant date, amounted to NIS 10 million. Additionally, on 29.1.2024, the Board of Directors of the Company (after obtaining the approval of the Compensation Committee) approved the grant, out of the Pool, of 176,342 warrants to the Company's Legal Counsel, who took office on 1.2.2024 further to a resolution of the Board of Directors. The cost of the benefit embodied in the warrants granted as aforesaid, based on their fair value on their grant date, amounted to NIS 1.3 million. The warrants were allotted to a trustee pursuant to Section 102 of the Income Tax Ordinance, under the capital gains track.

For further details, see note 14 E(1) to the consolidated financial statements.

1.6.11 Retention Plan for the TASE CEO

On 4.5.2023, the shareholders' meeting of the Company, after obtaining the approval of the Company's Board of Directors and Compensation Committee, approved a new retention plan for the TASE CEO (hereafter: "the Retention Plan"). Within the framework of the Retention Plan, the Company granted the CEO a loan in an amount of NIS 3.5 million, for a period of 5 years. If the CEO remains in the employ of TASE at least until 31.5.2028, on 31.5.2028 the loan will be converted into a grant. In addition, the aforesaid meeting approved the allotment of 544,435 warrants to the CEO, which were allotted on 1.6.2023. The cost of the benefit embodied in the warrants granted to the CEO, as aforesaid, based on their fair value on their grant date, amounted to NIS 1.5 million.

For further details, see note 14E(2) to the consolidated financial statements, section 1.25.8.1 of Part One, "Description of the Company's Business" and Regulation 21 of Part Four, "Additional Information", which are included in this periodic report.

1.6.12 Compensation of the Chairman of the Board of Directors

Further to the stated in section 1.6.5 above, on 29.6.2023, the Company's general meeting, after obtaining the approval of the Company's Board of Directors and Compensation Committee, approved the terms of employment of Prof. Kandel as Chairman of the Board of Directors of TASE.

In accordance with his terms of employment, Prof. Kandel is entitled to a (gross) monthly salary of NIS 64.5 thousand, an annual bonus of up to 3 (gross) monthly salaries and the grant of 319,800 warrants, which were allotted on 17.7.2023. The cost of the benefit embodied in the warrants granted as aforesaid, based on their fair value on their grant date, amounted to NIS 1 million.

For further details, see note 25 B to the consolidated financial statements.

1.6.13 Equity compensation to directors

Additionally, on 15.8.2023, the Board of Directors of the Company (after obtaining the approval of the Compensation Committee on the same day) approved the grant of 376,746 warrants to 6 directors in the Company (which were allotted on 15.8.2023). The cost of the benefit embodied in the warrants granted as aforesaid, based on their fair value on their grant date, amounted to NIS 1.5 million.

It should be noted that, on 27.2.2024, Mr. Yoav Chelouche, a director of the Company, stepped down. Accordingly, and in accordance with the terms of the warrants, 52,011 warrants that had been granted to him expired and were returned to the Company's pool of warrants.
For further details, see note 25 C to the consolidated financial statements.

2. Exposure to Risks and Their Management

Presented below are details of the financial risks, the operational risks and the other main risks to which the Group is exposed in the course of its operations:

2.1 General

The operations of the Group involve exposure to various financial risks, mainly – credit risk, liquidity risk and market risk. In addition, the operations of the Group also involve exposure to settlement risk, operational risk, business risk, and other risks, the materialization of which could lead to a loss and to a material reduction in the Group's equity.

The Group regularly reviews the risk mapping to ascertain that it encompasses all of its business activity and reflects developments and changes in the market conditions and in regulatory requirements.

Despite the waning of the moves for the execution of the reform in the judicial system, the Group's assessment of the impact of the "Condition of the Economy and Capital Market Condition and Perception" risk factor remains "medium", as a result of the breaking out of the "Swords of Iron" War on 7.10.2023, whose duration and impact on the economy and the capital market, in general, and on the Company's revenues, in particular, including in the mid and long term - are still unknown, the uncertainty surrounding the Israeli Government's intention to renew the legislation for the implementation of the judicial reform, and the uncertainty and volatility of prominent macroeconomic indicators, such as the interest rate, exchange rates and the inflation rate.

For a list of the exposures to risks and their management, see also the discussion of risk factors in section 1.42 of Part One - Description of the Company's Business, which is included in this Periodic Report.

The Group's exposures to financial risks arise mainly from the clearing operations performed by the Clearing Houses in which the Clearing Houses are obligated as a CCP, as well as from other operations of the Group (e.g., investment in securities). As a CCP, the Clearing Houses ensure the execution of transactions that were executed on TASE, in securities, including transfers to custody (on TASE) and transactions in securities that were executed within the trading framework of the MTS – Multilateral Trading System, transactions in the lending pool (in the case of the TASE Clearing House), and transactions in derivatives (options and futures) (in the case of the MAOF Clearing House). Should a member of the TASE Clearing House or a member of the MAOF Clearing House (as the case may be) be unable to fulfill its obligations, the relevant Clearing House – as a CCP – will be obligated to fulfill the obligations of the Clearing House member toward the other Clearing House members, as well as to handle the exposures, if any, created for the Clearing House incidental to the default event in accordance with the Clearing House's By-Laws.

The individual in charge of the management of market risks in the Company, as described in section 1.42.6 of Part One, "Description of the Company's Business", which is included in this Periodic Report, is the CFO, Mr. Yehuda Ben Ezra.

For details regarding the education and experience of Mr. Yehuda Ben-Ezra, see Regulation 26 A of Part Four – Additional Information on the Company, which is included in this Periodic Report.

2.2 **Regulatory Framework for Managing the Risks at the Clearing Houses**

In April 2012, the Committee on Payments and Market Infrastructures (CPMI), which operates under the Bank of International Settlements (BIS), and the International Organization of Securities Commissions (IOSCO) published the PFMI (Principles for Financial Market Infrastructures) – a document setting out principles for international standards governing the activities of financial market infrastructures, including central counterparties. The document comprises 24 principles governing various aspects aimed at ensuring the proper functioning and financial stability of the financial market infrastructures.

In addition, in light of its responsibility for overseeing and controlling the activity of the Clearing Houses and for ensuring the stability and efficiency of the clearing system, as well as by virtue of the powers granted to it pursuant to Section 50C(b) of the Securities Law, the Israel Securities Authority has prescribed a directive for ensuring the proper functioning of the Clearing Houses, which adopts the principles determined in the PFMI document ("**the Clearing Houses' Stability Directive**").

The Securities Authority announced its adoption of the PFMI principles and recognition of the Clearing Houses as operating under the aforesaid international standards.

In June 2014, the Clearing Houses submitted an application to ESMA (the European Securities and Markets Authority) in order for them to be recognized as qualifying CCPs that comply with the rules of EMIR (the European Markets Infrastructure Regulation) and that are permitted to provide clearing services to European group members and trading platforms.

The ESMA recognition of the Clearing Houses as qualifying CCPs is subject to a double approval system – (a) approval that each Clearing House acts in accordance with the standards prescribed in the EMIR rules, including the adequacy of its corporate governance, risk management framework, etc.; and (b) approval that the regulation in Israel, with regard to the proper functioning of the Clearing Houses, is equivalent to the EMIR rules, including the effectiveness of existing oversight arrangements.

As of 31.12.2021, ESMA had given the Clearing Houses the temporary status of a qualifying clearing house, as is stated on ESMA's public websites. On 5.7.2021, ESMA gave notice that the recognition process had been extended until 28.6.2022.

On 22.6.2022, the European Union announced its recognition of Israeli regulation as equivalent to the EMIR principles. Consequently, ESMA questionnaires were delivered to TASE-CH and MAOF-CH, which were required to reapply for recognition as qualified counterparties.

On 31.10.2022, the Company submitted the reapplication on behalf of TASE-CH. It should be noted that the recognition by ESMA will enable the provision of clearing services to entities incorporated in European Union member states, the joining of such entities as TASE members

and the clearing of financial instruments issued by European issuers, which according to European regulation requires such recognition. It should be noted that these actions are also consistent with the Company's strategy.

On 15.3.2023, ESMA announced that it recognizes the TASE Clearing House as a Tier-1 Third-Country CCP, in accordance with the principles of the applicable European regulation and that, therefore, the Clearing House is qualified to provide clearing services to EU member states for a variety of financial instruments.

The classification of the Clearing House as a Tier-1 Third-Country CCP signifies that the Clearing House was established in a country outside the European Union, and is not deemed as systemically important to the stability of the European Union or of any of its member states, and is not expected to become systemically important, considering its current activity and characteristics.

At this stage, the TASE staff has decided to suspend the reapplication on behalf of MAOF-CH.

2.3 Risk Management

The Company's Board of Directors has the final authority for risk management and it has established three lines of defense, the purpose of which is to assist it with managing the risks: the business lines – first line of defense, the risk management function – the second line of defense and the internal control function – the third line of defense.

The framework for the Group's risk management consists of establishing a policy and procedures based on core principles that the Group sets out in its risk management policy, including: identifying and characterizing the risk profile, setting the risk appetite, establishing lines of defense for managing the risk and delineating spheres of responsibility, establishing reporting lines between the lines of defense and the various organs of the Group, and prescribing means for managing and mitigating the main risks.

The framework for the Group's risk management is aimed at establishing an effective risk management array so as to ensure the stability of the Group – while strengthening its ability to, identify, monitor, control and mitigate its risks and thereby realize its strategic and business goals.

2.4 Significant Measures Taken in the Reporting Period to Improve and Upgrade the Risk Management Array

The Group regularly acts to improve and upgrade its risk management array in accordance with criteria customarily followed by financial market infrastructures in general and by clearing houses in particular, based on the guiding international standards prescribed by CPMI-IOSCO in the PFMI and based on the Clearing Houses' Stability Directive.

The main measures taken in the reporting period to improve and upgrade the risk management array were as follows:

2.4.1 Change in the mix of collaterals required for the Default Fund of TASE-CH

In January 2023, the Audit Committee and the Board of Directors of TASE-CH approved an increase in the minimum cash component that each member is required to deposit as collateral in the Default Fund of TASE-CH from 50% to 100%, this as part of the preparation for the termination of the framework agreements with the Bank of Israel for repo transactions in relation to securities that are deposited as collateral at the Clearing Houses, in the event of default of TASE members (which ended on 30.9.2022). This change took effect on 5.2.2023.

2.4.2 Recognition of TASE-CH as a third-country qualified CCP by ESMA

On 22.6.2022, the European Union announced its recognition of Israeli regulation as equivalent to the EMIR principles. Consequently, ESMA questionnaires were delivered to TASE-CH and MAOF-CH, which were required to reapply for recognition as qualified counterparties.

On 15.3.2023, ESMA announced, following an application submitted by the Company on behalf of TASE-CH on 31.10.2022, that it recognizes TASE-CH as a Tier-1 Third-Country CCP, in accordance with the principles of the applicable European regulation. For additional details, see section 2.2 above.

At this stage, the TASE staff has decided to suspend the reapplication on behalf of MAOF-CH. For additional information, see section 2.2 above.

2.4.3 Performance of Cross-Organizational Stress Tests

In accordance with the Stress Testing Policy, in 2023 several cross-organizational stress tests were performed at the level of the Group and at the level of the Clearing Houses, including a new test that examines the potential effects of an earthquake on the profitability, equity and liquidity. The Company's Recovery Plan was updated accordingly.

2.4.4 Formulation of a Policy and a Procedure for the Management of Outsourcing Risk

The Company has formulated and approved a policy and a procedure concerning the management of outsourcing risk with respect to processes and/or activities at the TASE Group, which are based primarily on the directive of the Israel Securities Authority, the directive of the Supervisor of Banks and the requirements of ESMA, with the necessary adjustments.

2.5 **Risks Factors**

For information on the principal risk factors that affect the activity of the Group, see section 1.42 to Part One, Description of the Company's business, which is included in this periodic report.

2.6 **Presented Below is a Note Relating to the linkage bases as of 31.12.2023 and 31.12.2022 (NIS, in thousands):**

	31.12.2023					
	Foreign currency or linked thereto	CPI-linked	Unlinked	Assets and liabilities derived from clearing operations in respect of open derivative positions	Other items	Total as of 31.12.2023
Assets:						
Current assets:						
Cash and cash equivalents and short-term investments	11,791	81,431	405,444	-	-	498,666
Trade receivables	2,143	-	16,528	-	-	18,671
Other receivables	-	1,167	100	-	8,110	9,377
Assets derived from clearing operations with respect to open derivative positions	-	-	-	1,695,082	-	1,695,082
Non-current assets:						
Deferred taxes and other assets	-	-	-	-	4,033	4,033
Property and equipment and intangible assets, net	-	-	-	-	460,460	460,460
Other long-term receivables	-	-	-	-	5,358	5,358
Total assets	**13,934**	**82,598**	**422,072**	**1,695,082**	**477,961**	**2,691,647**
Liabilities:						
Current liabilities:						
Current maturities of a bank loan	-	-	-	49,946	-	49,946
Current maturities of lease liabilities	-	2,836	1,904	-	-	4,740
Trade payables	385	-	12,678	-	-	13,063
Other payables	-	-	5,204	-	-	5,204
Dividend declared	-	-	231,110	-	-	231,110
Deferred income from listing fees and levies	-	-	-	-	28,734	28,734
Liabilities for current taxes	-		11,196	-	-	11,196
Current liabilities for employee benefits	-	-	55,397	-	-	55,397
Liabilities derived from clearing operations with respect to open derivative positions	-	-	-	1,695,082	-	1,695,082
Non-current liabilities:						
Bank loan	-	-	-	99,888	-	99,888
Lease liabilities	-	6,689	2,320	-	-	9,009
Deferred income from listing fees and levies	-	-		-	77,058	77,058
Non-current liabilities for employee benefits	-	-	-	-	9,500	9,500
Total liabilities	**385**	**9,525**	**319,809**	**1,844,916**	**115,292**	**2,289,927**
Excess assets over liabilities	**13,549**	**73,073**	**102,263**	**(149,834)**	**362,669**	**401,720**

	31.12.2022					
	Foreign currency or linked thereto	CPI-linked	Unlinked	Assets and liabilities derived from clearing operations in respect of open derivative positions	Other items	Total as of 31.12.2022
Assets:						
Current assets:						
Cash and cash equivalents and short-term investments	5,424	92,088	291,115	-	-	388,627
Trade receivables	1,726	-	14,295	-	-	16,021
Other receivables	-	590	672	-	6,308	7,570
Assets derived from clearing operations with respect to open derivative positions	-	-	-	937,259	-	937,259
Non-current assets:						
Property and equipment and intangible assets, net	-	-	-	-	455,662	455,662
Deferred taxes and other assets	-	-	-	-	5,586	5,586
Other long-term receivables	-	-	720	-	685	1,405
Total assets	**7,150**	**92,678**	**306,802**	**937,259**	**468,241**	**1,812,130**
Liabilities:						
Current liabilities:						
Trade payables	27	-	13,837	-	-	13,864
Current liabilities for employee benefits	-	-	37,564	-	-	37,564
Other payables	-	-	3,036	-	-	3,036
Current maturities of lease liabilities	-	2,996	5,477	-	-	8,473
Liabilities for current taxes	-		4,743	-	-	4,743
Deferred income from listing fees and levies	-	-	-	-	28,412	28,412
Liabilities derived from clearing operations with respect to open derivative positions	-	-	-	937,259	-	937,259
Non-current liabilities (including current maturities):						
Non-current liabilities for employee benefits	-	-	-	-	6,580	6,580
Lease liabilities	-	3,853	2,719	-	-	6,572
Deferred income from listing fees and levies	-	-	-	-	78,459	78,459
Other liabilities	-	-	720	-	-	720
Total liabilities	**27**	**6,849**	**68,096**	**937,259**	**113,451**	**1,125,682**
Excess assets over liabilities	**7,123**	**85,829**	**238,706**	**-**	**354,790**	**686,448**

2.7 Sensitivity Analyses

The TASE Group has cash reserves that are the deposited with banks and invested in financial instruments. With regard to sensitivity analyses to changes in interest, see note 8 D to the Company's consolidated financial statements as of 31.12.2023, which are included in this Periodic Report.

2.8 Fair Value at Risk

Presented below are details regarding the adoption of the VaR model by the Company in accordance with the provisions of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

2.8.1 Details regarding the model

A VaR model is a statistical model that is customarily used for risk measurement and assessment. The purpose of the model is to estimate the maximum potential loss on a particular investment and/or on an investment portfolio during a defined time window ("the Holding Period"), at a given level of confidence. Like any statistical tool, VaR provides an estimate of risk within a framework of reasonable limits to this question. The Group calculates the VaR only on the securities in the investment portfolio and on the cash balances held in foreign currency, should there be any, viz. it does not calculate this value for assets and liabilities derived from clearing operations with respect to open derivative positions, since the Group does not recognize gains or losses from fair value adjustments on the positions. For further details, see note 7 to the Company's consolidated financial statements as of 31.12.2023, which are included in this Periodic Report.

For further details regarding the management of the rest of the Company's exposures to financial risks, see note 4 to the Company's consolidated financial statements as of 31.12.2023, which are included in this Periodic Report.

2.8.2 Description of the model

The methodology used by the Company for estimating the market risks has been approved by the Board of Directors in accordance with Clearing Houses' Stability Directive.

The methodology for estimating the market risks is calculated at the level of the individual asset included in the Company's investment portfolio and by applying "Monte Carlo Simulation" and "Historical Simulation" to the VaR model, with the risk estimate for each asset being higher than the absolute value of the result of each VaR model, due to the addition of a 30% "add-on" component (i.e., the aforesaid maximum value is multiplied by 1.3).

The calculation of the models is done at a confidence level of at least 99.9% and on the basis of a Holding Period of three days for securities and one day for cash balances held in foreign currency.

The models are recalculated every quarter as the profile of the market risk and its impact on the financial stability of the Company are not material to the extent of having to make the

calculation more frequently, taking into consideration the mix of the securities included in the investment portfolio (Israeli government bonds and T-bills (Makams)) and also the other risk management measures available to the Company as set forth in note 4 D to the Company's consolidated financial statements as of 31.12.2023, which are included in this Periodic Report.

2.8.3 **Limitations of the model**

a. As a rule, the Monte Carlo Simulation assumes that the risk factors are split in a normal manner. This assumption does not always hold true in real life.

b. The Historical Simulation assumes that the historical behavior of the risk factors will repeat itself in the future, which might not be the case.

c. A sudden change in a risk factor cannot be forecast in either of the simulation methods.

d. Generally, the VaR model ignores the structure of potential losses which is greater than the defined confidence level (Tail Risk).

e. Use of a Holding Period of three trading days for securities and a Holding Period of one day for foreign currency assumes that it is, and that it also will be, possible to realize and/or liquidate the assets within three days or one day, respectively.

2.8.4 Presented below are details of the VaR results for the periods ended on 31.12.2023 and 31.12.2022:

	As of 31.12.2023	Maximum value for 2023	Average for 2023
	NIS, in millions		
The VaR for the investment portfolio and the cash balance held in foreign currency	4.6	8.8	6.3
	As of 31.12.2022	**Maximum value for 2022**	**Average for 2022**
	NIS, in millions		
The VaR for the investment portfolio and the cash balance held in foreign currency	9.4	10.2	9.6

The model calculations are performed as of the end of every calendar quarter ("Quarterly Calculation Date") for each risk asset (security/foreign currency balance) included in the investment portfolio on the Quarterly Calculation Date ("Relevant Risk Asset").

For the purpose of backtesting the appropriateness of the model results, at every Quarterly Calculation Date a stand-alone comparison is performed for each Relevant Risk Asset, between (i) the results of the model for the asset as of the Quarterly Calculation Date and (ii) the rates of change in the price of the asset (in terms of the holding period pertaining to the asset) over the calendar quarter immediately following the Quarterly Calculation Date ("the Quarterly Sample"). A situation where, on a given date throughout the Quarterly Sample, the absolute value of the rate of reduction in the price of a Relevant Risk Asset is greater than the model result for that asset (as per the calculation for the end of the preceding calendar quarter), will be deemed as an "exception".

Backtesting of the model results as of 31.12.2022, 31.3.2023, 30.6.2023 and 30.9.2023, revealed no exceptions.

The reduction in the VaR results reflects, inter alia, the Company's decision to change the mix of its liquid assets, pursuant to which, in August 2023, the Company realized NIS 112 million of shekel bonds.

3. Aspects of Corporate Governance

3.1 Donations

In the context of community assistance, the Company occasionally donates to various causes and gives back to the community. As of the date of the this periodic report, the Company has not formulated a policy on the topic of donations. Nevertheless, during the reporting period the Board of Directors of the Company approved the establishment of a fund, in collaboration with Social Finance Israel (SFI) for the integration of underprivileged populations in the capital market and in other areas of activity. The fund will raise funds for specific ventures using a Career Impact Bond (CIB) model, to allow diverse populations access to training and quality employment in various areas. The Company donated an amount of NIS 300 thousand during the reporting period towards the establishment of the fund.

In addition, the Company runs a program for the integration at TASE of workers with special needs, such as people with high functioning autism, over a period of 24 months, in order to allow additional candidates to partake in the program. The program participants fill various positions in the distribution division and in other departments at TASE, depending on their capabilities and skills, to assist in daily tasks and acquire professional skills and experience.

Since the break-out of the Iron Swords War, which is still ongoing, until shortly before the publication date of this report, the Company has made donations by financing volunteering activities and assistance initiatives of its employees for the benefit of victims impacted by the war and by purchasing equipment for those individuals in an amount of NIS 1.1 million.

Overall, in 2023 the Company donated an amount of NIS 1.4 million.

3.2 Details Regarding Directors Possessing Accounting and Financial Expertise

Pursuant to the provisions of the Companies Law and the regulations promulgated thereunder, the Company's Board of Directors has determined that the minimum number of directors possessing accounting and financial expertise that the Company requires is three such directors. To the publication date of this report and following the termination of Mr. Yoav Chelouche's office as a director in the Company, on 27.2.2024, after the reporting date, four directors who possess accounting and financial expertise serve in the Company.

This determination was arrived at taking into consideration, inter alia, the Company's size, its type of activity, the number of members on its Board of Directors, and its complexity.

In the Company's opinion, taking into account all the relevant circumstances, as set forth below, the minimum number as determined above will enable the Board of Directors to fulfill the duties imposed upon it under the law and under its deeds of incorporation, and especially in relation to its responsibility for examining the Company's financial position and for preparing the

Company's financial statements, even when a director possessing the aforesaid expertise is absent or ill.

In addition, the minimum number was determined taking into consideration the close accounting accompaniment provided by the Company's independent auditors, including their participation in meetings of the Board of Directors at which accounting issues are discussed and their availability to answer questions raised by the Board of Directors.

Below are listed the names of the directors who possess accounting and financial expertise, who served in the reporting period:

- Mr. Eugene Kandel – Chairman of board of directors.
- Ms. Merav Ben Canaan Heller – external director, independent director, recommended by the Nominations Committee.
- Mr. Salah Saabneh – director.
- Mr. Aharon Aharon - external director, independent director recommended by the Nominations Committee.
- Mr. Jonathan Kolodny – director.
- Mr. Yoav Chelouche – external director, independent director, recommended by the Nominations Committee (stepped down on 27.2.2024*).

All the directors listed above are familiar with the duties of the independent auditors, with the financial statement preparation processes and with the internal control systems of organizations (for details regarding the education and employment of these directors, see Regulation 26 of Part Four – Additional Information on the Company, which is included in this Periodic Report).

3.3 **Independent Directors**

In accordance with Sections 50B3(a) and (b) of the Securities Law, a majority of the Company's Board of Directors are to be independent directors, and at least three of these are to be directors recommended by an external Nominations Committee established specifically for this purpose by virtue of Amendment 63 to the Securities Law (hereafter: "**Recommended by the Committee**").

As of the publication date of this report and following the termination of Mr. Yoav Chelouche's as a director in the Company after the reporting date, four independent directors (of which three are Recommended by the Committee) are serving with the Company. The three directors Recommended by the Committee were also appointed as external directors, within the meaning of the term in the Companies Law.

For additional information, see section 1.35.5 to Part One – Description of the Company's Business, which is included in this periodic report.

* See section 1.35.5 to Part One, Description of the Company's Business, which is included in this periodic report.

3.4 Internal Audit

3.4.1 Details of the internal auditor

Ms. Sharon Witkowski-Tabib ("**the Internal Auditor**") has been serving in the aforesaid position with the Company since 15.4.2011 and with the Clearing Houses since 5.5.2011.

The Internal Auditor is a certified public accountant and a member of the Institute of Certified Public Accountants in Israel; she is also a member of the international Institute of Internal Auditors (IIA). The Internal Auditor has an MA in public administration and internal auditing and a BA in business administration, specializing in accounting and finance; she also holds the IIA's Certified Internal Auditor (CIA) certification and the Certification in Risk Management Assurance (CRMA).

The Internal Auditor fulfills the conditions prescribed in Section 146(b) of the Companies Law and the conditions prescribed in Sections 3(a) and 8 of the Internal Audit Law, 5752-1992.

The Internal Auditor provides external services to the Company under a services agreement with BDO Ziv Haft Consulting and Management Ltd. ("the Consulting Firm"). The Internal Auditor is a partner in the Consulting Firm and heads the Internal Audit and Risk Management Cluster at the Consulting Firm.

Neither the Internal Auditor nor the Consulting Firm have any material business connections or other material connections with the Company or with the Clearing Houses or with the Nominee Company or with any entity related to these.

The Internal Auditor has been appointed to the position of internal auditor at various other corporations.

3.4.2 Method of appointment

The appointment of the Internal Auditor was approved by the Company's Board of Directors (after the Audit Committee gave its approval thereto), and has been extended from time to time through 31.12.2024 (after the Audit Committee and the Company's Board of Directors gave their approval thereto)* .

The Internal Auditor's experience, qualifications, knowledge of the Company, and education, as well as the Group's satisfaction with the internal audit work that has been done until now (taking into account the size of the TASE Group, the scope of its operations and their complexity), are some of the reasons that the Board of Directors has approved the appointment.

3.4.3 Identity of the officer to whom the Internal Auditor reports

As resolved by the Company's Board of Directors, the officer to whom the Internal Auditor reports is the Chairman of the Company's Board of Directors.

* In accordance with the resolution of the Company's Audit Committee from 14.12.2023, commencing in 2025 the maximum term in office of an internal auditor will be limited to 10 years. Accordingly, and despite her term in office exceeding 10 years, the Internal auditor, Ms. Witkowski Tabib is planned to step down at the end of 2024.

3.4.4 **Internal audit work plan**

The Internal Auditor has a work plan in place for 2024, both for the Company and also for the Clearing Houses, with this being based on the multiyear work plan for the five years 2020-2024. The work plan for 2024 was discussed at the Company's Audit Committee and was approved by the Company's Board of Directors on 28.12.2023.

The work plan for 2024 was drawn up based on the Internal Auditor's knowledge of the Company, as well as on the operations mapping conducted by the Internal Auditor at TASE over the years:

- preliminary survey – June through September 2011;
- mapping the TASE Clearing House processes – November 2011 through January 2012;
- survey for mapping aspects of IT management at the Company – November 2014;
- mapping of activities and formulation of the multiyear internal audit program for the years 2015-2019;
- survey for the formulation of the multiyear internal audit program for the years 2020-2024;
- participation in meetings of the Board of Directors and the Audit Committee throughout the year;
- reviewing documents and various other supporting documentation throughout the year, including minutes from the different forums, risks studies, various reports, etc.;
- meetings and conversations with office holders the purpose of updating the annual program, including with the Chairman of the Board of Directors, the CEO and EVPs.

The parties involved in drawing up the work plan are the Company's Management and also the Audit Committee and the Company's Board of Directors.

Following discussions held by the Internal Auditor with the Company's management, the internal audit work plan is presented to the Audit Committee and, following its approval by said Committee, it was brought before the Company's Board of Directors. The Audit Committee and the Company's Board of Directors approve any change to the work plan.

3.4.5 **Audit of investee corporations**

As stated above, the internal audit work plan for the Company and for its subsidiaries is consolidated and multiyear – for 2020-2024. Every year, the Board of Directors approves the Group's work plan for the specific year.

3.4.6 **Scope of the work**

The scope of the internal audit hours performed at TASE and at the subsidiaries in 2023 was 1,122 hours.

3.4.7 **Conduct of the audit in accordance with professional standards**

The aforesaid internal audit is performed in conformity with the Internal Audit Law and professional standards generally accepted for internal audit, including the standards of the international Institute of Internal Auditors (IIA). The Company's Board of Directors has

expressed its opinion that the Internal Auditor has complied with the requirements prescribed in the aforesaid professional standards, taking into consideration the professionalism of the Internal Auditor, her qualifications and her experience. It should be noted that this is both a qualitative assessment, at the discretion of the Board of Directors of the Company, and based on an independent assessment of the work performed by the Internal Auditor in 2023.

3.4.8 **Access to information**

The Internal Auditor was furnished with any document and any information in the possession of TASE and the subsidiaries, which was asked for by the Internal Auditor and was needed for the purpose of performing her duties. The Internal Auditor and her team are given free and constant access to the information.

3.4.9 **Internal audit reports**

The internal audit reports are drawn up and presented in writing. The audit reports are presented to the Chairman of the Company's Board of Directors, to the members of the Company's Audit Committee and to the Company's CEO.

3.4.10 **Opinion of the Board of Directors concerning the Internal Auditor's activities**

In the opinion of the Company's Board of Directors, the scope, nature and continuity of the Internal Auditor's activities and her work program are reasonable in light of prevailing circumstances and are sufficient to attain the internal audit objectives of the Company.

3.4.11 **Remuneration**

The Internal Auditor's remuneration is based on a fixed hourly tariff and is paid by the Company to the Consulting Firm.

In the opinion of the Company's Board of Directors, the payment of such remuneration does not influence the professional judgment exercised by the Internal Auditor in performing the audit.

3.5 **Professional Fees of the Independent Auditors**

Presented below are the professional fees of the independent auditors with respect to audit services, services related to auditing and tax services, provided to the Company and to its subsidiaries in 2023:

Name of auditors	Service	Professional fees (NIS, in thousands)
Brightman Almagor Zohar & Co., CPAs	Audit	550
	Tax and consulting services	181

Presented below are the professional fees of the independent auditors with respect to audit services, services related to auditing, including preparations for a prospectus, and tax services, provided to the Company and to its subsidiaries in 2022:

Name of auditors	Service	Professional fees (NIS, in thousands)
Brightman Almagor Zohar & Co., CPAs	Audit	450
	Tax and consulting services	13

4. **Effectiveness of the Internal Control Over the Financial Reporting and Disclosure (iSOX)**

Taking into account the date of the initial listing of the Company's shares, on 1.8.2019, the Company was subject – as of the date of the Report – to the obligation to attach a report regarding the assessment of the Board of Directors and management concerning the effectiveness of the internal control over the financial reporting and over the disclosure, management declarations by the CEO and the most senior officer in the financial sphere regarding the effectiveness of the internal control over the financial reporting and over the disclosure – see Part Five of the Periodic Report for 2023 concerning the effectiveness of the internal control over financial reporting and disclosure. The obligation to attach the report of the independent auditors on the effectiveness of the internal control will apply from 1.8.2024.

The Board of Directors expresses its appreciation to the Company's Management and to the Group's employees for their dedicated work and their contribution to the Company's progress.

_____	_____
Eugene Kandel	**Ittai Ben-Zeev**
Chairman of Board of Directors	**Chief Executive Officer**

Date: March 6, 2024

TEL AVIV STOCK EXCHANGE
הבורסה לניירות ערך תל אביב

Part 3

Consolidated Statements of Financial Position as of December 31, 2023

Separate Financial Information as of December 31, 2023

This English version is only for convenience purposes. This is not an official translation and has no binding force. Whilst reasonable care and skill have been exercised in the preparation hereof, no translation can ever perfectly reflect the Hebrew version. In the event of any discrepancy between the Hebrew version and this translation, the Hebrew version shall prevail.

THE TEL-AVIV STOCK EXCHANGE LTD.

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023

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AUDITORS' REPORT TO THE SHAREHOLDERS OF
THE TEL-AVIV STOCK EXCHANGE LTD.

We have audited the accompanying consolidated statements of financial position of The Tel-Aviv Stock Exchange Ltd. (hereafter - "the Company") as of December 31, 2023 and 2022, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2023. These financial statements are the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with Generally Accepted Auditing Standards in Israel, including those prescribed by the Auditors' Regulations (Auditor's Mode of Performance) - 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated companies as of December 31, 2023 and 2022, and the results of their operations, changes in equity and their cash flows for each of the three years in the period ended in December 31, 2023, in conformity with International Financial Reporting Standards (IFRS) and with the provisions of the Securities Regulations (Annual Financial Statements) - 2010.

Key Audit Matters

The key audit matters specified below are those that were communicated, or that were required to be communicated, with the Board of Directors of the Company and that, in our professional judgment, were the most significant in the audit of the consolidated financial statements for the current period. Those matters include, inter alia, any matter that: (1) relates, or could relate, to material items or disclosures in the financial statements; and (2) our judgment in relation to which was challenging, subjective or particularly complex. Those matters have been addressed in our audit and in the formulation of our opinion on the consolidated financial statements as a whole. The communication of those matters does not alter our opinion on the consolidated financial statements as a whole and is not used by us to provide a separate opinion on those matters or on the items or the disclosures to which they relate.

Presented below are the key matters relating to the audit of the consolidated financial statements of the Company for the year ended December 31, 2023:

Revenue recognition - trading and clearing commissions and commissions from listing fees on shares and ETFs

The Company's revenue from trading and clearing commissions and revenue from listing fees and levies amounted to NIS 237 million in 2023, consisting of revenue of NIS 156 million from trading and clearing commissions and revenue of NIS 81 million from commissions with respect to listing fees and levies.

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The Company's revenue from trading and clearing commissions are based on complex IT systems and processes that are necessary to support a high volume of transactions and the corresponding recording of revenue.

The Company's revenue from listing fees and levies include, inter alia, revenue from fees on the listing of shares and ETFs, which are recognized on a pro-rata basis over the estimated service period of the shares and ETFs, this in accordance with International Financial Reporting Standard (IFRS 15), "Revenue from Contracts with Customers". Based on the aforesaid estimate, the Company determined that the revenue recognition period for fees on the initial listing of shares and ETFs is 12 years and the revenue recognition period for a secondary offering of shares is 6 years, this as described in note 2 to the consolidated financial statements.

In view of (1) the materiality of revenue from trading and clearing commissions and from listing fees of shares and ETFs to the consolidated financial statements; (2) Management's discretion in determining the estimated service period of shares and ETFs for the purpose of recognizing revenue from listing fees; (3) the complexity of the IT systems used by the Company to initiate, process and record transactions; and (4) the fact that this matter constitutes a material part of the audit work, we have identified, based on our professional judgment, the process of recognition of revenue from trading and clearing commissions and from commissions with respect to listing fees of shares and ETFs as a key audit matter.

The aforesaid key audit matter was addressed, inter alia, by implementing procedures and evaluating audit evidence in connection with the formulation of our opinion on the consolidated financial statements as a whole.

The audit procedures that we have performed to address this key audit matter included obtaining an understanding of the processes for the recognition of revenue from trading and clearing commissions and from listing fees of shares and ETFs and assessment of the design, implementation and effectiveness of the internal controls that are relevant to the aforesaid processes as well as general information system controls (GITC) that are relevant to those processes. In addition, these procedures included, inter alia: (1) examination of the appropriateness of the revenue recognition by independent calculation of various commissions based on the TASE pricelist, for a sample of transactions, as well as by comparison of the revenue recognized by the Company against supporting evidence; (2) application of substantiating analytical procedures to certain types of revenue; (3) assessment of the appropriateness of the model used by the Company to determine the service period of shares and ETFs for the purpose of recognizing revenue from listing fees of shares and ETFs.

Brightman Almagor Zohar & Co.
Certified Public Accountants
A Firm in the Deloitte Global Network

Tel Aviv, Israel, March 6, 2024

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TEL-AVIV STOCK EXCHANGE LTD.
Consolidated Statements of Financial Position

	Note	December 31, 2023	December 31, 2022
		NIS, in thousands	NIS, in thousands
Assets			
Current assets			
Cash and cash equivalents	6 A	408,484	192,416
Financial assets at fair value through profit or loss	8	90,182	196,211
Trade receivables		18,671	16,021
Other receivables		9,377	7,570
		526,714	412,218
Assets derived from clearing operations with respect to open derivative positions	7	1,695,082	937,259
Total current assets		2,221,796	1,349,477
Non-current assets			
Earmarked Cash		-	720
Deferred Tax Assets	17	4,033	5,586
Property and equipment, net	10, 11	307,144	315,598
Intangible assets, net	12	153,316	140,064
Other long terms receivables	25 D	5,358	685
Total non-current assets		469,851	462,653
Total assets		**2,691,647**	**1,812,130**

The accompanying notes are an integral part of the financial statements.

	Note	December 31, 2023 NIS, in thousands	December 31, 2022 NIS, in thousands
Liabilities and Equity			
Current liabilities			
Current maturities of a bank loan	13	49,946	-
Current maturities of lease liabilities	11 B	4,740	8,473
Trade payables		13,063	13,864
Other payables		5,204	3,036
Dividend declared	20	231,110	-
Deferred income from listing fees, levies and other	15	28,734	28,412
Current tax liabilities	17	11,196	4,743
Short-term liabilities for employee benefits	14	55,397	37,564
		399,390	96,092
Liabilities derived from clearing operations with respect to open derivative positions	7	1,695,082	937,259
Total current liabilities		2,094,472	1,033,351
Non-current liabilities			
Bank loan	13	99,888	-
Lease liabilities	11 B	9,009	6,572
Deferred income from listing fees and levies	15	77,058	78,459
Non-current liabilities for employee benefits	14	9,500	6,580
Other liabilities		-	720
Total non-current liabilities		194,455	92,331
Equity			
Remeasurement of net defined benefit liability		4,745	5,207
Share-based payments reserve	16	39,927	33,787
Other capital reserves	19	66,975	54,222
Retained earnings		290,073	593,232
Total equity		401,720	686,448
Total liabilities and equity		**2,691,647**	**1,812,130**

March 6, 2024			
Date of Financial Statements Approval	**Eugene Kandel Chairman of the Board of Directors**	**Ittai Ben Zeev CEO**	**Yehuda Ben Ezra EVP, CFO**

The accompanying notes are an integral part of the financial statements.

TEL-AVIV STOCK EXCHANGE LTD.
Consolidated Statements of Profit or Loss

	Note	Year Ended December 31,		
		2023	2022	2021
		NIS, in thousands	NIS, in thousands	NIS, in thousands
Revenue from services:	21			
Trading and clearing commissions		155,589	142,490	131,116
Listing fees and levies		81,120	84,489	69,056
Clearing House services		78,208	70,908	65,505
Data distribution and connectivity services		71,176	58,060	52,268
Other revenue		3,762	5,064	5,712
Total revenue from services		389,855	361,011	323,657
Costs:				
Employee benefits expenses (*)	22 A	153,643	147,325	146,821
Share-based payments expenses	16	6,140	530	739
Computer and communications expenses (*)		38,559	30,533	29,397
Property taxes and building maintenance expenses		13,732	13,798	13,190
Other operating expenses (**)		2,470	2,548	1,483
General and administrative expenses (**)		9,389	9,100	9,400
Marketing expenses		5,693	13,171	11,203
Fee to the Israel Securities Authority		8,098	9,341	9,123
Depreciation and amortization expenses	22 B	52,412	51,335	47,618
Other expenses		1,380	132	262
Total costs		291,516	277,813	269,236
Profit before financing income (expenses), net		98,339	83,198	54,421
Financing income		11,952	(12,802)	5,488
Financing expenses		645	423	948
Total financing income (expenses), net	23	11,307	(13,225)	4,540
Profit before tax on income		109,646	69,973	58,961
Taxes on income	17	26,440	19,137	13,491
Profit for the year		**83,206**	**50,836**	**45,470**
Basic earnings per share in NIS	**24**	**0.859**	**0.500**	**0.449**
Diluted earnings per share in NIS	**24**	**0.840**	**0.492**	**0.436**

(*) Reclassified.
(**) Classification for elaboration purposes.

The accompanying notes are an integral part of the financial statements.

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Profit for the year	83,206	50,836	45,470
Other comprehensive income (loss):			
Items that will not be subsequently reclassified to profit or loss, net of tax:			
Remeasurement of net liability with respect to defined benefit, net of tax	(462)	21,743	1,373
Comprehensive income for the year	**82,744**	**72,579**	**46,843**

The accompanying notes are an integral part of the financial statements.

TEL-AVIV STOCK EXCHANGE LTD.
Consolidated Statements of Changes in Equity

	Share-based payments reserve	Remeasurement of net defined benefit liability	Other Capital Reserves	Retained Earnings	Total
	NIS, in thousands	NIS, in thousands	NIS, in thousands	NIS, in thousands	NIS, in thousands
Balance at January 1, 2021	32,518	(17,909)	46,802	569,429	630,840
Profit for the year	-	-	-	45,470	45,470
Other comprehensive income for the year	-	1,373	-	-	1,373
Total comprehensive income for the year	-	1,373	-	45,470	46,843
Dividend paid	-	-	-	(18,450)	(18,450)
Share-based payment	739	-	-	-	739
Receipts carried directly to equity within the framework of implementing the TASE Restructuring Law, net (see note 19 C)	-	-	1,896	-	1,896
Balance at December 31, 2021	**33,257**	**(16,536)**	**48,698**	**596,449**	**661,868**
Balance at January 1, 2022	33,257	(16,536)	48,698	596,449	661,868
Profit for the year	-	-	-	50,836	50,836
Other comprehensive income for the year	-	21,743	-	-	21,743
Total comprehensive income for the year	-	21,743	-	50,836	72,579
Dividend paid	-	-	-	(22,735)	(22,735)
Share-based payment	530	-	-	-	530
Acquisition of treasury shares	-	-	-	(31,318)	(31,318)
Receipts carried directly to equity within the framework of implementing the TASE Restructuring Law, net (see note 19 C)	-	-	5,524	-	5,524
Balance at December 31, 2022	**33,787**	**5,207**	**54,222**	**593,232**	**686,448**

	Share-based payments reserve	Remeasurement of net defined benefit liability	Other Capital Reserves	Retained Earnings	Total
	NIS, in thousands	NIS, in thousands	NIS, in thousands	NIS, in thousands	NIS, in thousands
Balance at January 1, 2023	33,787	5,207	54,222	593,232	686,448
Profit for the year	-	-	-	83,206	83,206
Other comprehensive loss for the year	-	(462)	-	-	(462)
Total comprehensive income for the year	-	(462)	-	83,206	82,744
Dividend declared	-	-	-	(231,110)	(231,110)
Share-based payment	6,140	-	-	-	6,140
Acquisition of treasury shares	-	-	-	(155,255)	(155,255)
Receipts carried directly to equity within the framework of implementing the TASE Restructuring Law, net (see note 19 C)	-	-	12,753	-	12,753
Balance at December 31, 2023	**39,927**	**4,745**	**66,975**	**290,073**	**401,720**

The accompanying notes are an integral part of the financial statements.

TEL-AVIV STOCK EXCHANGE LTD.
Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Cash Flows from Operating Activities:			
Profit for the year	83,206	50,836	45,470
Share-based payments expenses	6,140	530	739
Tax expenses recognized in profit or loss	26,440	19,137	13,491
Net financing expense (income) recognized in profit or loss	(11,307)	13,225	(4,540)
Depreciation and amortization	52,412	51,335	47,618
Loss from disposal of property and equipment and intangible assets	691	131	262
	157,582	135,194	103,040
Changes in asset and liability items:			
Increase in trade receivables and other receivables	(9,130)	(532)	(5,000)
Increase in receivables with respect to open derivative positions	(757,823)	(271,988)	(312,078)
Increase (decrease) in trade payables and other payables	1,212	(2,320)	5,719
Increase (decrease) in deferred income with respect to listing fees, levies and others	(1,079)	(4,156)	11,317
Increase in payables with respect to open derivative positions	757,823	271,988	312,078
Increase in employee benefits related liabilities	20,152	14	1,725
	168,737	128,200	116,801
Interest received	10,564	5,297	4,300
Interest paid	(567)	(417)	(726)
Tax payments from operating activities	(18,461)	(13,498)	(13,993)
	(8,464)	(8,618)	(10,419)
Net cash provided by operating activities	**160,273**	**119,582**	**106,382**
Cash Flows for Investing Activities:			
Acquisition of property and equipment	(10,138)	(14,841)	(6,239)
Proceeds from the disposal of property and equipment	-	-	16
Acquisitions of intangible assets (*)	(20,836)	(14,666)	(13,457)
Payments with respect to costs capitalized to property and equipment and to intangible assets (*)	(19,591)	(18,751)	(15,953)
Disposal (acquisition) of financial assets at fair value through profit or loss, net	107,589	(4,632)	(4,591)
Net cash provided by (used in) investing activities	**57,024**	**(52,890)**	**(40,224)**
Cash Flows for Financing Activities:			
Lease payments	(8,848)	(8,815)	(9,125)
Acquisition of treasury shares	(155,255)	(31,318)	-
Dividend paid	-	(22,735)	(18,450)
Receipts (payments) carried directly to equity within the framework of implementing the TASE Restructuring Law, net (see note 19 C)	12,753	8,220	(800)
Bank loan (see note 13)	150,000	-	-
Net cash used in financing activities	**(1,350)**	**(54,648)**	**(28,375)**
Net increase in cash and cash equivalents	215,947	12,044	37,783
Cash and cash equivalents, beginning of the year	192,416	179,768	142,154
Effect of changes in exchange rates on cash balances held in foreign currency	121	604	(169)
Cash and cash equivalents, end of the year	**408,484**	**192,416**	**179,768**

(*) Reclassified.

The accompanying notes are an integral part of the financial statements.

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
APPENDIX A – NON-CASH ACTIVITIES:			
Acquisition of property and equipment and intangible assets, under short-term credit	4,666	4,511	8,150
Increase in right-of-use assets and lease liabilities, Net*	371	65	21
Dividend declared	231,110	-	-
Receivables from shareholders for receipts from the exercise of TASE shares within the framework of implementing the ownership restructuring (see note 19 C)	-	-	2,696

(*) For further details regarding lease liabilities, see note 11 B.

The accompanying notes are an integral part of the financial statements.

NOTE 1 - GENERAL:

A. The Tel-Aviv Stock Exchange ("TASE"), a company limited by shares, was incorporated in Israel, in 1953, and its registered office is at 2 Ahuzat Bayit Street, Tel Aviv. TASE is engaged in managing a securities stock exchange and in related activities.

The TASE Clearing House Ltd. ("TASE-CH") is a wholly owned subsidiary of TASE (see note 9 below). TASE-CH was acquired by TASE in September 2006 from TASE-CH members and is engaged primarily in clearing and settlement of securities, other than derivatives, and providing services as a Central Securities Depository.

The MAOF Clearing House Ltd. ("MAOF-CH") is a wholly owned subsidiary of TASE (see note 9 below) and is engaged primarily in issuing options and futures ("derivatives") and providing clearing services for these derivatives.

The Tel-Aviv Stock Exchange Nominee Company Ltd. (“Nominee Company”) is wholly owned by TASE (see note 9 below) and was incorporated in Israel on 25.10.2017. The Nominee Company is engaged in holding securities for others and in performing the actions required for this in accordance with the provisions of the law.

All that reported in these financial statements regarding the activity of both TASE-CH and MAOF-CH is subject to the By-Laws of each clearing house.

With respect to clearing houses' operations, the terms used in these financial statements shall have the meaning they have in the Securities Law, 1968, TASE’s Rules, the Regulations pursuant thereto, and the Clearing Houses’ By-Laws.

As of 31.12.2023, TASE has 24 members, consisting of 14 banks (including the Bank of Israel), 7 non-bank members (“NBM’s”) and 3 with a “remote member” status. Additionally, as of 31.12.2023, the Board of Directors of TASE has approved the acceptance of four new entities as members: two as NBMs, one as an NBM acting on its own account (nostro), and one as a remote member. The commencement of the four aforesaid entities’ activity on TASE is subject to the completion of their operational, technological and corporate governance preparations.

As of 31.12.2023, TASE-CH has 19 members, consisting of 12 banks (including the Bank of Israel), 4 non-banking Clearing House members (“NBCHMs”) and 3 custodial members. As of 31.12.2023, the Board of Directors of TASE-CH approved the acceptance of two new entities as Clearing House members, one as an ordinary member and the other as a custodial member. The commencement of the aforesaid two entities’ operation as TASE-CH members is conditional upon their completion of the necessary operational, technological and corporate governance preparations.

As of 31.12.2023, MAOF-CH has 9 members, consisting of 8 banks and one NBCHM.

Operating segments are identified on the basis of internal reports regarding the components of the Group, which are regularly reviewed by the Group’s chief operating decision-maker in order to allocate resources and assess the performance of the operating segments. The reports that are sent to the chief operating decision-maker in the TASE Group are for all the Group activities as described above. Therefore, the TASE Group has a single area of activity which is reported as a single reportable segment, and that is the area of trading and clearing of transactions in securities.

With respect to a model regarding the allocation of income and expenses of TASE, TASE-CH, MAOF-CH, and the Nominee Company (“the Group”) between the Group companies, see note 25 C (2).

NOTE 1 - GENERAL (CONT.):

B. On 30.7.2015, the general meeting resolved to approve an outline in principle for an arrangement program between the TASE members at that time, and also between them and TASE, for the purpose of implementing a restructuring of TASE and turning it into a company that is entitled to distribute dividends, having a share capital comprising only one class of shares. This is to be done by allocating shares to the TASE members in accordance with an allocation table to be decided upon ("the Allocation Table"). In accordance with the outline in principle that was approved as stated, the parameters included in the model, for the purpose of establishing entitlement to the share allocation, relate to anyone that was a TASE member on 30.6.2015.

On 6.4.2017, the Securities Law (Amendment No. 63), 2017, which deals with changes in the ownership structure of TASE, was passed ("TASE Restructuring Law", "Law"). The aim of the Law is to change the ownership structure of TASE, while transforming it into a "for-profit" company, and to expand the TASE membership base and to make TASE accessible to a larger number of parties. Another aim of the Law is to lay the infrastructure for future strategic collaborations with foreign stock exchanges and strategic investors.

The main points of the Law are as follows:

- With the TASE restructuring and upon the corporate governance arrangements in the aforementioned Securities Law amendment taking effect, the provisions prescribed in the Securities Law prohibiting the distribution of TASE profits will be revoked, so as to permit TASE to become a "for profit" company entitled to distribute profits to its owners.
- Prescribing terms for obtaining a stock exchange license in Israel. In accordance with the transitional provisions set forth in the Law, the license granted to the Tel-Aviv Stock Exchange prior to the Law taking effect will be deemed a license granted to it pursuant to the provisions of the Law.
- Prescribing terms for obtaining a clearing house license in Israel. In accordance with the transitional provisions set forth in the Law, TASE-CH and MAOF-CH will be deemed as having been granted a license pursuant to the provisions of the Law.
- Setting a proscription against TASE engaging in the provision of services giving rise to a substantive concern regarding a conflict of interests with its business of managing a securities trading system.
- Setting a proscription against a holding of five percent or more in TASE without receipt of a permit from the Israel Securities Authority, setting a proscription against control of TASE without a permit and setting a proscription against control of a clearing house without a permit. In accordance with the transitional provisions set forth in the Law, TASE will be deemed as having been granted a permit to control the clearing houses under its control prior to the Law taking effect pursuant to the provisions of the Law.
- Prescribing corporate governance arrangements.
- Imposing an obligation on clearing houses to provide services to every stock exchange or clearing member and not to unreasonably refuse to provide such services.

NOTE 1 - GENERAL (CONT.):

B. (Cont.):

- Prescribing a provision stating that if an entity has sold means of control in TASE, which it held prior to the date that the change in the TASE ownership structure was approved, and if the sale proceeds exceeded the value of the means of control sold, the seller will transfer to TASE an amount equivalent to the difference between the sale proceeds and the value of the means of control sold (see note 18 C (2) as to the "adjusted excess consideration"). For this purpose, "value of the means of control sold" – the means of control sold as a percentage of the total means of control in TASE on the arrangement's approval date multiplied by the TASE equity according to its 2015 financial statements, in an amount of NIS 508 million, i.e., NIS 5.08 per share. TASE may make use of sums transferred to it pursuant to this clause in order to reduce the fees TASE charges and to invest in technological infrastructure and for these purposes alone.

On 7.9.2017, the Tel Aviv District Court approved the demutualization arrangement of TASE in accordance with Section 350 of the Companies Law, the main principles of which are detailed below: replacing TASE's present Articles of Association with a new version of the Articles of Association that conforms with the provisions of the TASE Restructuring Law.

In addition, it was prescribed that the authorized share capital of TASE will be 150,000,000 ordinary shares having no par value. Within the framework of the arrangement, TASE allocated 94,000,000 ordinary shares to the TASE members in accordance with the Allocation Table, for no consideration – for further details, see note 19. Likewise, TASE allocated 6,000,000 shares to a trustee for TASE employees and service providers, for no consideration. The allocation of shares to TASE employees was done within the framework of the compensation plan, which had been approved by the organs of TASE, in accordance with the principles set forth in note 16 A.

C. Pursuant to a prospectus for an initial public offering by way of a secondary offering of Company shares, dated 24.7.2019, and pursuant to a supplementary notice dated 29.7.2019, on 1.8.2019, 100,000,000 ordinary shares with no par value, existing in the Company's share capital, were listed on TASE, of which 31,717,504 shares were offered in a secondary offering to institutional investors in Israel and overseas, as well as to the public in Israel, and approval was received for the listing of up to 8,429,797 ordinary shares that will result from the exercise of warrants allotted to the Company's CEO and to officers of the Company. On that date, the Company became a public company.

Regarding the indemnification for the pricing underwriter ("the Prospectus Indemnification"), see note 18 E.

For additional information regarding the sale of additional Arrangement Shares and regarding receipts from shareholders within the framework of the TASE Restructuring Law, see note 19 C.

D. Disclosure on the effects of the "Swords of Iron" War

On 8.10.2023, the Government of Israel declared a state of war, which is still ongoing after the reporting date, in the wake of the terror attack on the State of Israel that took place on 7.10.2023 (hereafter: "the War"). On 8.10.2023, trading on TASE opened on schedule and all of the systems of TASE have operated without disruption throughout the War. TASE, and the economy as a whole, were shaken, the Fear Index more than doubled, the exchange rate of the dollar surged, breaking the NIS 4 ceiling up to NIS 4.08, price drops were recorded on the equity and the bond markets, which were only curbed close to the end of October 2023, at which time the markets began to recover and the indices regained and even exceeded their pre-War levels. Overall, in 2023 the leading TASE indices: TA-35, TA-90 and TA-125 increased by 4%, each, the U.S. dollar and the Euro appreciated by 3.1% and 6.9% in relation to the NIS, respectively, and the yields of the long-term government bonds, which rose to 5.3% in October 2023, dropped to 4.4% at the end of December 2023.

NOTE 1 - GENERAL (CONT.):

D. (Cont.):

The War, the duration, intensity and scope of which are uncertain, has adverse effects on the Israeli market and economy, including: economic slowdown, exchange rate fluctuations, disruptions in the manufacturing and supply chain, further rise in food, commodity and energy prices, and increase in the government deficit and in the Debt-GDP ratio.

In response to the rising economic risk, the international credit rating agencies took various actions: Fitch and Moody's announced that Israel's sovereign credit rating is now under "Rating Watch Negative", and S&P reduced the rating outlook from "stable" to "negative".

After the balance-sheet date, on 9.2.2024, Moody's reduced the State of Israel's credit rating from A1 to A2. Further to that, Moody's also reduced the credit rating of the five largest Israeli banks from A2 to A3, with a negative outlook.

Alongside the anticipated impact of the Swords of Iron War on Israel's macroeconomic indicators and the growing uncertainty in the market, the War is also expected to affect the operations and profitability of corporations in Israel and increase the occurrence of insolvency proceedings and debt arrangements, which will entail higher credit losses and provisions for credit losses by financiers. Those effects, combined with the macroeconomic effects, could also affect, both indirectly and directly, the operations and profitability of TASE, this, inter alia, as a result of: changes in the prices of shares, changes in the prices of government and corporate bonds, changes in the volumes of activity in the various channels, change in the activity of the foreign investors and the institutional investors, and change in the volumes of capital and debt raising on TASE. At this stage, despite the time that has elapsed since the breakout of the war, due to the uncertainty surrounding the intensity and duration of the War, the Company is unable to assess the Impact of those changes on its operations and profitability.

E. Definitions:

Company or TASE	-	The Tel-Aviv Stock Exchange Ltd.
The Group	-	The Company and its subsidiaries (as defined below).
Subsidiaries	-	Companies controlled (as defined by IFRS 10) by the Company, whose financial statements are fully consolidated with those of the Company. A list of the subsidiaries is provided in note 9 below.
Related parties	-	As defined by IAS 24 – "Related Parties".
Interested parties	-	As defined in the Securities Law, 1968 and regulations thereunder.

NOTE 2 - MATERIAL ACCOUNTING POLICIES:

A. Declaration on the Implementation of International Financial Reporting Standards (IFRS):

The consolidated financial statements of the Group were prepared in accordance with International Financial Reporting Standards (IFRS) and respective interpretations, as published by the International Accounting Standards Board (IASB). The significant accounting policies set out below have been applied consistently for all periods reported in these consolidated financial statements.

B.

The financial statements were prepared in accordance with Securities Regulations (Annual Financial Statements), 2010 ("Financial Statement Regulations").

C. Operating Cycle:

The Group's operating cycle is 12 months.

D. Format for Reporting Expenses in Profit or Loss:

Group expenses in the Statement of Profit or Loss and Other Comprehensive Income are reported based on the nature of the expenses. The Group estimates, because of its organizational structure and the nature of its operations, that the classification of expenses in this manner is more reliable and relevant than any classification by function of expense.

E. Foreign Currency:

(1) Functional Currency and Presentation Currency:

The financial statements of each of the Group companies are drawn up in the currency of the primary economic environment in which it operates (“functional currency”). The consolidated financial statements of the Group have been prepared in New Israeli Shekels (“NIS”), which is the functional currency of all the Group companies, and are rounded to the nearest thousand.

(2) Translation of Transactions not in the Functional Currency:

In the preparation of the financial statements of each Group company, transactions in currencies other than the functional currency of the company ("foreign currency") are accounted for at exchange rates prevailing on the transaction date. At the end of each reporting period, foreign currency monetary items are translated using the closing rate.

(3) Recognition of exchange differences:

Exchange differences are recognized in profit or loss in the period in which they arise. Income and expenses from exchange differences are presented in the “Financing income (expenses), net” item.

F. Cash and Cash Equivalents:

Cash and cash equivalents include cash in hand, deposits held at call with banks and term deposits with original maturities of three months or less that are not restricted as to use.

G. Consolidated Financial Statements:

The consolidated financial statements of the Group include the financial statements of the Company and the subsidiaries.

For information on intercompany balances and transactions with subsidiaries eliminated in consolidation, see note 25.

NOTE 2 - MATERIAL ACCOUNTING POLICIES:

H. Property and Equipment:

(1) General:

Property and equipment assets are reported at cost in the Statements of Financial Position, less accumulated depreciation and accumulated impairment losses. Cost comprises the purchase price of the asset and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The property and equipment include one floor of a building let to external tenants, which cannot be sold separately. As to a lease, see note 11 C (1).

(2) Depreciation of Property and Equipment:

Property and equipment is depreciated systematically using the straight-line method over the useful life of the asset, beginning when the asset is ready for its intended use.

The useful lives and the depreciation rates used for the calculation of depreciation are as follows:

	Useful Lives	Depreciation Rates
Property and equipment:		
Building	15-50 years	2%-6.7% (mainly 2%)
Computer systems and related equipment	3-15 years	6.7%-33.3% (mainly 20%)
Equipment and systems	5-20 years	5%-20% (mainly 6.67%)
Furniture	8-30 years	3.3%-12.5% (mainly 3.33%)
Right-of-use assets: (*)		
Leased land	98-1,000 years	0.1%-1.02% (mainly 0.75%)
Backup facility	3.25 years	30.8%
Communication lines	2-3 years	33.3%-50% (mainly 33.3%)

(*) See paragraph J below.

Residual values, the depreciation method and the useful lives of the assets are reviewed by management at every financial year-end. Changes are accounted for as a change in an accounting estimate and are recognized prospectively.

I. Intangible Assets – Software and Licenses:

(1) General:

Intangible assets are presented at cost, net of accumulated amortization and accumulated impairment losses, if any.

The useful lives used to amortize intangible assets with a finite useful life are as follows:

(a) Software and licenses acquired separately

Software and licenses are amortized using the straight-line method over the useful life, which is 3-10 years (mainly 10 years). The useful life and amortization method are evaluated at the end of each reporting year with the effect of changes in estimation accounted for prospectively.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (CONT.):

I. Intangible Assets:

(1) General:

(a) Software and licenses acquired separately (Cont.)

The cost of software and licenses acquired separately includes the acquisition price and any cost that may be directly attributed to the preparation of the asset for its intended use.

(b) Internally Generated Intangible Assets – Development Costs of Computer Software for Internal Use:

Most of the IT systems in the Group are dedicated systems that are used in the Group's core activities. In view of the specialized knowhow accumulated in the Company, these IT systems are self-developed by the Company through its employees (occasionally with the assistance of outsourced employees).

For each development project, the Company examines whether the costs are preliminary-stage (research stage) costs, such as costs of reviewing alternatives for IT systems or products (digital services), actions necessary for reaching the final decision, etc., and such costs, if any, are carried to computer and communication expenses in profit or loss, as incurred.

The Company recognizes an intangible asset generated internally as part of the Company's development of software and computer systems if, and only if, all of the following terms are complied with:

- the technical feasibility of completing the development so that it will be available for use or for sale;
- The Company possesses the ability, including the existence of readily available technical, technological, financial and other resources and intent to complete the development and use it;
- how the asset will generate future economic benefits can be determined (for example, by providing new or improved services to the customers of the Group); and,
- the ability to measure reliably the expenditure attributable to the development incurred during development.

The capitalized costs include actions for the design, setting up and testing of the system or the product. The Company manages and monitors its development projects via a dedicated project management system. The capitalized costs are based on the hours reported for each specific project by the employees of the IT Department (including outsourced employees) in the project management system. These costs consist solely of the costs of the development employees with respect to development hours that qualify for capitalization, and do not include management costs of the project manager.

When an internally generated intangible asset cannot be recognized, software development costs are carried to computer and communication expenses in profit or loss as incurred.

Subsequent costs relating to upgrades and improvements of internal-use computer software are capitalized only if it is probable that the expenses incurred will generate new performance capabilities. Other subsequent costs are recognized as computer and communication expenses as incurred.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (CONT.):

I. Intangible Assets:

(1) General:

(b) Internally Generated Intangible Assets – Development Costs of Computer Software for Internal Use (Cont.)

Internally generated intangible assets with finite useful lives are amortized using the straight-line method over their useful lives, mostly s 10-year period, and are reported at cost less accumulated amortization and any impairment losses. The estimated life and method of amortization are evaluated at the end of each reporting year with the effect of changes in estimations accounted for prospectively.

J. Leases:

For transactions in which the Company is the lessee, on the commencement date of the lease ("the Commencement Date"), the Company recognizes the right-of-use asset against a lease liability, with the exception of lease transactions for a period of less than 12 months, and lease transactions with a low-value underlying asset, where the Company has elected to recognize the lease payments as an expense in profit or loss on a straight-line basis, over the lease term. In measuring the lease liabilities, the Company has chosen to apply the exemption set forth in the Standard and has not separated lease components from non-lease components, such as management services, maintenance services and so forth, that are included in the same transaction.

The Company remeasures the lease liability (against an adjustment to the right-of-use asset) when:

- A change has been made in the future lease payments resulting from a change in an index (for example, lease payments that are linked to the consumer price index). In such a case, the lease liability is measured by discounting the revised lease payments, using the original discount rate.
- A lease amendment has been made that is not treated as a separate lease. In such a case, the lease liability is remeasured by discounting the revised lease payments, using a revised discount rate.

K. Impairment of Tangible and Intangible Assets (Except for Financial Assets):

At the end of each reporting period, the Group reviews the book value of its tangible and intangible assets to determine whether there is any indication of impairment loss. If such indications exist, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. If it is not possible to measure the recoverable amount of a specific asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The Company has determined that the overall activity of the Group constitutes a single cash generating unit, in view of the synergy between its assets.

The recoverable amount is the higher of the fair value, less realization costs, and value in use.

Where the recoverable amount of an asset (or of the cash-generating unit) is estimated to be less than its book value, the book value of the asset (or of the cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately recognized as an expense in profit or loss.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (CONT.):

L. Financial Assets and Financial Liabilities:

(1) Financial Assets and Financial Liabilities (Except for Clearing Operations):

(a) Financial Assets – General:

Investments in financial assets are initially recognized at their fair value. Transaction costs with respect to financial assets at fair value through profit or loss are charged as an immediate expense to profit or loss.

(b) Financial Assets Measured at Amortized Cost:

Trade receivables, illiquid deposits and other accounts receivable are measured at depreciated cost, since these are held for the collection of contractual cash flows that represent solely principal and interest payments on set dates. Subsequent to initial recognition, with the exception of illiquid deposits, these financial assets are not measured using the effective interest method as the interest to be recognized thereon is not material.

(c) Financial Assets at Fair Value through Profit or Loss:

Financial assets held for trading (investments in government bonds and T-bills) are measured at fair value through profit or loss at the end of each reporting period. Any profit or loss arising from changes in the fair value is recognized in profit or loss in the period in which the change occurred. The net profit or loss recognized in profit or loss incorporates any interest that has accrued with respect to the financial asset.

(d) Impairment of Financial Assets:

Regarding trade and other receivables, the Group recognizes an impairment provision according to the expected credit losses over the lifetime of the instrument.

(e) Financial Liabilities at Amortized Cost:

A bank loan, trade payables and other payables that are classified as financial liabilities at amortized cost are initially measured at fair value, less transaction costs, if any. After initial recognition, with the exception of a bank loan, these financial liabilities are not remeasured using the effective interest method, as any interest to be recognized is not material.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (CONT.):

L. Financial Assets and Financial Liabilities (Cont.):

(2) Financial Assets and Financial Liabilities from Clearing Operations:

(a) General:

The Tel Aviv Stock Exchange Clearing House Ltd. is a wholly owned subsidiary of TASE. As a Central Counterparty (CCP), TASE-CH ensures the execution of transactions in securities that are cleared on TASE-CH, which were executed on TASE (other than derivatives), including transfers to custody (on TASE), transactions in securities that were executed on MTS – Multilateral Trading System ("on-exchange transactions in securities") and transactions in the lending pool, provided that the terms relating thereto are fulfilled in accordance with the TASE-CH By-Laws. Should a Clearing member be unable to fulfill its obligations ("default event"), TASE-CH will be obligated to fulfill the defaulting member's obligations to the other Clearing members, with respect to the on-exchange transactions in securities executed by it, by virtue of its undertaking as a CCP and in accordance with the TASE-CH By-Laws.

The MAOF Clearing House Ltd. is a wholly owned subsidiary of TASE. As a Central Counterparty (CCP), MAOF-CH ensures the execution of transactions in derivatives (options and futures) ("on-exchange transactions in derivatives"), provided that the terms relating thereto are fulfilled in accordance with the MAOF-CH By-Laws. Should a Clearing member be unable to fulfill its obligations ("default event"), MAOF-CH will be obligated to attend to the open derivative positions of the defaulting member and to fulfill said member's obligations to the other Clearing members, with respect to the on-exchange transactions in derivatives executed by it, by virtue of its undertaking as a CCP and in accordance with the MAOF-CH By-Laws.

Assets and liabilities with respect to financial instruments arising from the aforementioned clearing operations on the Clearing House are recorded in the financial statements of each Clearing House on the settlement date, as these are transactions executed in the regular way, apart from assets and liabilities with respect to positions in derivative financial instruments on MAOF-CH that are recorded on the trade date.

Positions in derivative financial instruments on MAOF-CH arising from transactions in options and futures are recorded as receivables and payables relating to open derivative positions. (see note 7). These positions are measured in each reporting period at fair value. Since the asset and liability positions are identical, the same amount is recognized for both assets and liabilities, and no gains or losses from fair value adjustments are recognized in profit or loss.

Cash provided by the member as collateral to secure all its obligations to each of the Clearing Houses, as well as the income therefrom, are deposited in a separate account that is managed in the name of each of the Clearing Houses and is charged in favor of the Clearing Houses. The Clearing Houses' rights in the collateral are charge rights alone and not ownership rights. Only the Clearing Houses may operate the account and the member may not withdraw cash from the account without the approval of the Clearing Houses. At the time of a default event, TASE-CH and MAOF-CH may make use of the assets deposited as collateral in order to fulfill the obligations of the defaulting member, with this being done in the order prescribed in each of the Clearing Houses' By-Laws, as the case may be, for realizing the collateral. Accordingly, these amounts are not presented as an asset and a liability in the financial statements.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (CONT.):

L. Financial Assets and Financial Liabilities (Cont.):

(2) Financial Assets and Financial Liabilities from Clearing Operations (Cont.):

(b) Fair Value of Financial Instruments:

The fair value of financial instruments is based on market prices on TASE at the end of the reporting period. If a certain instrument is not traded in close proximity to the end of the last trading day of the year, the Group uses valuation techniques based on accepted economic models for pricing derivatives, using assumptions that are based on the economic conditions existing at the end of the reporting period (see also note 8 C), except with regard to derivatives where the last trading day of the year is their expiration date – in which case the fair value is determined according to their intrinsic value.

(c) Offset of Financial Instruments:

Financial assets and financial liabilities are reported in the Statements of Financial Position at net, only if the Group has a legally enforceable right to offset and the entity intends to settle on a net basis, or to realize an asset and settle the liability simultaneously.

In order to meet the conditions for offsetting financial assets and financial liabilities, the offset right cannot be dependent on any future event and must be enforceable in the ordinary course of business, in the event of bankruptcy, insolvency or credit default.

(d) Transfer of a Financial Asset Eligible for Retirement:

The Nominee Company is engaged in the registration of securities in the name of the Nominee Company in the securities register of the issuing company, depositing them with the clearing house, and handling corporate actions and payments – ongoing handling of the rights attached to the securities.

Within the framework of its operations, the Nominee Company reserves the contractual right to receive the cash flows from the financial asset that was received, but takes upon itself a contractual obligation to pay these cash. Assets and liabilities with respect to financial instruments that arise from the operations of the Nominee Company, as stated above, are not recorded in the financial statements as they are treated as a transfer of a financial asset eligible for retirement.

In some cases, TASE-CH handles corporate events, in the same manner that the Nominee Company handles corporate actions. The Clearing House reserves the contractual right to receive the cash flows from the financial asset that was received, but takes upon itself a contractual obligation to pay these cash flows. Assets and liabilities with respect to financial instruments that arise from the operations of the Clearing House, as stated above, are not recorded in the financial statements as they are treated as a transfer of a financial asset eligible for retirement.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (CONT.):

M. Taxes on Income:

(1) General:

Tax expenses (tax income) comprise the total of current tax, and any changes in deferred tax balances, except the current tax relating to items that are recognized directly in equity and deferred tax relating to items that are recognized in other comprehensive income.

(2) Current Tax:

Current tax expenses are calculated based on the taxable income of the Company and its consolidated subsidiaries for the reporting period. Current tax assets and liabilities are calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date.

(3) Deferred Tax:

The Group companies recognize deferred tax, as detailed below, with respect to temporary differences between the tax basis of assets and liabilities and their carrying amount in the financial statements. Deferred tax balances (asset or liability) are calculated using tax rates that are expected to apply in the period when the asset is derecognized, based on tax rates and tax laws that have been enacted or substantively enacted by reporting date. Deferred tax liabilities are recognized generally for all temporary differences between the tax bases of assets and liabilities and their carrying amount in the financial statements.

Deferred tax assets are recognized for all temporary differences that are deductible, up to the amount of expected taxable income that will be available, against which the deductible temporary difference can be utilized.

In computing deferred tax, any tax that would apply when realizing the investment in consolidated subsidiaries is not taken into account, since it is the intention of the Group to hold and develop these investments. In addition, no deferred tax is recognized for income distributions from these companies, since the dividends are not taxable.

Deferred tax assets and liabilities are offset if the entity has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same tax authority, and the entity intends to settle current tax assets and liabilities on a net basis.

N. Revenue Recognition:

Revenues arising from contracts with customers are recognized in profit or loss when control of the asset or service has been transferred to the customer. The price of the transaction is the consideration amount that is expected to be received under the terms of the contract, less the amounts collected on behalf of third parties (such as indirect taxes).

When determining the amount of the revenue from contracts with customers, the Group examines whether it is operating as a principal supplier or as an agent in the contract. The Group is a principal supplier when it controls the merchandise or service that has been promised prior to its delivery to the customer. In such cases, the Group recognizes the gross amount of the consideration in revenue. In cases in which the Group operates as an agent, it recognizes the net amount in revenue, after deducting the amounts due to the principal supplier.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (CONT.):

N. Revenue Recognition (Cont.):

(1) Revenue from Trading and Clearing Commissions:

Revenue with respect to trading and clearing commissions includes handling commissions and fees that TASE collects from its members, which are recognized at a point in time, on the date of completion of the clearing action of transactions in securities or of transactions in derivatives.

(2) Revenue from Listing Fees and Levies:

(a) Revenue from securities listing fees:

Revenue with respect to listing fees is recognized over time over an estimate of the period in which the customer's securities are listed on TASE, and this is because the customer simultaneously receives and consumes the benefits provided by the Group as the Group performs these listing services.

To determine the revenue recognition period with respect to the listing fees, the Group classified the securities that are listed into a number of main groups with similar patterns of activity. These groups mainly include shares, ETFs and ETNs, and corporate and government bonds. For each of these groups a lifetime was determined for the purpose of spreading the revenue recognition. This lifetime was based on an estimate made by the Company, including with the assistance of an independent outside consultant, of the average number of years for which similar securities in the relevant group were listed in the past. The Company examines the need to update the balance of the amortization period of the deferred income, which will be treated as a change in an estimate and is recognized prospectively.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (CONT.):

N. Revenue Recognition (Cont.):

Presented below is information on the period and method of amortization of the deferred income, based on date of receipt, for the following categories:

	Date of receipt of the deferred income		
	Commencing on January 1, 2021	**January 1, 2019 to December 31, 2020**	**From the first-time implementation of the Standard to December 31, 2018**
Shares, initial public offering (IPO), ETNs and ETFs			
Amortization period (*)	12 years	12 years	12 years
Amortization method	Straight-line	Straight-line	Straight-line
Shares, secondary offering			
Amortization period (*)	6 years	6 years	6 years
Amortization method	Straight-line	Straight-line	Straight-line
Corporate bonds			
Amortization period	Contractual life stipulated in the issued bond - limited to 12 years	Contractual life stipulated in the issued bond - limited to 13 years	10 years
Redemption coefficient	0.93	0.93	-
Amortization method	Based on traded balance	Based on traded balance	Based on traded balance
Government bonds (**)			
Amortization period	Issuance outside the lending pool - 11 years. Issuance within the lending pool - one month.	Contractual life stipulated in the issued bond	10 years
Redemption coefficient	-	0.95	-
Amortization method	Straight-line	Straight-line	Straight-line

(*) For details concerning the definition of the revenue recognition period with respect to the listing fees, see note 3 C. below.

(**) In accordance with an agreement signed in May 2021 between TASE and the Clearing House, and the Government of Israel, concerning listing fees for government bonds, commencing on 1.1.2021, the Group provides services for the listing on TASE of government bonds within and outside the lending pool, in return for a fixed quarterly payment, regardless of the total loans recorded in the lending pool in the quarter and regardless of the total quantity of bonds issued outside the lending pool in the same quarter. The irrevocable 5-year agreement is for a total consideration of NIS 23.5 million in respect of government bonds that are listed outside the lending pool and a total consideration of NIS 5.5 million for bonds that are listed within the lending pool.

Income from the listing of government bonds on TASE is recognized over time, over the estimated period of trading of the securities on TASE, since the Government of Israel simultaneously receives and consumes the benefits deriving from the performance of the Group, if any. Since the efforts of the Group (inputs) are equally distributed over the performance period (performance obligation), the Group recognizes the aforesaid income on a straight-line basis, over the period of the agreement and the projected estimated service period, 11 years. For bonds that are listed on TASE within the lending pool, the estimated service period is one month.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (CONT.):

N. Revenue Recognition (Cont.):

(2) Revenue from Listing Fees and Levies (cont.):

(a) Revenue from securities listing fees (cont.):

Amounts received from customers prior to the completion of the aforesaid performance obligation are presented under the "Deferred income from listing fees" item and are recognized as revenue in profit or loss at the time of satisfying the performance obligation.

Determining the existence of a significant financing component:

Within the framework of listing services, the consideration from customers for listing fees is received in advance and is nonrefundable. Since these are the customary terms of payment in the sector and since the purpose of collecting the payment in advance is not to obtain a significant financing benefit but to ensure that the customer meets its obligations, thereby providing assurance to the public that the securities will continue to be traded on TASE in subsequent periods, it has been determined that the contract does not contain a significant financing component.

(b) Revenue from annual levies:

Revenue with respect to annual levies is recognized over time, by the straight-line method, over the current year.

(c) Revenue from checking fees:

The majority of the income from prospectus, shelf offer report and private placement checking fees is recognized over time over a period of about one month, over the period in which the Group provides these services.

(3) Revenue from Clearing Services:

Revenue with respect to Clearing House services mainly includes custodian services, transfer actions and Clearing House services for post-listing corporate events. Revenue with respect to custodian services is recognized over time over the course of a month. Revenue with respect to transfer actions and Clearing House services for corporate events is recognized at a point in time on the date of completion of the clearing of the actions.

(4) Revenue from Data Distribution and Connectivity Services:

Revenue with respect to the data distribution and connectivity services includes mainly the distribution of information from TASE's trading systems via real-time information stations in Israel and overseas and through the distribution of information files, revenue from charging for the use of the TASE indices, as well as revenue from communication lines and hosting services. Revenue with respect to information stations is recognized over time, over a period of one month. Revenue with respect to the use of TASE indices is recognized over time, over the current year; revenue with respect to the distribution of information files is recognized at a point in time on the date of transfer of the files, and revenue from communication lines and hosting services is recognized over time, over a period of one month, based on the period of use.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (CONT.):

O. Provisions:

Provisions are recognized when the Group has a present legal or constructive obligation because of a past event and it is probable, at a level of "more likely than not", that a transfer of economic resources will be required to settle the obligation, and a reliable estimate can be made of the obligation.

The amount recognized as a provision is the management's best estimate of the consideration required to settle the present obligation on reporting date, taking into account the risks and uncertainties surrounding the obligation.

P. Share-Based Payments:

Share-based payments to employees and others, which are settled in the equity instruments of the Group, are measured at their fair value at the grant date. On the grant date, the Group measures the fair value of the capital instruments that are granted, using models for evaluating share-based payments (for details about the method of measuring the fair value of share-based payments, see note 15). When the capital instruments that are granted do not vest until those employees complete a defined period of service, the Group recognizes expenses for the share-based payment arrangements in the financial statements over the vesting period against the increase in equity, under the item "Capital reserve with respect to share-based payment transactions". At the end of each reporting period, the Group estimates the number of capital instruments that are expected to vest. A change in the estimate with respect to prior periods is recognized in profit or loss.

Q. Employee Benefits:

(1) Post-Employment Benefits:

Post-employment benefits granted by the Group include mainly a severance pay liability. Post-employment benefits are partially defined contribution plans and defined benefit plans. Expenses for the obligation for contributing to defined contribution plans are recognized in profit or loss or capitalized (mainly under the cost of intangible assets within the framework of self-development costs of computer software) on the date of providing the work services for which the obligation to make a contribution arises.

Expenses with respect to defined benefit plans are recognized in profit or loss or capitalized under the cost of assets (within the framework of self-development costs of computer software) using the projected unit credit method, based on actuarial studies conducted at the end of each reporting period. The present value of the Group's liability with respect to the defined benefit plan is determined by discounting the plan's expected future cash flows, using a discount rate that conforms with market returns on high quality corporate bonds, denominated in the currency in which the benefits will be paid with respect to the plan, and having maturity periods that are almost identical to the expected settlement dates of the plan. In accordance with the Group's accounting policy, net interest cost is included in employee benefits expenses, in the Statement of Profit or Loss.

Actuarial gains and losses with respect to remeasurement are recognized in other comprehensive income, as incurred and are not subsequently reclassified to profit or loss.

Plan assets are measured at fair value. Interest income on plan assets is determined using the discount rate of the commitment at the beginning of the period and is recognized in profit or loss as part of net interest cost. The difference between the interest income on plan assets and the total return on plan assets is recognized in other comprehensive income and is not subsequently reclassified to profit or loss.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (CONT.):

Q. Employee Benefits (Cont.):

(1) Post-Employment Benefits (cont.):

The Group's liability with respect to a defined benefit plan, which is presented in the Statement of Financial Position, comprises the present value of the obligation for the defined benefit, net of the fair value of the plan assets.

(2) Other Long-Term Employee Benefits:

Other employee benefits in the Group include liabilities for vacation that are not expected to be fully paid within 12 months after the annual reporting period in which the employee provides the related service and seniority grants. Expenses with respect to these benefits are recognized in profit or loss or are capitalized to the cost of assets (within the framework of self-development costs of computer software) in accordance with the projected unit credit method using actuarial valuations carried out at the end of each reporting period. The present value of the Group's obligation for these benefits is determined by discounting the expected future cash flows with respect to the benefits by market returns on high quality corporate bonds, denominated in the currency in which the other long-term employee benefits will be paid, and having maturity periods that are almost identical to the expected settlement dates of these benefits.

Actuarial gains and losses with respect to remeasurement are recognized in profit or loss when incurred or are capitalized to the cost of the asset (within the framework of self-development costs of computer software).

(3) Short-Term Employee Benefits:

Short-term employee benefits (including social and bonuses) are measured on an undiscounted basis and the expense is recognized upon the provision of the related service by the employee.

Provisions for short-term employee benefits with respect to bonuses are recognized whenever there is a current legal or constructive obligation to pay them for a past service and the obligation can be reliably estimated.

These benefits are recognized in profit or loss or capitalized under the cost of assets (self-development costs of computer software) on the date they arise. The difference between the sum of short-term benefits the employee is eligible to receive, and the amount paid in respect thereof is recognized as a liability.

(4) Termination Benefits:

Termination benefits are benefits payable as a result of either a decision of the Group to terminate an employee's employment before normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits.

The Company's obligation for these benefits is initially recognized in profit or loss when the Group cannot withdraw the offer.

R. Classification of Interest and Dividends Paid / Received in the Statement of Cash Flows:

The Group classifies cash flows from interest and dividends as received, and cash flows with respect to interest paid, as cash flows that were used for**,** or provided by**,** operating activities. Cash flows with respect to taxes on income, as a rule, are classified as cash flows used for operating activities, except for those that are readily identifiable with cash flows that were used for investing or financing activities. Dividends paid by the Group are classified as cash flows used in financing activities.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (CONT.):

S. Amendment to IAS 1, "Presentation of Financial Statements: Disclosure of the Accounting Policies":

The amendment replaces the term "significant accounting policy" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in the financial statements of an entity, it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendment also clarifies that accounting policy information concerning transactions, events or other conditions that are immaterial is not material and does not require disclosure. Accounting policy information may be material due to the nature of the transactions, events or other conditions related to it, even if the amounts are immaterial. Nevertheless, not all accounting policy information pertaining to material transactions, events or other conditions is material itself.

The amendment is applied for the first time in these financial statements.

NOTE 3 - CONSIDERATIONS IN APPLYING ACCOUNTING POLICIES AND KEY FACTORS FOR UNCERTAINTY IN AN ESTIMATE:

Key Factors for Uncertainty in an Estimate:

When preparing the financial statements, Company management is required to use estimates or approximations regarding transactions or matters whose ultimate impact on the financial statements cannot be established accurately at the time of preparation. The main basis for determining the quantitative value of such estimates are the assumptions that management decides to adopt, considering the circumstances of the object of estimation, as well as the best information available at the time. Naturally, since these estimates and approximations are the result of exercising judgment in an environment of uncertainty, which may be at times especially significant, changes in the basic assumptions arising from changes that are not necessarily dependent on management, as well as additional information that may become available to the Company only in the future, that was not available to the Company when preparing the estimate, might lead to changes in the quantitative value of the estimate, and accordingly, might also affect the Company's financial position and operating results.

The estimates and underlying assumptions are regularly reviewed by management. Changes in accounting estimates are recognized only in the period in which there was a change in the estimate, to the extent that the change affects only that period or is recognized in said period and in future periods, when the change affects both the current period and future periods.

The Following are Areas, the Valuation of Which in the Financial Statements Requires Estimations and Approximations, and which Group Management Estimates May Have a Significant Effect:

A. Employee Benefits:

The present value of the Group's severance pay obligation to its employees is based on a number of factors, which are determined using actuarial estimation that is based on a number of assumptions, including a discount rate and an expected rate of salary increases. Changes in the actuarial estimates may affect the book value of the obligation of the Group to make retirement, severance and pension payments. The Group estimates the discount rate at least once a year, at the end of every year and, additionally, at the end of every interim reporting period in which a significant change occurred in the discount rate relative to the period prior thereto, based on the return on high quality corporate bonds. Other key assumptions are determined on the basis of past experience of the Group. For more information on the assumptions used by the Group, see note 14.

NOTE 3 - CONSIDERATIONS IN APPLYING ACCOUNTING POLICIES AND KEY FACTORS FOR UNCERTAINTY IN AN ESTIMATE (CONT.):

B. Determining the Recognition Period for Revenues from Listing Fees

For the purpose of determining the revenue recognition period for listing fees, the Group relies on an external economic study that divided the different securities into a number of main categories, with an average lifespan – based on historical data – being determined for each of these categories.

A change in the category division method or in the determined average lifespan would result in a change in the amount recognized in revenue over the periods.

As part of the a process for the validation of estimates and considering the changes that have occurred in offerings on TASE in the last three years, the Company examined, for revenue recognition purposes, the estimate of the period in which the customer's securities are traded on TASE as of 1.1.2022. The examination was conducted with regard to the recognition period for revenue from share listing fees (in IPOs and secondary offerings) and ETFs. An examination performed by the Company shows that the recognition period for revenue from listing fees in share IPOs and the listing of ETFs and ETNs is 12 years, and for secondary offerings - 6 years.

Consequently, for contracts whose performance obligation, according to the latest estimate, ended by 1.1.2022, the Company recognized revenue from listing fees in the amount of NIS 4.3 million in 2022.

For contracts whose performance obligation has not yet ended as of 1.1.2022, the remaining performance obligation period has been adjusted to the latest estimate, so that the effect of the update is an increase in revenue from listing fees in the amount of NIS 4 million in 2022 and in an amount of NIS 1.8 million in 2023.

C. Determining the Existence of a Significant Financing Component:

Within the framework of listing services, the consideration from customers for listing fees is received in advance and is nonrefundable. Since these are the customary terms of payment in the sector and since the purpose of collecting the payment in advance is not to obtain a significant financing benefit but to ensure that the customer meets its obligations, thereby providing assurance to the public that the securities will continue to be traded on TASE in subsequent periods, it has been determined that the contract does not contain a significant financing component.

Were it to be determined that said consideration includes a significant financing component, the Company would recognize an increase in financing expenses in parallel with an increase in revenues over the period that the revenue recognition is spread.

NOTE 4 - THE FINANCIAL RISKS MANAGEMENT POLICY:

The operations of the TASE Group ("the Group") involve exposure to various financial risks, mainly – credit risk, liquidity risk and market risk; but also involve exposure to settlement risk and other risks (business risk, operational risk, etc.), the materialization of which could lead to a loss and to a material reduction in the Group's equity.

The Group's exposures arise mainly from the clearing operations performed by TASE-CH and MAOF-CH ("the Clearing Houses") in which the Clearing Houses are obligated as a CCP, as well as from other operations of the Group (e.g., investment in securities). As a CCP, TASE-CH ensures the execution of transactions in securities and lending transactions on the lending pool that are cleared on TASE-CH, which were executed on TASE. MAOF-CH ensures transactions in derivatives (options and futures) that are cleared on MAOF-CH, which were executed on TASE. Should a member of either TASE-CH or MAOF-CH be unable to fulfill its obligations, the relevant Clearing House will be obligated to fulfill its undertaking as a CCP toward the other Clearing members and to fulfil the defaulting Clearing member's obligations, as well as to handle the exposures, if any, created for the Clearing House incidental to the default event in accordance with the Clearing House's By-Laws. In this regard, transactions in securities also include transfers to custody (on TASE) and transactions in securities that were executed within the trading framework of the MTS – Multilateral Trading System ("on-exchange transactions in securities").

In order that the Group will be able to fulfill the undertaking of the Clearing Houses as a CCP and attain its strategic and business goals, the Group's risk management policy is designed to establish an effective organization-wide risk management setup to ensure its stability, while strengthening its ability to identify, monitor, control and mitigate its risks.

The Clearing Houses' risk management is consistent with international standards, as prescribed for financial market infrastructures by CPMI-IOSCO (PFMI), and with the Israel Securities Authority's directive to ensure the proper functioning of TASE-CH and MAOF-CH that was issued under Section 50C(b) of the Securities Law ("Clearing Houses' Stability Directive"), this being in accordance with the declarations made by the Israel Securities Authority regarding this on 29.6.2017 and on 24.1.2023.

On 15.3.2023, the European Securities and Markets Authority (ESMA) announced, pursuant to an application submitted by TASE-CH, that it recognizes TASE-CH as a Tier-1 Third-Country CCP, in accordance with the principles of the applicable European regulation and that, therefore, TASE-CH is qualified to provide clearing services to EU member states and European trading platforms for a variety of financial instruments (up to said date, ESMA adopted various resolutions, from time to time, for the temporary suspension of the processes pertaining to the application for recognition, the most recent of which expired on 28.6.2022, on which date the recognition process was resumed).

The classification of the Clearing House as a Tier-1 Third-Country CCP signifies that the Clearing House was established in a country outside the European Union, and is not deemed as systemically important to the stability of the European Union or of any of its member states, and is not expected to become systemically important, considering its current activity and characteristics.

Presented below is a summary of the main financial risks to which Group is exposed in the course of its aforementioned activity, as well as a summary of the various measures taken by it to manage and mitigate those risks:

A. Credit Risk:

(1) Risk Profile:

Credit risk is the risk of a counterparty, whether a Clearing member, custodian bank, or other entity, being unable to meet fully its financial obligation when due, or at any time in the future.

NOTE 4 - THE FINANCIAL RISKS MANAGEMENT POLICY (CONT.):

A. Credit Risk (Cont.):

(1) Risk Profile (cont.):

The main credit risk of the Group stems from the Clearing Houses' undertaking to act as a CCP in transactions in securities, in lending transactions on the lending pool or in transactions in derivatives, as the case may be, each Clearing House has a material exposure to counterparty credit risk, which is the risk that a Clearing member will not be able to meet its obligation in a transaction toward the Clearing House, when due or at any time in the future, and as a result the Clearing House will be required to fulfill the obligations of the defaulting Clearing member toward the other Clearing members, as stated. MAOF-CH will be required to also attend to the open positions of the defaulting Clearing member with respect to the derivative transactions performed.

The realization of credit risk in general, and counterparty credit risk in particular, might also lead to the realization of liquidity risk, as set forth in paragraph B of this note below.

As of 31.12.2023 and 31.12.2022, MAOF-CH's open positions as a CCP (at fair value after netting) amounted to NIS 1,695 million and NIS 937 million, respectively. For further details, see note 7.

TASE-CH's current credit exposure as a CCP is equal to the total amount of the current exposures for each of its members, with each of the exposures being calculated as the total difference between the monetary value of the buy transactions and the monetary value of the sell transactions on the trading date – provided that the difference is positive. The size of the exposure at 31.12.2023 and 31.12.2022 is NIS 985 million and NIS 30 million , respectively (31.12.2022 was a Saturday; therefore, the amount of exposure is low).

No assets and liabilities are recognized in the financial statements for these balances as they are recorded on the settlement date of the transaction, and not on the trade date of the transaction, being transactions carried out in a regular way, as noted in note 2 L (2) (a).

In addition, the Clearing House's credit exposure may increase in the event of a Clearing member's default due both to a decrease in the value of the collaterals and to a decrease in the value of the securities that the Clearing House receives as a result of the non-fulfillment of the defaulting Clearing member's obligations.

The Group's exposure to the other credit risks is not material due both to its current assets (see note 8 A) and to it having an investment policy which restricts the exposure to credit risk in its investment portfolio (see paragraph D (2) of this note below).

(2) Risk Management and Mitigation Measures

(a) Minimum Qualification Terms for Membership of TASE-CH and MAOF-CH:

Every TASE member seeking to be accepted as a TASE-CH or MAOF CH Clearing member is required to comply with the membership qualification terms and the other obligations imposed on it pursuant to the By-Laws of the Clearing Houses, which include an undertaking by every member (apart from the Bank of Israel and a custodial member) to participate in the Clearing Houses' Default Funds, to deposit collateral with respect to its contribution to the Default Funds, to deposit margin with respect to transactions in derivatives and to deposit additional collateral with respect to its activity at the Clearing Houses, should it be requested to do so.

NOTE 4 - THE FINANCIAL RISKS MANAGEMENT POLICY (CONT.):

A. Credit Risk (Cont.):

(2) Risk Management and Mitigation Measures (Cont.)

(a) Minimum Qualification Terms for Membership of TASE-CH and MAOF-CH (cont.):

TASE-CH or MAOF CH Clearing members (excluding the Bank of Israel) are subject to continuous supervision over their financial stability, with members that are banks being supervised by the Supervisor of Banks, by means of the directives of the Supervisor of Banks, and members that are not banks being subject to supervision by TASE, by means of the full array of requirements in TASE's Rules, which include, inter alia, requirements for minimum capital and liquidity volumes, the establishment of an adequate risk management setup, assurance of proper corporate governance, and so forth.

For information on the number of TASE members and members of the Clearing Houses, see note 1 A.

(b) Financial Resources:

- **Collateral Deposited with the Clearing Houses:**

  Clearing members of TASE-CH (except for the Bank of Israel and a custodial member) and clearing members of MAOF-CH are required to deposit collateral with the Clearing Houses' Default Funds. In addition, clearing members of MAOF-CH have margin requirements with respect to the exposure arising from transactions performed and clearing members of TASE-CH are required to deposit collaterals for their activities in the Central Lending Platform.

  The assets serving as collateral, as referred to above, are charged in favor of the Clearing Houses. By virtue of the Securities Law, a charge on securities or funds, which serve to guarantee the obligations of a Clearing member toward TASE, is also valid toward other creditors of the Clearing member. The charge will be deemed to be a first-ranking fixed charge, granted by the Clearing member in favor of the Clearing House, if the Clearing House has control over the assets in one of the ways prescribed in the law. In addition, it is provided that the realization of the charge in favor of the Clearing Houses can be done by the Clearing House itself, without a court order or an order of the chief judgment enforcement officer, subject to the terms and conditions stipulated in the law.

  On the occurrence of a default event, TASE-CH and MAOF-CH may make use of the assets deposited as collateral in order to fulfill all the obligations of the defaulting Clearing member, in accordance with the collateral realization order prescribed in the By-Laws of each of the Clearing Houses, as the case may be.

NOTE 4 - THE FINANCIAL RISKS MANAGEMENT POLICY (CONT.):

A. Credit Risk (Cont.):

(2) Risk Management and Mitigation Measures (Cont.)

(b) Financial Resources (cont.):

- **The Clearing Houses' Default Funds**

  The size of the Default Fund of each of the Clearing Houses is updated every quarter but is monitored on a daily basis and can be updated at times other than those stated in the By-Laws, at the discretion of the Clearing House and subject to the terms and conditions stipulated in its By-Laws. The methodology for determining the size of the Default Funds and the manner of allocating them between the Clearing members is set out in detail in each of the Clearing House's By-Laws.

  In the reporting period, collateral for the Default Funds was deposited by the members of the Clearing Houses, as required.

- **Margin at MAOF-CH:**

  The margin requirements at MAOF-CH are calculated according to the results from a model of an array of scenarios, as specified in the MAOF-CH By-Laws, which is used to assess the maximum cost that would be required to close a portfolio that includes options and futures as a result of volatility in the prices of the underlying assets and/or volatility in the standard deviation. The margin requirement also includes an amount that is set at the level of the net monetary charge that a Clearing member would be expected to pay on the following trading day with respect to the premium on options it had acquired on the current trading day and net of the premium to be received with respect to options it had written or sold.

  The margin requirements for members are calculated by the real-time computer system ("MABAT"). The system issues an alert, in real time, when a member is required to provide additional margin, and in such case, the member is required to deposit the margin within a prescribed timeframe.

  The margin requirements were deposited by MAOF-CH members during the reporting period, as required.

- **Lending pool collaterals in TASE-CH**

  The collateral requirement in respect of the activities of a Clearing member in the lending pool in TASE-CH comprises minimum collaterals for a single lending transaction and additional collaterals for the portfolio of lending transactions.

  Borrowing members will secure their obligations by depositing the aforesaid collaterals in cash.

NOTE 4 - THE FINANCIAL RISKS MANAGEMENT POLICY (CONT.):

A. Credit Risk (Cont.):

(2) Risk Management and Mitigation Measures (Cont.):

(b) Financial Resources (Cont.):

- **Credit Risk Management and Mitigation Measures with Respect to Pending Transactions and Default Transactions at TASE-CH:**

  A member of TASE-CH to whose debit a pending transaction or default transaction has been recorded, as defined in TASE-CH's By-Laws, is required to deposit cash collateral as prescribed in TASE-CH's By-Laws by the date on which the settlement is actually carried out.

  The exposure with respect to pending transactions and default transactions as of 31.12.2023 and 31.12.2022 amounted to NIS 9 thousand and NIS 107 thousand, respectively.

- **Contribution Against Default Waterfall Allocated from the Clearing Houses' Equity**

  After realizing all the collateral given by the defaulting Clearing member, and prior to realizing the collateral deposited by other Clearing members, the Clearing Houses are obligated to pay, with respect to the obligations of the defaulting Clearing member, from their own resources, an amount equivalent to the higher of either 25% of their total capital requirements with respect to credit risk, market risk, operational risk and business continuity and reorganization, or the sum of NIS 7.5 million, with this being in accordance with the Clearing Houses' Stability Directive.

  A contribution against default waterfall allocated from each of the Clearing Houses' equity is included within the framework of each of the Group's capital and liquidity requirements, as detailed in note 5.

NOTE 4 - THE FINANCIAL RISKS MANAGEMENT POLICY (CONT.):

A. Credit Risk (Cont.):

(2) Risk Management and Mitigation Measures (Cont.):

(b) Financial Resources (Cont.):

- **Contribution Against Default Waterfall Allocated from the Clearing Houses' Equity (cont.)**

The following table presents details of the total financial resources held by Group and by each of the Clearing Houses for the purpose of coping with a Clearing member's default:

	December 31,	
	2023	2022
	NIS, in millions	NIS, in millions
Total margin requirements with MAOF-CH	3,427	2,348
Total collateral required to be deposited in the MAOF-CH Default Fund (*)	629	633
Total collateral required to be deposited in the TASE-CH Default Fund (*)	1,894	1,899
Contribution against default waterfall allocated from the Group's equity (**)	29	28
Total financial resources	**5,979**	**4,909**

(*) At the financial statements' approval date, the total collateral required to be deposited in the Default Fund of MAOF-CH and TASE-CH amounts to NIS 629 million and NIS 1,877 million, respectively.

(**) The total resources that are allocated out of the equity of the Group with respect to MAOF-CH and TASE-CH as of 31.12.2023 amount to NIS 7.5 million and NIS 21.1 million, respectively (31.12.2022: NIS 7.5 million and NIS 20.7 million, respectively).

(c) Haircuts on the Value of Collateral:

The Group deals with the exposure to a decrease in the value of the collateral deposited by the members of the Clearing Houses through "haircuts" to determine the maximum value serving as collateral. The Group has a methodology for determining the maximum value of treasury bills and Government of Israel bonds that is based on Value at Risk (VaR), which conforms to international standards and the Clearing Houses' Stability Directive, as referred to above.

For information on the mix of collaterals, see note 4 B (2) (a) below.

(d) Netting Clearing Member's Obligations:

The Clearing Houses' By-Laws provide that, in the event of a member not fulfilling its obligations toward the Clearing Houses and in other instances detailed in the By-Laws, the Clearing Houses have the right to set off any obligation of a member toward them, of any type whatsoever, including with respect to their positions with different expiration dates against any obligation of the Clearing Houses toward that member.

NOTE 4 - THE FINANCIAL RISKS MANAGEMENT POLICY (CONT.):

A. Credit Risk (Cont.):

(2) Risk Management and Mitigation Measures (Cont.):

(e) Additional Statutory Protections Regarding the Clearing Houses' Stability and the Settlement Finality:

The Securities Law states that a TASE member, that buys securities on TASE which are cleared by TASE-CH or by MAOF-CH, is not entitled to the securities so purchased, unless the Clearing House has received the full consideration for them, with title to the securities being conferred on the Clearing House if the aforementioned full consideration has not been received. Likewise, the Securities Law states that a TASE member, that sells securities on TASE which are cleared by the Clearing House, is not entitled to the consideration received at the time of their sale, unless it has transferred to TASE-CH the securities that were sold as aforesaid.

In accordance with the protection so prescribed in the Securities Law, TASE-CH has established a DVP (Delivery Versus Payments) clearing mechanism, which is intended to execute the transfer of the consideration simultaneously with the receipt of the securities, and vice versa, thereby also mitigating the exposure to settlement risk, as set forth in paragraph C of this note below.

Additionally, the Securities Law prescribes, with regard to the settlement finality, that a clearing order given to the Clearing House and a clearing action carried out by it cannot be canceled, other than in accordance with the Clearing House's rules. Such protection is also granted in the case of insolvency proceedings being instigated against a Clearing member that is a party to such an order or action, or against an officer serving with such a member, and all as stipulated in the law. Moreover, the Securities Law specifies that nothing in the insolvency laws is to be deemed as prejudicing the arrangements prescribed in the Clearing House's rules, including early termination arrangements, net calculation arrangements, fair value determination arrangements, and all as prescribed in the Securities Law.

(f) Policies, Procedures and Processes Followed by the Group and the Clearing Houses:

The Group has policies, procedures and processes aimed at identifying, monitoring, estimating and managing its exposures to credit risk, in particular a policy and procedures that exist at each of the Clearing Houses to manage a Clearing member's default; these outline how the Clearing House will manage and react to a Clearing member default event, including the risks that have to be covered and the manner in which the Clearing Houses will use the protections at their disposal by virtue of the Securities Law and the Clearing Houses' By-Laws.

NOTE 4 - THE FINANCIAL RISKS MANAGEMENT POLICY (CONT.):

B. Liquidity Risk:

(1) Risk Profile:

Liquidity risk is the risk that the Group will not be able to meet its liquidity needs, on time and in full, either at the time of the default of one of the Clearing Houses' member's, by virtue of each of their obligation to act as a CCP, or for financing the Group's ongoing activities.

TASE-CH's material liquidity exposure at the time of a Clearing member's default arises not just from the amount of the defaulting Clearing member's obligations in the monetary clearing round of the Bank of Israel's "ZAHAV" system (a Hebrew acronym for Real Time Credits and Transfers) that TASE-CH will be required to fulfill in place of the Clearing member, provided that the latter has chargeable balances, but also from the need to realize the financial resources standing at TASE-CH's disposal for dealing with a default event, as detailed in paragraph A (2) (b) of this note above, for the purpose of fulfilling the aforementioned monetary obligations.

MAOF-CH's material liquidity exposure arises due to the Clearing House being a CCP to transactions, whereby it will be required to continue to meet its obligations in a transaction toward the other Clearing members that had not defaulted, including the final settlement of the future cash flows in the transactions, provided that the terms and conditions for doing so in accordance with the Clearing House's By-Laws are fulfilled. In addition, the Clearing House is exposed to liquidity risk upon a Clearing member's default due to the need to speedily realize the financial resources standing at its disposal – as detailed in paragraph A (2) (b) of this note above.

The Group does not have a material liquidity risk exposure with respect to its ongoing activities. Nevertheless, in accordance with the Clearing Houses' Stability Directive, it holds liquid assets in an amount that does not fall below the capital requirement with respect to contribution against default waterfall of each Clearing House, and with the addition of the amount of the equity requirement with respect to business continuity and reorganization, which is calculated as the amount of the Clearing Houses' operating expenses for six months' activity. See note 5 as to the Group's capital adequacy and liquidity adequacy.

The expected maturity dates for most of the financial liabilities arising from the clearing activities undertaken by TASE-CH are one day after the date of the financial statements.

The expected maturity dates for most of the financial liabilities arising from the clearing activities undertaken by MAOF-CH (payables with respect to open positions) are as follows:

	December 31,	
	2023	2022
	NIS, in thousands	NIS, in thousands
Up to one month after the date of the Statement of Financial Position	1,265,510	740,365
1-2 months	385,739	171,751
2-3 months	11,618	14,136
Up to one year	32,215	11,007
Total financial liabilities from clearing activities (*)	**1,695,082**	**937,259**

(*) The total of the aforesaid financial liabilities from clearing activities and their expected maturity dates matches the total of the financial assets from clearing activities and their expected maturity dates.

The expected maturity dates for the trade and other payables are within a period of up to two months.

NOTE 4 - THE FINANCIAL RISKS MANAGEMENT POLICY (CONT.):

B. Liquidity Risk (Cont.):

(1) Risk Profile (Cont.):

The following table provides details of the expected maturity dates of a bank loan based on its undiscounted cash flows. The cash flows are for both interest and principal, based on the interest on the reporting date.

	December 31,
	2023
	NIS, in thousands
Up to one year after the date of the Statement of Financial Position	58,599
Second year	55,183
Third year	51,829
Total undiscounted cash flows of bank loan	**165,611**

For additional information on a bank loan, see note 13 below.

The following table provides details of the expected maturity dates for lease liabilities based on the undiscounted cash flows of the lease liabilities. The cash flows are for both interest and principal.

	December 31,	
	2023	2022
	NIS, in thousands	NIS, in thousands
Up to one year after the date of the Statement of Financial Position	5,987	8,670
Second year	5,084	4,394
Third year	3,641	2,283
Fourth year	742	-
Total undiscounted cash flows of lease liabilities (*)	**15,454**	**15,347**

(*) The incremental interest rate used to discount the future lease payments in calculating the balance of the lease liability as of 31.12.2023 and 31.12.2022, as shown in the Statement of Financial Position, ranges from 0.85% to 5.1% and from 0.85% to 4.46%, respectively. The aforesaid discount rates are based on the nominal interest rate applicable to discounting lease contracts, in accordance with the financing risk of the Company and the average duration of the lease contracts.

(2) Risk Management and Mitigation Measures:

(a) Liquid Assets Deposited as Collateral in Default Funds:

Within the context of the margin requirement at MAOF-CH and of the requirement for the deposit of collateral in the Default Fund at each of the Clearing Houses, Clearing members may deposit assets that are Government of Israel bonds, treasury bills and cash, thus ensuring a liquid mix of collateral that can be realized relatively quickly in the case of a Clearing member's default.

NOTE 4 - THE FINANCIAL RISKS MANAGEMENT POLICY (CONT.):

B. Liquidity Risk (Cont.):

(2) Risk Management and Mitigation Measures (Cont.):

(a) Liquid Assets Deposited as Collateral in Default Funds (cont.):

Further to the stated in Note 4 B (2) (c) below, and taking into consideration the provisions of the Rules Securing the Proper Operation of The TASE Clearing House and the MAOF Clearing House, on 8.8.2022, the Audit Committee and the Board of Directors of each of the Clearing Houses approved a change in the cash component of the Default Fund, pursuant to which this component will constitute at least 50% of the total collateral that each member is required to deposit in the Default Fund from time to time. In addition, in relation to MAOF-CH, it has been determined that the cash component with respect to MAOF transactions executed by a Clearing House member will be an amount equal to at least 35% of the total current margin that the member is required to provide.

Later on, in January 2023, the Audit Committee and the Board of Directors of TASE-CH approved an increase in the cash component of the default fund of TASE-CH to 100%.

The aforementioned cash is deposited in an account at the Bank of Israel, with this being in order to ensure quick and assured access to such collateral and in order to mitigate other risks arising from depositing the collateral with commercial banks (e.g., credit risk).

(b) Holding Liquid Assets:

As of 31.12.2023, the Group holds particularly liquid assets, part of which is allocated in favor of the each of the Clearing Houses' minimum requirement, as referred to in note 5, whereby 96% of the Group's financial assets (excluding assets stemming from clearing activity with respect to open positions) are immediately liquid assets (cash and Government of Israel bonds), of which 79% is in cash.

(c) Credit Facility from a Commercial Bank:

TASE-CH has been granted a credit facility by a commercial bank in an amount of up to NIS 30 million, against a charge of securities, valid until 31.12.2024, in order to provide additional and fast liquidity on the occurrence of a Clearing member's default, as set forth in paragraph A (2) (b) of this note above. In the reporting period, TASE-CH did not need to make use of the aforesaid credit facility. With regard to charges, see note 26.

C. Settlement Risk:

(1) Risk Profile:

Settlement risk is the risk that the settlement will not be properly completed, whereby the monetary consideration, the securities or the financial instrument will be transferred to the party to the transaction without the financial instrument, the securities, or the monetary consideration, as the case may be, being received simultaneously from the counterparty to said transaction. The materialization of settlement risk could cause a material increase in the credit and liquidity exposures of the Clearing Houses as a CCP.

NOTE 4 - THE FINANCIAL RISKS MANAGEMENT POLICY (CONT.):

C. Settlement Risk (Cont.):

(2) Risk Management and Mitigation Measures:

In order to mitigate the risk inherent in the monetary settlement at each of the Clearing Houses, this settlement is carried out on the Bank of Israel's system for performing bank transfers: the "ZAHAV" system (a Hebrew acronym for Real Time Credits and Transfers), which is an advanced system for the settlement of shekel payments in Israel, in real time and with finality (RTGS: Real Time Gross Settlement).

In order to mitigate the risk inherent in the transactions' settlement at the Clearing House, the settlement is done using a DVP (Delivery Versus Payments) settlement mechanism, whereby the clearing of the securities is done in synchronization with the monetary settlement on the Bank of Israel's "ZAHAV" system. TASE-CH will not clear transactions (neither the monetary consideration nor the securities), in which a Clearing member has sold securities, if it possesses insufficient securities to carry out those transactions at the time prescribed in the By-Laws (pending transactions) – concerning the handling of such instances by the Clearing House, see paragraph A (2) (b) of this note above.

The Group has a policy, accepted practices and procedures aimed at mitigating the settlement risks, including communication procedures for transmitting alerts and notifications relating to the results of clearings performed or expected to be performed.

D. Market Risk:

(1) Risk Profile:

Market risk is the risk of loss that will be caused to the Group from changes in market prices (such as exchange rates, the Consumer Price Index and interest rates), to the extent that these changes will cause a decrease in net profit or a loss that will lead to a decrease in the Group's shareholders' equity.

In the ordinary course of business activities**,** the Group is exposed to market risk with respect to its holding of securities included in the Group's investment portfolios that are held for trading, such that a downturn in market prices could have a direct effect on the Group's profit and loss, and with respect to the holding of deposits at variable interest or in foreign currency. For further details regarding the exposure level, see note 8.

The Group's operations (other than monetary investments) do not involve a material exposure to linkage basis risk.

NOTE 4 - THE FINANCIAL RISKS MANAGEMENT POLICY (CONT.):

D. Market Risk (Cont.):

(2) Risk Management and Mitigation Measures:

Measures for Managing and Mitigating the Market Risk Inherent in the Group's Investment Portfolio:

In order to manage and mitigate these risks, the Group has an investment policy that is approved every year by the Board of Directors. The policy prescribes that the Group's monetary balances are to be invested in Israeli Government bonds and T-bills, whose inherent credit risk is not material. The Group also restricts the duration of the portfolio and the repayment period of each of the securities, thereby limiting its exposure to changes in interest rates. Additionally, the Group has imposed concentration restrictions on the management of the portfolio (in terms of the exposure to a single security, the portfolio value managed by a single portfolio manager and the portfolio value held by a single custodian). In addition, the Group maintains a minimum capital buffer, both at the Group level and also at the level of each of the Clearing Houses, to absorb losses with respect to the possible materialization of market risk in the investment portfolio, this in accordance with the capital adequacy model determined at the level of the Group and the capital adequacy model that the Clearing Houses are required to implement in accordance with the Israel Securities Authority's directive – see details in note 5.

NOTE 5 - THE GROUP'S CAPITAL ADEQUACY AND LIQUIDITY ADEQUACY REQUIREMENTS:

The Group's capital adequacy and liquidity adequacy requirements are prescribed in the Clearing Houses' Stability Directive issued by the Israel Securities Authority. The requirements include the allocation of capital with respect to the Clearing House's exposure to credit risks (other than upon the occurrence of a Clearing member's default), market risk on the Clearing House's investment portfolio (interest risk and exchange rate risk), operational and legal risks, and to ensure business continuity and the reorganization of its business. Moreover, the requirements include, as stated, a minimum requirement with respect to each of the Clearing Houses' participation in the order of realizing collateral upon the occurrence of a Clearing member's default, at a rate of 25% of the total capital requirement in respect of the aforementioned risks or NIS 7.5 million, whichever is the greater.

In the absence of any regulatory directive, the capital adequacy and liquidity adequacy requirement is determined at the level of TASE Group using internal models that were approved by TASE's Board of Directors.

On 29.11.2022, the Board of Directors of TASE and the Boards of Directors of each of the Clearing Houses approved a methodology update concerning the calculation of the qualified capital, the liquid assets and the capital and liquidity requirements, which provides, inter alia, for the calculation of "required levels of capital and liquidity" (based on the Clearing Houses' Stability Directive, for the Clearing Houses, and based on the general framework of the Banking Supervision Directives, with the adjustments necessary for the activity of TASE, at TASE). The Boards of Directors also approved the establishment of additional capital and liquidity safety cushions, which serve as an additional layer for handling stress scenarios and are at the discretion of the Board of Directors.

NOTE 5 - THE GROUP'S CAPITAL ADEQUACY AND LIQUIDITY ADEQUACY REQUIREMENTS (CONT.):

A. Capital Adequacy – Capital Requirements, Qualifying Capital Base and the Group's Capital Adequacy Position as of Reporting Date:

	December 31,	
	2023	2022
	NIS, in thousands	
Capital requirements with respect to the risk components:		
Credit risk (1)	9,220	5,050
Market risk	2,766	4,992
Legal and operational risk (2)	53,534	49,254
Business continuity and reorganization (3)	70,326	68,139
Contribution against default waterfall	28,649	28,182
Total capital requirements with respect to the risk components	164,495	155,617
Capital base components		
Retained earnings	290,073	593,232
Other capital reserves	66,975	54,222
Remeasurement of net defined benefit liability	4,745	5,207
Share-based payments reserve	39,927	33,787
Adjustments:		
Deferred income from listing fees, less deferred tax	80,846	81,879
Total qualifying capital base	482,566	768,327
Capital surplus (qualifying capital base, less requirements)	**318,071**	**612,710**

(1) A capital allocation equivalent to 15% of the average gross income in the last twelve quarters.

(2) A capital allocation equivalent to six months' operating expenses (on an annual basis) with the necessary adjustments. The allocation only applies to the expenses of TASE-CH and MAOF-CH.

(3) As of 31.12.2023, the contribution against default waterfall allocated from the Group's equity in respect to MAOF-CH and TASE-CH totaled NIS 7.5 million and NIS 21.1 million, respectively (31.12.2022 – NIS 7.5 million and NIS 20.7 million, respectively).

NOTE 5 - THE GROUP'S CAPITAL ADEQUACY AND LIQUIDITY ADEQUACY REQUIREMENTS (CONT.):

B. Liquidity Adequacy – Liquidity Requirements, Net Liquid Asset Base and Liquidity Adequacy Position as of Reporting Date:

	December 31,	
	2023	2022
	NIS, in thousands	NIS, in thousands
Liquidity requirements with respect to the risk components:		
Business continuity and reorganization (1)	70,326	68,139
Anticipated cash flow, net (2)	238,130	21,451
Contribution against default waterfall	28,649	28,182
Total requirements for liquid assets	337,105	117,772
Eligible liquid assets		
Cash and cash equivalents	408,484	192,416
Securities portfolio at fair value	90,182	196,211
Less – amortization coefficients on the assets	(4,558)	(9,378)
Less – current liabilities (3)	(11,542)	(4,931)
Net liquid assets	482,566	374,318
Liquidity surplus (net liquid assets, less requirements)	**145,461**	**256,546**

(1) The allocation of liquid assets equal to six months' operating expenses (annualized) with the necessary adjustments. The allocation applies only to the expenses of TASE-CH and MAOF-CH.

(2) Allocation of liquid assets equal to the Company's liquidity needs, based on its highest negative net cash flow in a specific month or accumulated over several consecutive months within a one-year period ending on 31.12.2024.

(3) Deduction of the current liabilities of TASE-CH and MAOF-CH only.

C. TASE-CH's Capital Adequacy and Liquidity Adequacy as of Reporting Date:

	December 31,	
	2023	2022
	NIS, in thousands	NIS, in thousands
Capital adequacy position:		
Total capital requirements	105,744	103,410
Total qualifying capital base	126,337	191,680
Total capital surplus	**20,593**	**88,270**
Liquidity adequacy position:		
Total liquidity requirements	77,437	75,433
Total net liquid assets	113,023	178,234
Total liquidity surplus	**35,586**	**102,801**

D. MAOF-CH's Capital Adequacy and Liquidity Adequacy as of Reporting Date:

	December 31,	
	2023	2022
	NIS, in thousands	NIS, in thousands
Capital adequacy position:		
Total capital requirements	37,500	37,500
Total qualifying capital base	56,276	51,500
Total capital surplus	**18,776**	**14,000**
Liquidity adequacy position:		
Total liquidity requirements	21,537	20,889
Total net liquid assets	55,065	49,620
Total liquidity surplus	**33,528**	**28,731**

NOTE 6 - CASH:

A. Composition of Cash and Cash Equivalents:

	Interest Rate, December 31,	December 31,	
	2023	2023	2022
	%	NIS, in thousands	NIS, in thousands
Cash at banks		29,130	71,102
Short-term deposits	Primarily 4.5%	379,354	121,314
Total cash and cash equivalents		**408,484**	**192,416**

B. Regarding liquidity risk management**,** see note 4 B.

NOTE 7 - RECEIVABLES AND PAYABLES RELATING TO OPEN DERIVATIVE POSITIONS:

The following is additional information with respect to open derivative position balances and respective collateral:

A. As a CCP, MAOF-CH has assets and liabilities for each of the futures and options cleared by MAOF-CH (see also note 2 L (2) (a)). The amount of assets reflects the fair value of the total liability of Clearing members to MAOF-CH. The amount of liabilities reflects the fair value of all liabilities of MAOF-CH to its Clearing members.

The amount of these assets and liabilities is calculated, after offsetting the fair value of the amounts of liabilities of a Clearing member to MAOF-CH against the fair value of the amount of liabilities of MAOF-CH to that member, in relation to the open positions of the member as of that particular expiration date.

NOTE 7 - RECEIVABLES AND PAYABLES RELATING TO OPEN DERIVATIVE POSITIONS (Cont.):

A. (cont.)

The amounts of assets and liabilities, as above, do not include such offsets relating to the open positions of that member with different expiration dates. Regarding the fair value of the assets and liabilities that arise from the open positions of all members of MAOF-CH, which also takes into account the offsetting of debits and credits resulting from the members' open positions with different expiration dates, see note 8 C below.

B. The final expiration date of derivatives issued by MAOF-CH, up to reporting date is up to December 2024 for options (mostly up to the end of January 2024). As to the maturity dates of the derivatives, see note 4 B (1).

C. Regarding the MAOF-CH Default Fund and related collateral, and collateral for derivative transactions of the Clearing members or under their responsibility, see note 4 A (2) (b).

NOTE 8 - FINANCIAL INSTRUMENTS:

A. Financial Instrument Balances, by Category:

	December 31,	
	2023	2022
	NIS, in thousands	NIS, in thousands
Financial assets (*):		
Financial assets measured at amortized cost:		
Cash and cash equivalents	408,484	192,416
Trade and other receivables	19,938	17,283
Earmarked cash	-	720
Financial assets at fair value through profit or loss:		
Assets derived from clearing operations – receivables with respect to open derivative positions	1,695,082	937,259
Financial assets held for trading (**)	90,182	196,211
	2,213,686	1,343,889
Presented in the Statement of Financial Position under:		
Current assets	2,213,686	1,343,169
Non-current assets	-	720
	2,213,686	1,343,889
Financial liabilities:		
Financial liabilities measured at amortized cost:		
Bank loan	149,834	-
Trade and other payables	10,272	14,978
Dividend declared	231,110	-
Lease liabilities	13,749	15,045
Other liabilities	-	720
Financial liabilities at fair value through profit or loss:		
Liabilities derived from clearing operations – payables with respect to open derivative positions	1,695,082	937,259
	2,100,047	968,002
Presented in the Statement of Financial Position under:		
Current liabilities	1,991,150	960,710
Non-current liabilities	108,897	7,292
	2,100,047	**968,002**

(*) The book value of the financial assets reported above reflects the Group's maximum exposure to financial assets' credit risk as of Statement of Financial Position date.

(**) The composition of the investment portfolio includes treasury bills and Government of Israel bonds, see note 4 (D) (2).

NOTE 8 - FINANCIAL INSTRUMENTS (CONT.):

B. Fair Value of Financial Instruments:

(1) The financial instruments of the Group include mainly cash and cash equivalents (including earmarked cash), financial assets held for trading, trade receivables, other receivables, trade payables, other payables, lease liabilities and other liabilities and assets and liabilities with respect to open derivative positions.

The balances of the Group's financial instruments, excluding lease liabilities, in the Statement of Financial Position as of 31.12.2023 and 31.12.2022 closely reflect their fair values. In accordance with accounting standards, fair value calculation is not required for lease liabilities.

(2) Financial Instruments Measured at Fair Value in the Statement of Financial Position:

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 - fair value measurements are those derived from valuation techniques that are not based on observable market data (unobservable inputs).

The above classification is determined on the basis of the lowest level input (assumption) which is significant to the fair value measurement in its entirety.

Below are the Group's financial instruments measured at fair value, based on said levels:

	Receivables and Payables with respect to Open Derivative Positions	Financial Assets at Fair Value Through Profit or Loss – Held for Trading
	NIS, in thousands	NIS, in thousands
December 31, 2023:		
Level 1	53,205	90,182
Level 2	1,685,375	-
	1,738,580	90,182
Offset between Level 1 instruments, and Level 2 instruments, in the position of the same member on the same expiration date (see note 7 A above)	(43,498)	-
Total balance reported in the Statement of Financial Position	**1,695,082**	**90,182**
December 31, 2022:		
Level 1	8,101	196,211
Level 2	941,907	-
	950,008	196,211
Offset between Level 1 instruments, and Level 2 instruments, in the position of the same member on the same expiration date (see note 7 A above)	(12,749)	-
Total balance reported in the Statement of Financial Position	**937,259**	**196,211**

NOTE 8 - FINANCIAL INSTRUMENTS (CONT.):

B. Fair Value of Financial Instruments:

(2) Financial Instruments Measured at Fair Value in the Statement of Financial Position (cont.):

Assumptions Used to Measure the Fair Value of Receivables and Payables with respect to Open Derivative Positions Measured at Level 2:

The fair value of open derivative positions in options is measured using the PCP (Put-Call Parity) model, and if it cannot be determined based on that model, the fair value will be measured by the Black and Scholes model, with the parameters used in the implementation of the model are: the price of the underlying asset, the underlying asset multiplier, the settlement price for a Call or Put option, the exercise price, time to expiration, NIS risk-free interest rate, foreign currency risk-free interest rate (in the case of exchange rate options) and the standard deviation of the return of the underlying asset.

The use of different assumptions could change the amounts of fair value, but without impact on profit or loss, since the open positions on the asset side and the open positions on the liabilities side are identical, as per note 2 L (2) above.

C. Offsets of Financial Assets and Financial Liabilities:

Financial assets and liabilities are reported in the Statement of Financial Position, in a net amount, only when there is a legally enforceable right of offset and there is an intention to settle the asset and liability on a net basis, or to realize the asset and settle the liability simultaneously.

Assets and liabilities with respect to open derivative positions reported in the Statement of Financial Position have been calculated, after offsetting the fair value of the liabilities of the Clearing member to MAOF-CH against the fair value of all liabilities of MAOF-CH to said member, resulting from open positions of said member, on the same expiration date.

These amounts do not include offsets arising from open positions of said member on various expiration dates.

Following is information on financial assets and liabilities, available for offset, by instruments:

Instrument	Gross Amounts (Before Offset) of Assets / Liabilities, with respect to Open Derivative Positions	Amounts Offset in the Statement of Financial Position	Assets / Liabilities with respect to Open Derivative Positions, net, in the Statement of Financial Position
	NIS, in thousands	NIS, in thousands	NIS, in thousands
December 31, 2023:			
Warrants (*)	**1,999,307**	**304,225**	**1,695,082**
December 31, 2022:			
Warrants (*)	**1,210,346**	**237,087**	**937,259**

(*) As of 31.12.2023 and 31.12.2022, there were no open positions with regard to futures.

NOTE 8 - FINANCIAL INSTRUMENTS (CONT.):

C. Offsets of Financial Assets and Financial Liabilities (Cont.):

Following is information on financial assets and liabilities, available for offset, by counterparty to a transaction:

Financial assets, available for offset, with respect to a transaction's counterparty:

Counterparty	Assets Regarding Open Derivative Positions, net, in the Statement of Financial Position	Amounts to be Offset in the Event of Default (*)	Margin Amounts (**)	Net Total
	NIS, in thousands	NIS, in thousands	NIS, in thousands	NIS, in thousands
December 31, 2023:				
Member B'	1,634,684	1,943	1,632,741	-
Member C'	25,402	25,402	-	-
Other members	34,996	34,748	248	-
	1,695,082	**62,093**	**1,632,989**	**-**
December 31, 2022:				
Member B'	872,919	2,200	870,719	-
Member C'	18,315	18,315	-	-
Other members	46,025	32,867	13,158	-
	937,259	**53,382**	**883,877**	**-**

(*) The closing of open positions in the event of default will aim to minimize the losses of end customers, to the extent possible. This, without increasing the exposure of MAOF-CH.

(**) Margin amounts are reported in an amount that does not exceed the balance of assets with respect to open derivative positions, after all offsets in the event of default. The current margin requirement is higher than that shown in the table, and totals, as of 31.12.2023, NIS 3,427 million (as of 31.12.2022, NIS 2,348 million).

NOTE 8 - FINANCIAL INSTRUMENTS (CONT.):

C. Offsets of Financial Assets and Financial Liabilities (Cont.):

Financial liabilities, available for offset, with respect to a transaction's counterparty:

Counterparty	Liabilities Regarding Open Derivative Positions, net, in the Statement of Financial Position	Amounts to be Offset in the Event of Default	Net Total
	NIS, in thousands	NIS, in thousands	NIS, in thousands
December 31, 2023:			
Member H'	1,384,620	11,163	1,373,457
Member C'	147,681	25,402	122,279
Other members	162,781	25,528	137,253
	1,695,082	**62,093**	**1,632,989**
December 31, 2022:			
Member H'	599,047	2,025	597,022
Member C'	228,005	18,315	209,690
Other members	110,207	33,042	77,165
	937,259	**53,382**	**883,877**

D. Interest Risks:

The Group has monetary surpluses that are placed in bank deposits and investments in financial instruments (government bonds) yielding variable interest rates and thus has cash flows exposure to changes in interest.

The following table details the impact of a +/- 0.5% and a +/- 1% change in interest on the aforementioned financial instruments (before the tax effect):

December 31, 2023			December 31, 2022		
Total Variable Interest Rate Instruments	Change of +/- 0.5%	Change of +/- 1%	Total Variable Interest Rate Instruments	Change of +/- 0.5%	Change of +/- 1%
NIS millions					
392.6	**2.0**	**3.9**	**132.0**	**0.7**	**1.3**

In opposition, during the year the Group obtained a loan from a bank at variable interest, which gives rise to a cash-flow exposure to changes in the interest rate.

The following table details the impact of a +/- 0.5% and a +/- 1% change in the interest rate on the aforesaid loan (before the tax effect):

December 31, 2023			December 31, 2022		
Total Variable Interest Rate Instruments	Change of +/- 0.5%	Change of +/- 1%	Total Variable Interest Rate Instruments	Change of +/- 0.5%	Change of +/- 1%
NIS millions					
150	**0.75**	**1.5**	**-**	**-**	**-**

NOTE 8 - FINANCIAL INSTRUMENTS (CONT.):

D. Interest Risks (Cont.):

In addition, the Group has investments (government bonds) in financial instruments yielding fixed interest rates, which are measured at fair value through profit or loss and is therefore exposed to changes in the fair value as the result of changes in the interest rates.

The following table details the impact of a +/- 0.5% and a +/- 1% change in the fair value of bonds (before the tax effect), when all other variables remain constant:

December 31, 2 0 2 3			December 31, 2 0 2 2		
Total Fixed Interest Rate Instruments	Change of +/- 0.5%	Change of +/- 1%	Total Fixed Interest Rate Instruments	Change of +/- 0.5%	Change of +/- 1%
NIS, in millions					
90	**1.4**	**2.8**	**186**	**3.6**	**7.2**

NOTE 9 - INVESTMENTS IN SUBSIDIARIES:

Subsidiaries:

A. General:

Name of Company	Country of Incorporation	Rate of Holding of Equity and Voting Rights as of December 31, 2023 and 2022
MAOF Clearing House Ltd.	Israel	100% (*)
Tel-Aviv Stock Exchange Clearing House Ltd.	Israel	100%
Tel-Aviv Stock Exchange Nominee Company Ltd.	Israel	100%

(*) TASE-CH holds 1 share of the 3,000,079 issued and paid-up shares of MAOF-CH (the remaining shares are held by TASE).

B. Presented below is additional information pertaining to transactions with subsidiaries:

TASE's resolutions on providing a credit facility to TASE-CH and to MAOF-CH - see note 25 F (1).
Grant of a loan to TASE-CH and its repayment in 2023 - see note 25 E (3).
Indemnification of officers and exemption of officers from liability at TASE and at the Clearing Houses - see note 18.
Officers' insurance at TASE and the Clearing Houses - see note 25 F (2).
Dividend distribution by TASE-CH to TASE - see note 25 E (4).

NOTE 10 - LAND RIGHTS:

A. In 2007, the Company signed agreements for the acquisition of title, possession, use and leasehold rights to land designated for the construction of a new building for TASE.

In 2010, the Company signed a lease agreement with the Tel-Aviv Municipality for underground space for a period of 49 years with an option for a 49-year extension, and paid lease fees of NIS 2.3 million, according to an appraisal report.

The Company relocated to its new offices in July 2014.

NOTE 10 - LAND RIGHTS (CONT.):

A. (cont.)

In December 2023, as a condition for the receipt of a loan from a bank (see note 13 below), the Company has undertaken not to pledge or mortgage, in any manner and for any purpose whatsoever and not to sell, transfer and not transact in any manner in the Company's rights in the real estate that is used for the offices of the Company known as Block 6920 Parcel 74 and Parcel 71 in Tel Aviv. This undertaking excludes rent transactions in relation to vacant spaces in the real estate property.

B. Composition:

	December 31,	
	2023	2022
	NIS, in thousands	NIS, in thousands
Freehold land, included in property and equipment	19,510	19,510
Land under capital lease, included in leased land (lease rights for various periods ending 2107-3003)	37,255	37,492
	56,765	**57,002**

Most of the land rights have been registered in TASE's name with the Land Registration Office. The registration of some land rights located in the underground floors that serve for passage and connection to the underground level of the Shalom Tower has not yet been completed due to technical difficulties. TASE is taking steps for their registration.

NOTE 11 - PROPERTY AND EQUIPMENT:

A. Composition and Changes:

(1) Property and Equipment:

	Land and Building	Computer Systems and Related Equipment	Equipment and Systems	Furniture	Total
	NIS, in thousands	NIS, in thousands	NIS, in thousands	NIS, in thousands	NIS, in thousands
Cost:					
Balance, January 1, 2023	245,237	96,080	49,240	7,329	397,886
Acquisitions during the year	468	9,097	1,285	9	10,858
Disposals during the year	-	(1,413)	(788)	(4)	(2,205)
Balance, December 31, 2023	245,705	103,764	49,737	7,333	406,539
Cost:					
Balance, January 1, 2022	245,224	92,153	49,034	7,320	393,731
Acquisitions during the year	39	8,900	627	19	9,585
Disposals during the year	(26)	(4,973)	(421)	(10)	(5,430)
Balance, December 31, 2022	245,237	96,080	49,240	7,329	397,886
Accumulated Depreciation:					
Balance, January 1, 2023	39,366	65,915	26,013	3,214	134,508
Depreciation for the year	4,633	9,656	3,175	213	17,677
Disposals during the year	-	(1,393)	(746)	(4)	(2,143)
Balance, December 31, 2023	43,999	74,178	28,442	3,423	150,042
Accumulated Depreciation:					
Balance, January 1, 2022	34,740	59,792	23,304	2,910	120,746
Depreciation for the year	4,630	11,086	3,129	307	19,152
Disposals during the year	(4)	(4,963)	(420)	(3)	(5,390)
Balance, December 31, 2022	39,366	65,915	26,013	3,214	134,508
Depreciated Cost:					
December 31, 2023	**201,706**	**29,586**	**21,295**	**3,910**	**256,497**
December 31, 2022	**205,871**	**30,165**	**23,227**	**4,115**	**263,378**

(*) See note 10 for information on land rights.

NOTE 11 - PROPERTY AND EQUIPMENT (CONT.):

A. Composition and Changes (Cont.):

(2) Right-of-Use Assets:

	Leased Land	Backup Facility	Communication Lines	Motor Vehicles	Total
	NIS, in thousands	NIS, in thousands	NIS, in thousands	NIS, in thousands	NIS, in thousands
Cost:					
Balance, January 1, 2023	39,522	15,809	29,953	1,128	86,412
Additions (*)	-	4,914	1,507	759	7,180
Disposals	-	-	(19,459)	(478)	(19,937)
Balance, December 31, 2023	39,522	20,723	12,001	1,409	73,655
Cost:					
Balance, January 1, 2022	39,522	15,419	30,034	1,403	86,378
Additions (*)	-	390	151	248	789
Disposals	-	-	(232)	(523)	(755)
Balance, December 31, 2022	39,522	15,809	29,953	1,128	86,412
Accumulated Depreciation:					
Balance, January 1, 2023	2,030	9,760	21,862	540	34,192
Depreciation	237	2,597	5,437	482	8,753
Disposals	-	-	(19,461)	(476)	(19,937)
Balance, December 31, 2023	2,267	12,357	7,838	546	23,008
Accumulated Depreciation:					
Balance, January 1, 2022	1,793	7,235	16,688	537	26,253
Depreciation	237	2,525	5,406	452	8,620
Disposals	-	-	(232)	(449)	(681)
Balance, December 31, 2022	2,030	9,760	21,862	540	34,192
Depreciated Cost, December 31, 2023	**37,255**	**8,366**	**4,163**	**863**	**50,647**
Depreciated Cost, December 31, 2022	**37,492**	**6,049**	**8,091**	**588**	**52,220**

(*) In January 2024, agreements were signed for the lease of lines of communication for a period of 36 months. Most of the aforesaid contracts superseded existing contracts that expired in 2023. The undiscounted volume of the engagement in the agreements amounted to NIS 15-16 million.

NOTE 11 - PROPERTY AND EQUIPMENT (CONT.):

A. Composition and Changes (Cont.):

(3) Presentation in the Statement of Financial Position

	December 31,	
	2023	2022
	NIS, in thousands	NIS, in thousands
Property and Equipment, Net:		
Property and equipment	256,497	263,378
Right-of-use assets	50,647	52,220
	307,144	**315,598**

B. Additional Details of Right-of-Use Assets and Lease Liabilities:

(1) Amounts Recognized in Profit or Loss:

	Year Ended December 31		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Depreciation expenses with respect to right-of-use assets	**8,753**	**8,620**	**8,488**
Interest expenses with respect to lease liabilities	**373**	**312**	**427**
Interest income with respect to receivables for sublease	**-**	**(3)**	**(14)**
Expenses relating to short-term leases	**-**	**49**	**265**
Expenses relating to low-value-asset leases	**41**	**26**	**-**

(2) Changes in the Liabilities Arising from Financing Activities (Lease Liabilities):

	NIS, in thousands
Balance, January 1, 2022	**23,136**
Cash flows from financing activities	(8,815)
Additions, net	724
Balance, December 31, 2022	**15,045**
Balance, January 1, 2023	**15,045**
Cash flows from financing activities	(8,848)
Additions, net	7,552
Balance, December 31, 2023	**13,749**

Regarding expected maturity dates with respect to lease liabilities, see note 4 B.

NOTE 11 - PROPERTY AND EQUIPMENT (CONT.):

C. Operating Lease Arrangements:

(1) General:

In April 2021, the Company entered into an agreement with a foreign state for the rent of one floor in the building to serve as the embassy of the foreign state. The first rent period was set at three years, commencing on 18.4.2021, with an option to extend the rent period for an additional two years. After 24 months of rent, the lessee has the option to terminate the agreement with a 6-month advance notice. In August 2023, the renter informed the Company that it will not be exercising the option and requested the termination of the lease on 30.4.2024.

(2) Minimum Future Lease Fees Receivable with respect to Non-Voidable Operating Leases:

	December 31,	
	2023	2022
	NIS, in thousands	NIS, in thousands
In the first year	542	568
	542	**568**

(3) Amounts Recognized in Profit or Loss:

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Income from operating lease	**1,331**	**1,200**	**942**

NOTE 12 - INTANGIBLE ASSETS:

Composition and Changes:

	Software, Licenses and Capitalized Development	Goodwill	Total
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Cost:			
Balance, January 1, 2023	329,940	492	330,432
Acquisitions	20,272	-	20,272
Capitalization of expenses – software development for internal use	19,591	-	19,591
Disposals during the year	(17,843)	-	(17,843)
Balance, December 31, 2023	351,960	492	352,452
Cost:			
Balance, January 1, 2022	296,399	492	296,891
Acquisitions (*)	16,288	-	16,288
Capitalization of expenses – software development for internal use (*)	18,751	-	18,751
Disposals during the year	(1,498)	-	(1,498)
Balance, December 31, 2022	329,940	492	330,432
Accumulated Amortization:			
Balance, January 1, 2023	190,368	-	190,368
Acquisitions	25,982	-	25,982
Disposals during the year	(17,214)	-	(17,214)
Balance, December 31, 2022	199,136	-	199,136
Accumulated Amortization:			
Balance, January 1, 2022	168,211	-	168,211
Acquisitions	23,563	-	23,563
Disposals during the year	(1,406)	-	(1,406)
Balance, December 31, 2022	190,368	-	190,368
Amortized Cost:			
December 31, 2023	**152,824**	**492**	**153,316**
December 31, 2022	**139,572**	**492**	**140,064**

NOTE 13 - BANK LOAN

A. Composition:

	Annual interest rate as of December 31, 2023	December 31, 2023
		NIS, in thousands
Current liabilities		
Current maturities of a bank loan	6.75%	49,946
Non-current liabilities		
Bank loan	6.75%	99,888
		149,834

B. Supplementary Information:

On 28.12.2023, the Company obtained a bank loan in an amount of NIS 150 million, bearing annual interest at a rate of Prime+ 0.5%. The loan is repayable in 36 equal principal installments at the end of each month, commencing in January 2024 through to December 2026 (inclusive). The interest on the loan is payable concurrently with the aforesaid principal installments. The Company has also made undertakings to the bank that are customary in agreements such as the Loan Agreement.

As part of its undertakings to the bank, the Company has made a commitment to the bank not to pledge or mortgage, in any manner and for any purpose whatsoever and not to sell, transfer and not transact in any manner in the Company's rights in the real estate that is used for the offices of the Company, as described in note 10 above. The Company has also undertaken to the bank to comply with the following financial covenants:

Covenant	Description of covenant	Required ratio	Actual ratio as of 31.12.2023
Ratio of equity to total assets	The Company has undertaken to maintain a minimum ratio of equity to total assets(*)	45%	63% (*)
Debt coverage ratio	The Company has undertaken to maintain a maximum ratio of the balance of its non-subordinated liabilities to banks, financial institutions and other lenders, including shareholders/related parties in the operating profit to debt servicing (**)	2.5	1.6
Debt servicing ratio	The Company has undertaken to maintain a minimum ratio of operating profit to debt servicing(**) with the addition of the balance of cash and cash equivalents and financial assets at fair value through profit or loss (T-bills and government bonds), eliminating the balance of the excess consideration that will be transferred to the Company and used for investment in the Company's technological infrastructure and excluding the entitlement dividend (see note 20)(*) in the debt servicing (current maturities of the loan including financing expenses payable according to the loan's repayment schedule).	1.25	3.6

(*) Based on its stand-alone financial statements on the date of review. As of 31.12.2023, the amount of the declared dividend of NIS 231.1 million it to be added to equity.

(**) Based on its stand-alone financial statements on the date of review. Operating profit to debt service - profit before financing, net and taxes with the addition of depreciation and amortization expenses for the past 12 months.

C. As to the management of liquidity risk, see note 4 B.

NOTE 14 - EMPLOYEE BENEFITS:

A. Composition:

	December 31,	
	2023	2022
	NIS, in thousands	NIS, in thousands
Post-employment benefits under defined benefit plans (see paragraph B(1) below):		
Retirement and termination benefits obligation	8,207	5,261
Other long-term employee benefits (see paragraph C below):		
Vacation benefits not utilized	14,951	14,459
Seniority benefits	1,293	1,319
	16,244	15,778
Short-term employee benefits (see paragraph E below)	40,446	23,105
	64,897	**44,144**
Presentation in the Statement of Financial Position:		
Liabilities for employee benefits:		
Current	55,397	37,564
Non-current	9,500	6,580
	64,897	**44,144**

For further details about the collective agreements of TASE employees, see note 17 D below.

B. Post-Employment Benefits:

The collective agreements at TASE expired in September 2022. Nevertheless, and pending the signing of a new collective agreement, the amounts in this report with regards to employees are based on the provisions of the expired collective agreements.

(1) Defined Benefits Plans:

(a) General:

Retirement and Termination Benefits Obligation:

Labor laws and the Israel Severance Pay Law require the Company to pay retirement benefits to employees at the time of their dismissal or retirement (including employees who leave the Company under other specified circumstances). The calculation of the obligation related to the termination of the employee-employer relationship is effected pursuant to a "special" collective agreement in effect, or any individual employment contract, and is based on the latest salary of the employee and also on employee tenure.

Such obligation is calculated using an actuarial estimate prepared by a qualified actuary. The present value of the obligation for defined benefits and the costs related to current service are measured through the use of the projected unit credit method.

NOTE 14 - EMPLOYEE BENEFITS (CONT.):

B. Post-Employment Benefits (Cont.):

(1) Defined Benefits Plans (Cont.):

(b) Key Actuarial Assumptions with respect to Retirement and Termination Benefits as of the End of the Reporting Period:

	December 31,	
	2023	2022
	%	%
Nominal discount rate (*)	5.81	5.46
Forecasted rates of salary increases:		
Employees (in nominal terms)	3.3	3.2
Executives (in real terms)	2	2
Forecasted inflation rates	2.54	2.71
Rates of turnover:		
Employees – severance pay	0.1	0.1
Employees – vacation and seniority benefits	2.5	2.3
Executives	-	-
Rate of retirement benefits on resignation	100	100

(*) The discount rate is based on the return on corporate bonds with the same term as the liabilities.

(c) Sensitivity Analysis of the Main Actuarial Assumptions:

The following sensitivity analysis on the defined benefit obligation has been prepared based on reasonably possible changes in actuarial assumptions at the end of the reporting period, before tax. The sensitivity analysis does not consider any existing interdependence between the assumptions:

	December 31		December 31	
	2023	2022	2023	2022
	One percent increase		One percent decrease	
	NIS, in thousands	NIS, in thousands	NIS, in thousands	NIS, in thousands
Discount rate	(4,846)	(5,059)	5,809	6,168
Expected salary rises	6,347	6,724	(5,545)	(5,823)

NOTE 14 - EMPLOYEE BENEFITS (CONT.):

B. Post-Employment Benefits (Cont.):

(1) Defined Benefits Plans (Cont.):

(d) Changes in the Present Value of the Obligation with respect to the Defined Benefits Plan:

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Opening balance	82,838	121,234	115,446
Current service cost	2,959	4,379	4,203
Interest cost	4,522	3,440	2,984
Actuarial losses (gains) with respect to remeasurements:			
Arising from changes in financial assumptions	(1,380)	(28,070)	960
Arising from past experience	1,977	(4,010)	148
Arising from changes in demographic assumptions	-	(1)	-
Benefits paid with respect to severance compensation	(6,169)	(14,073)	(2,267)
Benefits paid with respect to pensions	-	(61)	(240)
Closing balance	**84,747**	**82,838**	**121,234**

(e) Changes in the Fair Value of Plan Assets:

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Opening balance	77,577	83,435	76,862
Interest income from plan assets (*)	2,663	2,150	1,443
Actuarial gains (losses) with respect to the remeasurement of the return on plan assets	(4)	(3,843)	2,891
Deposits by the employer	3,600	3,722	3,816
Benefits paid	(7,296)	(7,887)	(1,577)
Closing balance	**76,540**	**77,577**	**83,435**

(*) After a transfer of benefits totaling NIS 1,477 thousand in 2023, NIS 193 thousand in 2022, and NIS 554 thousand in 2021.

NOTE 14 - EMPLOYEE BENEFITS (CONT.):

B. Post-Employment Benefits (Cont.):

(1) Defined Benefits Plans (Cont.):

(f) Reconciliation of the Present Value of Defined Benefit Plan Obligations and the Fair Value of Plan Assets to Assets and Liabilities Recognized in the Statement of Financial Position:

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Present value of funded obligations	84,747	82,838	120,253
Fair value of plan assets	(76,540)	(77,577)	(83,435)
	8,207	5,261	36,818
Present value of unfunded obligations	-	-	981
Net liability derived from obligation for defined benefits	**8,207**	**5,261**	**37,799**

(2) Defined Contribution Plans:

Plans with respect to Retirement and Termination:

Company employees working under the terms of the special collective agreements are covered by executive insurance plans, by a pension fund or by another provident fund. For some of these workers, the collective bargaining agreement between the Company and the employees' committee of 2005 provides that pension provisions be in lieu of severance pay under Article 14 of the Severance Pay Law, 1963. In addition, agreements with some of the holders of personal contracts, including an agreement with the Chief Executive Officer, state that the Company will operate under the general authorization regarding employers' payments to the pension fund and to the insurance fund in lieu of severance pay under Article 14 of Severance Pay Law, 1963, as amended. Accordingly, Company severance payments for such employees are in lieu of all severance payments for these employees, and no further accounting, upon employment termination, is made between the Company and the employee with respect to severance pay, and the Company is exempt from the payment of severance pay to these employees or to their survivors, all in accordance with Article 14 of Severance Pay Law, 1963.

See note 22 A regarding the total amount of expenses recognized in the profit or loss with respect to the defined contribution plans.

C. Other Long-Term Employee Benefits:

(1) Vacation:

In accordance with the special collective agreement between the Company and the TASE's employees committee, the number of vacation days per year that each employee is entitled to is determined according to the seniority of the employee and his age. In addition, under the collective agreement between the Company and its employees, the employees are entitled, under certain conditions specified in the agreement, to additional vacation days, some of which cannot be accumulated. A special collective agreement ("the New Labor Agreement") that was signed in 2017 prescribes, inter alia, a ceiling for the accumulation of vacation days by Company employees engaged under the collective agreement.

NOTE 14 - EMPLOYEE BENEFITS (CONT.):

C. Other Long-Term Employee Benefits (Cont.):

(1) Vacation (Cont.):

The quota of vacation days of Company employees engaged under personal employment agreements and limits on their accumulation are prescribed as part of the personal agreements. The Company expects that unused vacation days at the end of the year when the service is rendered will not be fully utilized before 12 months from that date, and therefore the obligation for said is measured as other non-current liabilities.

Regarding the presentation of liabilities in the Statement of Financial Position and despite this obligation being measured as a long-term benefit, the liability for vacation pay is classified under current liabilities, under employee benefits, due to the fact that the Company does not have an unconditional right to defer settlement of the liability after 12 months from the end of the reporting period.

Main actuarial assumptions for vacation pay at the end of the reporting period are:

	December 31,	
	2023	2022
	%	%
Discount rate	4.6	4.29
Forecasted rates of salary increases:		
Employees (in nominal terms)	3.79	3.7
Executives (in real terms)	2	2

(2) Seniority Grant:

Company employees customarily receive seniority grants totaling between NIS 1 thousand and NIS 8 thousand, net ,as follows – NIS 1 thousand upon reaching seniority of 15 years, NIS 2 thousand upon reaching seniority of 20 years, NIS 3 thousand upon reaching seniority of 25 years and so on, and every five years thereafter up to a maximum grant NIS 8 thousand.

D. Termination Benefits:

Personal employment agreements of a group of senior employees entitle them, in certain circumstances of termination of employment, before the end of the employment agreement, to a grant in an amount equal to three months' salary. Regarding the accounting policy – see note 2 Q above.

E. Short-Term Employee Benefits:

Short-term employee benefits include, mainly, liabilities to employees with respect to salary and benefits with respect to bonus payments.

(1) Compensation Policy and Compensation Plan for the Officers:

On 12.1.2023, the general meeting of the Company, after obtaining the approval of the Company's Board of Directors and Audit Committee (in its capacity as Compensation Committee), approved the updated compensation policy for officers in the Company, in accordance with the provisions of the Companies Law, for the years 2023-2025. On 29.6.2023, the general meeting of the Company, after obtaining the approval of the company's Board of Directors and Audit Committee (in its capacity as Compensation Committee), approved an amendment to the Compensation Policy concerning the terms of office of the Chairman of the Board of Directors of TASE (for additional information, see note 25 B below).

NOTE 14 - EMPLOYEE BENEFITS (CONT.):

E. Short-Term Employee Benefits (Cont.):

(1) Compensation Policy and Compensation Plan for the Officers (Cont.):

As a rule, the compensation policy is for a period of three years and provides for fixed and variable components, monetary and equity-based, of the officers' compensation and the correlation between such components, including parameters, threshold criteria, ranges and ceilings for the compensation components (based on the performance of the Company and the performance of the officer).

In the period of the policy, the Company shall be permitted to grant equity compensation to the officers reporting to the Company CEO, in accordance with the terms set forth in the compensation policy.

The main goals of the equity compensation plan are:

- The creation of a layer of long-term compensation and the retention of the offerees.
- The provision of an incentive to increase the value of the Company over the long term.
- The creation of shared interests between the offerees and the Company's shareholders.
- The granting of competitive compensation relative to the market.

On 26.2.2023, the Board of Directors of TASE, after obtaining the approval of the Compensation Committee, approved an equity compensation plan that provides for the grant of warrants exercisable into shares of the Company to all officers of the Company, including directors, in a total quantity of up to 4,100,000 warrants (hereafter: "the Pool"). Within this framework, the Board of Directors of TASE, after obtaining the approval of the Compensation Committee, approved the grant of 2,980,000 warrants to 9 officers reporting to the CEO, which are exercisable, each, into one ordinary share of the Company at an exercise price of NIS 24.386 per warrant. The aforesaid warrants were allotted to a trustee on behalf of the aforementioned officers on 2.4.2023. The allotted warrants were not listed on TASE. Based on the fair value of the warrants on their grant date, the cost of the benefit embodied in the warrants amounted to NIS 10 million. Under the theoretical assumption of the full exercise and conversion of the maximum possible quantity of all the warrants granted, the Company shares that will derive from the exercise and/or conversion of the warrants will constitute 2.88% of the issued and paid-up share capital of the Company, and 2.77% assuming full dilution, on the grant date.

As to the appointment and equity compensation of the Legal Counsel, see note 28 E.

As to fair-value measurement, expense recognition and the vesting terms of the warrants - see note 16 D.

(2) Retention Plan for the CEO:

On 1.5.2019, the Company's general meeting, after receiving the approval of the Company's Compensation Committee and Board of Directors, approved a retention plan for the Company CEO (hereafter: "First Retention Plan") that includes the following three components:

(a) A monthly additional payment that will be paid partly starting from the June 2019 salary and partly starting from the January 2022 salary.

NOTE 14 - EMPLOYEE BENEFITS (CONT.):

E. Short-Term Employee Benefits (Cont.):

(2) Retention Plan for the CEO (Cont.):

(b) The provision of a retention loan to the CEO of NIS 3.5 million ("the Loan") for a period of 5 years starting on 1.6.2019 ("the Loan Term"). If the CEO continues to work at the Company until the end of the Loan Term (namely, until 30.5.2024), the entire Loan will convert into a one-time bonus for the CEO. If, before the end of the Loan Term, the CEO gives notice of his resignation, the CEO will return the full amount of the Loan to the Company. If employment relations come to an end prior to the end of the Loan Term, at the initiative of TASE and under ordinary circumstances, the CEO will be entitled to convert a pro rata portion of the Loan into a bonus. The Loan will bear annual imputed interest (in accordance with the provisions of section 3(i) of the Income Tax Ordinance), the cost of which the Company will bear, including the tax gross-up in respect thereof. The Company will recognize the expense over the Loan Term on a straight-line basis.

(c) The approval of an equity-based compensation plan for the CEO, pursuant to which 4,250,000 warrants – exercisable into shares of the Company and vesting in one installment five years from the date of the allocation – will be granted. The warrants for the CEO that are allocated under the equity compensation plan will not be listed on TASE.

On a theoretical assumption of the full exercise of the warrants for the CEO and on the assumption of an allocation of the maximum possible number of shares that will result from the exercise of the warrants for the CEO, the exercise shares for the CEO will constitute 4.08% of the Company's issued share capital (immediately following the allocation), and 3.92% assuming full dilution.

Regarding the measurement of the fair value and vesting terms of the warrants, see note 16 B.

On 4.5.2023, the general meeting of the shareholders of the Company, following the approval by the Board of Directors and the Audit Committee in its capacity as the Compensation Committee on 28.3.2023, approved an additional retention plan for the CEO (hereafter: "Second Retention Plan") that is comprised of two components, as follows:

(a) The provision of a retention loan to the CEO of NIS 3.5 million (hereafter: "the Loan") for a period of 5 years starting on 1.6.2023 (hereafter: "the Loan Term"). If the CEO continues to work at the Company until the end of the Loan Term (i.e., 31.5.2028), the entire Loan will convert into a bonus. If, before the end of the Loan Term, the CEO gives notice of his resignation, the CEO will return the full amount of the Loan to the Company. If the CEO's employment comes to an end prior to the end of the Loan Term at the initiative of TASE and under ordinary circumstances, the CEO will be entitled to a pro rata portion of the Loan as a bonus. The Loan will bear annual imputed interest (in accordance with the provisions of Section 3(i) of the Income Tax Ordinance), the cost of which the Company will bear, including the tax gross-up in respect of it. The Company will recognize the expense over the Loan Term on a straight-line basis.

(b) Approval of an equity compensation plan for the CEO, pursuant to which, on 1.6.2023, 544,435 warrants exercisable into shares of the company at an exercise price of NIS 40 per warrant were allocated to a trustee on behalf of the CEO. The warrants vest in one installment at the end of five years from 1.6.2023. The warrants for the CEO allocated under the equity compensation plan were not listed on TASE.

NOTE 14 - EMPLOYEE BENEFITS (CONT.):

E. Short-Term Employee Benefits (Cont.):

(2) Retention Plan for the CEO (Cont.):

(b) (cont.)

Under the theoretical assumption of the full exercise of the warrants for the CEO and the allocation of the maximum possible number of shares that will result from the exercise of the aforesaid warrants for the CEO, the exercise shares for the CEO will constitute 0.54% of the Company's issued share capital on the grant date, and 0.51% assuming full dilution. As to fair-value measurement and the vesting terms of the warrants - see note 16 C.

(3) Related Parties and Interested Parties:

For information regarding current liabilities for employee benefits granted to related parties, see note 25.

NOTE 15 - DEFERRED INCOME FROM LISTING FEES AND LEVIES:

A. Change in Balance of Deferred Income for a Period of More Than One Year:

	Year Ended December 31	
	2023	2022
	NIS, in thousands	NIS, in thousands
Opening balance	105,494	110,170
Income recognized from the fulfillment of performance obligations with respect to amounts included in the opening balance	(27,117)	(32,012)
Income recognized with respect to progress in the fulfillment of a performance obligation during the year	(2,703)	(3,469)
Amounts received during the year	28,733	30,805
Closing balance	**104,407**	**105,494**

NOTE 15 - DEFERRED INCOME FROM LISTING FEES AND LEVIES (CONT.):

B. Adjustment to the Balances Presented in the statement of Financial Position:

	Year Ended December 31	
	2023	2022
	NIS, in thousands	NIS, in thousands
Balance with respect to deferred income for a period of more than one year	104,407	105,494
Balance with respect to deferred income for a period of up to one year (*)	1,385	1,377
Total deferred income from listing fees and levies	**105,792**	**106,871**
Presented in the statement of financial position:		
Under current liabilities	28,734	28,412
Under non-current liabilities	77,058	78,459
	105,792	**106,871**

(*) The balance includes income from T-bills' listing fees.

C. Transaction prices allocated to performance obligations that have yet to be fulfilled or have been partially fulfilled:

	Forecast for recognition of income				
	Up to 1 Year	**1-2 Years**	**2-5 years**	**Over 5 Years**	**Total of Amounts of Performance Obligations That Have Yet to be Fulfilled (or Have Been Partially Fulfilled)**
	NIS, in thousands				
December 31, 2023	28,734	22,260	36,535	18,263	**105,792**
December 31, 2022	28,412	22,143	36,814	19,502	**106,871**

NOTE 16 - SHARE-BASED PAYMENT:

A. Granting of Shares to Employees:

In February 2017, the principles of a special collective agreement were finalized, whereby it was agreed – inter alia – that shares would be granted to employees with respect to a change in the ownership structure.

On 13.9.2017, TASE allocated 6,000,000 ordinary shares, having no par value, to a trustee for TASE employees and service providers, for no consideration. The allocation of shares to TASE employees was done within the framework of the compensation plan, which had been approved by the organs of TASE and was made under the "capital gains with a trustee" track pursuant to Section 102 of the Income Tax Ordinance.

The shares allocated under the plan are ordinary shares ranking pari passu with the existing shares in accordance with the new Articles of Association, subject to the restrictions set forth in the allocation, and including the right to any dividend, bonus shares, rights issue or any other benefit or award that will be granted with respect to the Company's other ordinary shares.

The fair value of the shares was determined by an independent, external appraiser possessing recognized professional qualifications.

The grant was performed without the need for vesting terms and, accordingly, the Company recorded the full expense with respect to the plan in 2017, in an amount of NIS 27.4 million. The expense was charged against a capital reserve for share-based payment transactions.

The shares were granted under the capital gains track, and therefore, no tax asset has been recorded with respect to the expense.

Shortly before the date of approval of the financial statements, the balance of the shares held by the employees was 3,381,438 shares.

B. Granting of Warrants to the CEO – First Retention Plan

On 4.7.2019, 4,250,000 warrants to purchase the Company's shares were allotted in accordance with the abovementioned equity-based compensation plan.

The following table shows the number of warrants that were allocated under the abovementioned plan:

Plan Description	Grant Date	Number of Warrants Granted	Expiry Date	Vesting and Other Conditions	Exercise Price (1)	Fair Value on the Grant Date
			NIS, in thousands			
Warrants granted to the CEO	1.5.19	4,250,000	3.7.26	(2)	9.01	2,743

(1) The exercise price of the warrants will not be collected but will serve to determine the amount of the monetary benefit and the number of shares that will be allocated in practice (cashless exercise).

- Following a dividend distribution on 16.4.2020, the exercise price of the warrants was adjusted from NIS 12 to NIS 11.91 per share.
- Following a dividend distribution on 5.4.2021, the exercise price of the warrants was adjusted from NIS 11.91 to NIS 11.73 per share.
- Following a dividend distribution on 7.4.2022, the exercise price of the warrants was adjusted from NIS 11.73 to NIS 11.51 per share.
- Following a resolution on the payment of a dividend on 14.12.2023 (record date 24.12.2023), the exercise price of the warrants was updated from NIS 11.51 to NIS 9.01 per share.

NOTE 16 - SHARE-BASED PAYMENT (CONT.):

B. Granting of Warrants to the CEO – First Retention Plan (Cont.):

(2) The warrants will be fully vested at the end of 5 years of the allocation date, subject to the CEO serving in his position until that date. The warrants will be exercisable through to the end of 48 months of their vesting.

The warrants were granted to the CEO in accordance with the provisions of section 102 of the Income Tax Ordinance, under the Capital Gains Track. The expenses that will be recorded with respect to the plan are not recognized for tax purposes, and therefore a tax asset has not been recorded with respect to the expenses.

Estimate of the fair value of the warrants:

The fair value of the warrants that were granted, as stated above, has been estimated using the binomial model. Below are the parameters that were used when applying the model:

Component	
Share price on the grant date (NIS) (1)	6.36
Exercise price (NIS)	12
Exercise coefficient	2.8
Expected volatility of the share price (2)	25%
Lifespan of the warrants (in years)	7
Risk-free interest rate	1.65%
Expected dividend rate (3)	0%

(1) The value of the share is based on a valuation of the Company's equity capital as determined by an external appraiser.

(2) The volatility has been estimated on the basis of data of similar companies, and has been calculated as a simple average of the annualized standard deviations of traded stock exchanges in ranges of up to NIS 10 billion over a trading period of 7 years (according to the expected lifespan of the warrants.)

(3) Since the exercise price of the warrants is adjusted for the full dividend that the Company will distribute over the exercise period, the expected dividends have not been included in the valuation, and a dividend rate of 0% has been assumed.

The Group recognizes share-based payment arrangements in the financial statements as an expense over the vesting period against an increase in equity, under the "Capital reserve with respect to share-based payment transactions" item.

The cumulative expense from the grant date to 31.12.2023 totaled NIS 2.5 million (an amount of NIS 0.5 million was recognized as an expense in each of the years 2020-2023).

NOTE 16 - SHARE-BASED PAYMENT (CONT.):

C. Grant of warrants to the CEO - second retention plan:

On 4.5.2023, the general meeting of the Company's shareholders, following the approval by the Board of Directors and the Audit Committee in its capacity as the Compensation Committee on 28.3.2023, approved an additional retention plan for the CEO that contains equity compensation.

The following table shows the number of warrants that were allocated under the aforesaid plan:

Plan description	Grant date	Number of warrants granted	Expiry Date	Vesting and other conditions	Exercise price[(1)]	Fair value on the grant date - in NIS thousands
Warrants granted to the CEO	4.5.2023	544,435	31.5.2030	(2)	37.50	1,467

(1) The exercise price of the warrants will not be collected but will serve to determine the amount of the monetary benefit and the number of shares that will be allocated in practice (cashless exercise).

- Following a resolution on the payment of a dividend on 14.12.2023 (record date 24.12.2023), the exercise price of the warrants was updated from NIS 40.0 to NIS 37.5 per share.

(2) The warrants will be fully vested at the end of 5 years of the allocation date, subject to the CEO serving in his position until that date. The warrants will be exercisable through to the end of 48 months of their vesting.

The warrants were granted to the CEO in accordance with the provisions of Section 102 of the Income Tax Ordinance, under the "Capital Gains Track". The expenses with respect to the plan are not recognized for tax purposes, and therefore a tax asset has not been recorded with respect to the expenses.

The fair value of the warrants that were granted, as stated above, has been estimated using the Monte Carlo simulation. Below are the parameters that were used when applying the model:

Component	
Share price close to the grant date (NIS)	17.72
Exercise price (NIS)	40.00
Lifespan of the warrant (in years)	7
Risk-free interest rate	3.82%
Standard deviation	32%
Expected dividend yield (*)	0%
Total value per unit (NIS)	2.6945

(*) Since the exercise price of the warrants is adjusted for the full dividend that the Company will distribute over the exercise period, the expected dividends have not been included in the valuation, and a dividend rate of 0% has been assumed.

The Group recognizes share-based payment arrangements in the financial statements as an expense over the vesting period against an increase in equity, under the "Capital reserve in respect to share-based payment transactions". The total amount recognized as a payroll expense in 2023 was NIS 216 thousand.

NOTE 16 - SHARE-BASED PAYMENT (CONT.):

D. Warrants granted to officers reporting to the CEO, the Chairman of the Board of Directors and the directors:

Further to the stated in note 14 E (1) above, on 26.2.2023, the Board of Directors of TASE, after obtaining the approval of the Compensation Committee, approved a plan for the grant of warrants to all officers of the Company, including directors, in a total quantity of up to 4,100,000 warrants, which are exercisable, each into one ordinary share of the Company.

Presented below are details of allotments made out of the Pool:

(1) On 26.2.2023, the Board of Directors, after obtaining the approval of the Audit Committee in its capacity as the Compensation Committee, approved the grant out of the aforesaid Pool of 2,980,000 warrants, which are exercisable, each, into one ordinary share of the Company, to 9 officers reporting to the CEO (hereafter: "Warrants to Officers Reporting to the CEO"). The aforesaid warrants were allotted on 2.4.2023. The allotted warrants were not listed on TASE.

(2) On 12.7.2023, further to the approval by the Company's general meeting on 29.6.2023, Prof. Eugene Kandel took office as Chairman of the Board of Directors of TASE (see note 25 B below). On 29.6.2023, the Company's shareholders' meeting, after obtaining the approval of the Company's Board of Directors and Audit Committee in its capacity as Compensation Committee, approved the grant out of the Pool of 319,800 warrants, which are exercisable, each, into one ordinary share of the Company (hereafter: "Warrants to the Chairman of the Board of Directors").The aforesaid warrants were allotted to a trustee on behalf of the Chairman of the Board of Directors on 17.7.2023. The allotted warrants were not listed on TASE.

(3) On 15.8.2023, further to the framework resolution of the Company's general meeting and the approval of the Audit Committee in its capacity as Compensation Committee, the Board of Directors of the Company approved the grant of 376,746 warrants, which are exercisable into 376,746 ordinary shares of the Company, to 6 directors of the Company (hereafter: Warrants to Directors"). The aforesaid warrants were allotted to the directors on 24.8.2023. The allotted warrants were not listed on TASE.

NOTE 16 - SHARE-BASED PAYMENT (CONT.):

D. Warrants granted to officers reporting to the CEO, the Chairman of the Board of Directors and the directors (Cont.):

The following table shows the number of warrants that were allocated under the aforesaid plans:

Plan description	Grant date	Number of warrants granted	Expiry Date	Vesting and other conditions	Exercise price[(1)]	Fair value on the grant date - in NIS thousands
Warrants granted to officers reporting to the CEO	26.2.2023	2,980,000	1.4.2027	(2)	21.886	10,074
Warrants to the Chairman of the Board of Directors	29.6.2023	319,800	16.7.2027	(2)	21.886	967
Warrants to directors	15.8.2023	376,746	23.8.2027	(2)	21.886	1,539

(1) The exercise price of the warrants will not be collected but will serve to determine the amount of the monetary benefit and the number of shares that will be allocated in practice (cashless exercise).

- Following a resolution on the payment of a dividend on 14.12.2023 (record date 24.12.2023), the exercise price of the warrants was updated from NIS 24.386 to NIS 21.886 per share.

(2) The warrants will vest gradually in three batches of equal value, at the end of one year, two years and three years from the date of allotment. The warrants will be exercisable through to the end of 48 months of their vesting. In the event of the termination of the employment relationship between any of the officers, the Chairman of the Board of Directors and the directors, and the Company, such individual shall be entitled to exercise only the warrants for which the vesting date falls before the date of termination of the employment relationship, with the addition of the proportionate share of the next annual batch, the vesting date of which takes place after the date of termination of the employment relationship (if any).

The warrants were granted to the officers with whom the Company has an employment relationship or who provide services to TASE other than through a company, in accordance with the provisions of Section 102 of the Income Tax Ordinance, under the "Capital Gains Track". The expenses with respect to the plans are not recognized for tax purposes, and therefore a tax asset has not been recorded with respect to the expenses. All other offerees will be subject to the provisions of Section 3I of the Income Tax Ordinance.

NOTE 16 - SHARE-BASED PAYMENT (CONT.):

D. Warrants granted to officers reporting to the CEO, the Chairman of the Board of Directors and the directors (Cont.):

The fair value of the warrants that were granted, as stated above, has been estimated using the Monte Carlo simulation. Below are the parameters that were used when applying the model:

Component	Warrants granted to officers reporting to the CEO	Warrants to the Chairman of the Board of Directors	Warrants to directors
Share price close to the grant date (NIS)	18.08	16.71	18.84
Exercise price (NIS)	24.386	24.386	24.386
Lifespan of the warrant (in years)	4	4	4
Risk-free interest rate	4.015%	3.98%	3.905%
Standard deviation	32%	35%	35%
Expected dividend yield (*)	0%	0%	0%
Total value per unit (NIS)	3.3805	3.0246	4.085

(*) Since the exercise price of the warrants is adjusted for the full dividend that the Company will distribute over the exercise period, the expected dividends have not been included in the valuation, and a dividend rate of 0% has been assumed.

The Group recognizes share-based payment arrangements in the financial statements as an expense over the vesting period against an increase in equity, under the “Capital reserve in respect to share-based payment transactions”.

The amount recognized as a payroll expense in 2023 with respect to warrants granted as above totaled NIS 5.4 million.

- As to the allotment of warrants to the Legal Counsel, see note 28 E.
- For information on the end of office of Mr. Yoav Chelouche, a director in the Company, the forfeiture of the warrants granted to him following his stepping down and their return to the Company’s pool of warrants, see note 25 C below.
- As of 31.12.2023, there are 423,454 warrants in the Pool. The balance of warrants in the Pool after the grant of warrants to the Legal Counsel and after the forfeiture following the stepping down of Mr. Yoav Chelouche from his office as a director in the Company, is 299,123 warrants.

NOTE 17 - TAXES ON INCOME:

A. Deferred Tax Balances:

(1) Composition and Changes:

	Financial Assets at Fair Value Through Profit or Loss	Property and Equipment and Intangible Assets	Provisions (Mostly for Employee Benefits)	Deferred Taxes with respect to Deferred Income	Total
	NIS, in thousands	NIS, in thousands	NIS, in thousands	NIS, in thousands	NIS, in thousands
As of January 1, 2022	167	(23,633)	13,153	25,470	15,157
Changes in the reporting year:					
In profit or loss	914	(2,093)	(885)	(1,012)	(3,076)
In other comprehensive income	-	-	(6,495)	-	(6,495)
As of December 31, 2022	1,081	(25,726)	5,773	24,458	5,586
Changes in the reporting year:					
In profit or loss	(933)	(1,599)	990	(149)	(1,691)
In other comprehensive income	-	-	138	-	138
As of December 31, 2023	**148**	**(27,325)**	**6,901**	**24,309**	**4,033**

(2) Presentation of Deferred Tax Balances in the Statement of Financial Position:

Deferred tax balances are presented in the Statement of Financial Position under non-current assets as “Deferred tax assets”.

B. Temporary Differences on Investments in Subsidiaries, Without Recognition of any Deferred Tax Liability:

	December 31,	
	2023	2022
	NIS, in thousands	NIS, in thousands
Subsidiaries	**151,416**	**145,793**

NOTE 17 - TAXES ON INCOME (CONT.):

C. Amounts for Which Deferred Assets Have Not Been Recognized:

(1) The balance of capital losses realized for tax purposes for which deferred tax assets have not been recognized by the Group as of 31.12.2023 is NIS 9,772 thousand (of which NIS 2,506 thousand in the Company).

D. Income Tax Expenses Recognized in Profit or Loss:

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Current tax:			
Current tax	25,076	15,959	14,297
Taxes for prior years	(327)	102	(47)
Total current tax	24,749	16,061	14,250
Deferred tax:			
Deferred tax expense (income) – recognition and reversal of temporary differences	1,691	3,076	(759)
Tax for prior years	-	-	-
Total deferred tax	1,691	3,076	(759)
Total expenses for taxes on income	**26,440**	**19,137**	**13,491**

E. Tax Relating to Components of Other Comprehensive Income:

	Amount Before Tax	Tax Effect	Amount Net of Tax
	NIS, in thousands	NIS, in thousands	NIS, in thousands
As of December 31, 2023:			
Actuarial loss with respect to the defined benefit plan	(600)	138	(462)
As of December 31, 2022:			
Actuarial gain with respect to the defined benefit plan	28,238	(6,495)	21,743
As of December 31, 2021:			
Actuarial gain with respect to the defined benefit plan	1,783	(410)	1,373

NOTE 17 - TAXES ON INCOME (CONT.):

F. Effective Tax:

The difference between the tax liability based on statutory tax rates and the amount provided for taxes on income is as follows:

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Pretax income	109,646	69,973	58,961
Statutory tax rate	23%	23%	23%
Tax expense, at statutory tax rate	25,219	16,094	13,561
Tax increase (savings) with respect to:			
Income liable to special tax rates	-	-	1
Losses and temporary differences that are deductible for tax purposes for which deferred tax was not recognized (*)	-	2,555	3
Tax benefits for which deferred tax assets were not recognized in the past, for which taxes have been recognized in the reporting period	-	(2)	(41)
Differences between tax laws and accounting principles	(38)	212	(566)
Expenses which are not recognized for deduction, net (**)	1,586	176	580
Tax – prior years	(327)	102	(47)
Taxes on income, as reported in profit or loss	**26,440**	**19,137**	**13,491**

(*) As to capital losses utilized and unutilized for tax purposes, for which deferred tax assets have not been recognized by the Group, see note 17 C, above.

(**) Includes NIS 1,412 thousand, NIS 116 thousand, and NIS 170 thousand in 2023, 2022 and 2021, respectively, with respect to non-deductible share-based payments.

G. Additional Information:

(1) Corporate Tax Rate:

The tax rate relevant to the Company for the years 2021-2023 is 23%.

On 12.1.2012, Amendment 188 of the Income Tax Ordinance (New Version), 1961 ("the Ordinance") was published in the official Gazette. Among other matters, Amendment 188 amended Section 87A of the Ordinance whereby it was prescribed in a temporary provision that Accounting Standard No. 29 – "Adoption of International Financial Reporting Standards (IFRS)", published by the Israel Accounting Standards Board, would not apply in determining the taxable income for the tax years 2010 through 2011, even if this standard was applied in the financial statements ("the Temporary Provision"). On 31.7.2014, Amendment 202 of the Ordinance was published, within the framework of which the validity of the Temporary Provision was extended to the 2012 and 2013 tax years. Due to the legislative proceedings on this matter not having been completed, Company management believes that the Temporary Provisions that were established will ultimately be extended to also cover the tax years from 2014 through 2023.

NOTE 17 - TAXES ON INCOME (CONT.):

G. Additional Information (Cont.):

(2) Tax Assessments:

The Company and its subsidiaries have received tax assessments that are considered final up to and including the 2018 tax year.

NOTE 18 - CONTINGENT LIABILITIES:

A. Indemnification of Officers:

TASE is under an obligation to indemnify officers of TASE and TASE-CH. MAOF-CH is under an obligation to indemnify its officers.

The total indemnity for all TASE officers, on an aggregate basis, based on all letters of indemnification issued now or in the future, in accordance with said obligation, with respect to one or more of the events detailed in said letters, shall not exceed an amount in NIS equal to USD 20 million, in total.

The total indemnity for all TASE-CH officers, on an aggregate basis, based on all letters of indemnification issued now or in the future, in accordance with said obligation, with respect to one or more of the events detailed in said letters, shall not exceed an amount equal to NIS 50 million, in total.

The total indemnity for all MAOF-CH officers, on an aggregate basis, based on all letters of indemnification issued now or in the future, in accordance with said obligation, with respect to one or more of the events detailed in said letters, shall not exceed an amount equal to NIS 75 million, in total.

The obligation to indemnify will apply with respect to any liability or expense that is indemnifiable in accordance with the law.

The indemnification is subject to the provisions of Chapter III, Part 6 of the Companies Law.

On 3.7.2019 the shareholders' meetings of the Company (after obtaining the approvals of the Board of Directors and the Audit Committee, also in its capacity as Compensation Committee) approved an amended version of the indemnity letter ("the 2019 Indemnity Letter"). The indemnity letter previously provided by the Company to officers in TASE-CH was also cancelled at the same time. A new letter of indemnity will be issued directly by TASE-CH to the officers of TASE-CH, except for officers whose tenure ended prior to the approval date of the 2019 Indemnity Letter.

The maximum indemnity payable with respect to a financial liability that is imposed on an officer toward another person, on an aggregate basis, based on all letters of indemnification that have and/or will be issued by the Company, from one or more of the events detailed in the 2019 Indemnity Letter ("Financial Liability to a Third Party"), shall not exceed an aggregate amount equivalent to 25% of the equity of the Company as per its most recent financial statements published prior to the actual date of payment of the indemnity. Additionally, the indemnity will cover reasonable legal expenses as part of investigation proceedings and legal or administrative proceedings, including reasonable litigation expenses, with respect to damages payable to victims of administrative breaches and with respect to any other liability or expense for which indemnity is permitted by law.

On 10.7.2019, the shareholders' meeting of TASE-CH and MAOF-CH (after obtaining the approvals of their respective boards of directors and audit committees, also in their capacity as compensation committees), approved indemnity letters to officers thereof, under principles similar to those of the 2019 Indemnity Letter.

NOTE 18 - CONTINGENT LIABILITIES (Cont.):

A. Indemnification of Officers (Cont.):

Notwithstanding the above, the maximum indemnity, in the aggregate, from a Financial Liability to a Third Party under the 2019 indemnity letter of TASE-CH was set at the higher of the following: (a) NIS 10 million or (b) 25% of the total equity of TASE-CH plus the total secondary equity, as defined in the resolution, as per the most recent financial statements of TASE-CH, published prior to the actual payment date. The maximum indemnity, in the aggregate, with respect to a Financial Liability to a Third Party under the 2019 indemnity letters of MAOF-CH was set at the higher of the following: (a) NIS 5 million or (b) 25% of the total equity of MAOF-CH as per the most recent financial statements of MAOF-CH published prior to the actual payment date.

B. Exemption from Liability Granted to Officers:

TASE's general meeting has resolved, subject to the provisions of the Companies Law, to relieve TASE's directors and other officers of liability for any damage caused or to be caused due to a breach of their duty of care to TASE.

TASE-CH's general meeting has resolved, subject to the provisions of the Companies Law, to relieve TASE-CH's directors and other officers of liability for any damage caused or to be caused due to a breach of their duty of care to TASE-CH.

MAOF-CH's general meeting has resolved, subject to the provisions of the Companies Law, to relieve MAOF-CH's directors and other officers of liability for any damage caused or to be caused due to a breach of their duty of care to MAOF-CH.

In view of the changes in the corporate governance directives that apply to the Company and to TASE-CH and MAOF-CH, stemming from Amendment No. 63 of the Securities Law, the shareholders' meetings of the Company on 3.7.2019 and the shareholders' meetings of TASE-CH and MAOF-CH on 10.7.2019, (after obtaining the approvals of their respective boards of directors and their audit committees, also in their capacity as compensation committees), and including the Nominee Company, approved the granting of an exemption to officers in each company from liability for damages resulting from a breach of the duty of care, subject to the provisions and qualifications of the law.

C. Because of the field of their operations, the Group companies receive, in the ordinary course of business, inquiries from traded companies and/or from shareholders of traded companies, which include various claims. Some of the inquiries may lead to lawsuits being filed. The Group companies may incur amounts with respect to their operations. In cases where the extent of liability with respect to the above is not material and/or cannot be reasonably estimated, no provision is made in the financial statements.

D. Labor Dispute at TASE by the Histadrut (the New General Federation of Labor in Israel):

On 14.9.2022, the collective agreements at TASE expired. On 6.11.2022, a labor dispute was declared at TASE. In accordance with the provisions of the Labor Disputes Law, starting from 21.11.2022, and subject to obtaining the approval of the Labor Federation, Company employees will be allowed to take various organizational measures.

Since then, and until the publication date of this report, the management of TASE, TASE's Employees Representation and representatives of the New General Federation of Labor are in advanced states of the discussions towards a new collective agreement, which to the publication date of this report, have not yet evolved into a binding agreement. To remove any doubt, it is hereby clarified that the declaration of a labor dispute at TASE has not yet been withdrawn.

NOTE 18 - CONTINGENT LIABILITIES (Cont.):

E. Indemnity for the Pricing Underwriter ("the Prospectus Indemnification")

For the purposes of the marketing and distribution of the Sale Shares, on 29.7.2019 the Company and the holders of the Sale Shares entered into an agreement with the pricing underwriter ("the Pricing Underwriter") for the secondary offering ("the Underwriting Agreement"). The offering of shares in Israel was carried out in accordance with the prospectus (the "Israeli Shares"), while the offering of shares outside Israel (the "International Shares") was carried out on the basis of a designated disclosure document, which consisted primarily of a translation into English of an advanced draft prospectus (the "International Disclosure Package"). In the Underwriting Agreement, the Company has undertaken to indemnify the Pricing Underwriter (including related entities, its officers and employees and anyone acting on its behalf) for claims, liabilities and losses resulting directly or indirectly from a misstatement in the prospectus in relation to the offering of the Israeli Shares (the "Prospectus Indemnification") or in the International Disclosure Package, or from the violation of laws or regulations of foreign countries (i.e., outside Israel and the United States) in which the Sale Shares have been offered or sold. The indemnification undertaking does not apply to a misstatement originating in information provided to the Company by the Pricing Underwriter or by the holders of the Sale Shares for the purpose of inclusion in the prospectus or in the International Disclosure Package.

Notwithstanding the aforesaid, considering the provisions of Section 34.A of the Securities Law, the Underwriting Agreement stipulates restrictions for the maximum amount payable under the Prospectus Indemnification undertaking, so that it will not exceed the overall consideration paid for the Sale Shares, and for the suspension of the undertaking where an amount was paid that represents 25% of the Company's equity as per its most recent financial statements approved prior to the payment date and the Company's Board of Directors determines that an additional payment could impede the ability of the Company to meet its existing and anticipated obligations as they fall due, this until such concern is lifted. It is further stipulated that the payment of the Prospectus Indemnification is subject to additional restrictions that are set out in the Securities Law (primarily, certain qualifications to the payment of the indemnification concerning the good faith of the Pricing Underwriter and regarding a reckless or malicious action).

F. Indemnification in relation to a distribution agreement

For the purpose of the execution of a move in connection with the Arrangement Shares, as described in note 18 C(2)(b) below, TASE, Leader and Jefferies LLC (hereafter: "Jefferies") entered into a distribution agreement. As customary in this type of agreements, the distribution agreement includes representations by the parties thereto, including representations by TASE, inter alia, in relation to the appropriateness of the disclosure provided in the reports of TASE and the non-use of insider information. Additionally, TASE has undertaken to Jefferies to indemnify it in the event of a claim being filed by either of the Acquiring Institutions due to violation of TASE's representations or undertakings in the distribution agreements, and a mechanism was set that facilitates suspension of the payment of the indemnification portion exceeding 25% of the equity of TASE (as per the most recent financial statements on the date of such payment), should a concern arise that its payment could compromise the stability of TASE, as shall be determined by the Board of Directors of TASE, until such concern has been lifted.

NOTE 19 - SHARE CAPITAL AND OTHER CAPITAL RESERVES:

A. Composition:

	Year Ended December 31		Year Ended December 31	
	2023	2022	2023	2022
	Authorized		Issued and Paid-Up	
Ordinary shares having no par value	**150,000,000**	**150,000,000**	**92,444,048**	**100,752,247**

B. Change in the Paid-Up Capital

	Number of shares
Balance as of January 1, 2022	101,399,817
Warrants exercised into shares of the Company (*)	1,243,690
Acquisition of treasury shares (**)	(1,891,260)
Balance as of December 31, 2022	**100,752,247**
Balance as of January 1, 2023	100,752,247
Warrants exercised into shares of the Company (*)	-
Acquisition of treasury shares (**)	(8,308,199)
Balance as of December 31, 2022	**92,444,048**

(*) For further details see note 16 B.
(**) For further details, see note 19 D below.

NOTE 19 - SHARE CAPITAL AND OTHER CAPITAL RESERVES (CONT.):

C. Other Capital Reserves:

(1) Sale agreement with Manikay and other investors

In December 2017 the Company contacted all of its shareholders, inviting them to submit an offer for the sale and transfer of their shares in the Company, on the basis of a valuation of the Company (100%) of NIS 500 million (i.e. NIS 5 per share), where the Company would be entitled to assign the offers submitted to any third party that it sees fit. In response to this request, the Company received offers from 21 shareholders ("the Selling Shareholders") with respect to 71,717,499 shares, constituting 71.72% of the Company's issued share capital.

On 16.4.2018, the Company entered into an agreement for the sale of the Company's shares (as amended on 8.8.2018) ("the Sale Agreement with Manikay") with a foreign company registered in Delaware, USA, Manikay Partners LLC ("Manikay").

Under the Sale Agreement with Manikay, it was agreed that on the date of closing the transaction Manikay would purchase 19,999,999 shares from the Selling Shareholders at a rate of 19.99% of the Company's issued share capital ("the Purchased Shares"), for consideration of NIS 5.51 per share, and for a total of approximately NIS 110,200,000, and, of this sum, a total of NIS 10.2 million would be paid to the Company (reflecting the amount in excess of NIS 5 per share), and the balance of NIS 100 million would be distributed among the Selling Shareholders.

The balance of the shares of the Selling Shareholders, namely 51.72%, will be earmarked for investors that will be found by Manikay and approved by the Company ("the Additional Investors"), and some will be deposited in trust ("the Trust Shares") with a trustee whose identity will be determined by agreement between the parties ("the Trustee"), pursuant to a trust agreement that will be agreed between the parties (and with the approval of the Securities Authority) ("the Trust Agreement"), at the rates and under the terms set forth below. The Trust Agreement will include an arrangement that ensures that one director at the Company will be a candidate that is recommended by Manikay.

It was also agreed that the Trust Agreement will reflect the following:

(a) Every Additional Investor will enter into an agreement with the Company to purchase the Company's shares, based on the principles of the Sale Agreement, mutatis mutandis.

(b) The price per share is NIS 5 and will be paid on the closing date.

(c) Every Additional Investor is entitled to receive shares in an amount not exceeding 4.99% of the Company's issued share capital. The balance of the Trust Shares will continue to be held by the Trustee until the earlier of 31.12.2019 and the execution of a public offering of the Company's shares, as decided by the Company, within the framework of which at least 31,717,504 Trust Shares will be sold at a net share price that is not less than NIS 5.51 ("Approved IPO"); in the event that the net share price (that is, net of underwriting and distribution commissions that will be paid by the Additional Investor) in the Approved IPO exceeds NIS 5.51 per share, the surplus amount will be distributed equally between the Additional Investor and the Company.

(d) Every Additional Investor will be entitled to sell, in the Approved IPO, all or some of the Company's shares that it has purchased.

NOTE 19 - SHARE CAPITAL AND OTHER CAPITAL RESERVES (CONT.):

C. Other Capital Reserves (Cont.):

(1) Sale agreement with Manikay and other investors (cont.)

(e) If an Approved IPO has not been carried out by 31.12.2019, the Trust Shares will be sold or distributed to each person, subject to each person not holding shares constituting more than 4.99% of the Company's issued share capital.

(f) The Trust Shares will not be sold or transferred until the earlier of 31.12.2019 and the closing of an Approved IPO.

Manikay has undertaken not to initiate or promote, and even to object to, any offer or decision: (a) to change the name of the Company or its subsidiaries, and (b) to sell or transfer the Company's significant operations or its core business, unless such a process is required by law or pursuant to a provision of a competent authority, or it has been approved and recommended by the Company's Board of Directors with the support of all the independent directors serving at the Company at that time. In addition, Manikay has undertaken not to enter into voting agreements with any person, other than in accordance with the provisions of the Sale Agreement or the Trust Agreement, to support and exercise its voting rights in such a way that will ensure that the majority of the members of the Company's Board of Directors will be Israeli citizens and residents, to support a voting process for the public that will be completed by 31.12.2019 with a share price that will ensure that the sellers of the shares receive no less than NIS 5.51 per share (together, "Manikay's Undertakings").

In August 2018, at Manikay's suggestion and in accordance with the terms of the Sale Agreement with Manikay, the Company entered into four sale agreements with four Additional Investors: Sunsuper, Novo, Dalton and Moelis, pursuant to which each of the Additional Investors purchased 12,929,375 shares in the Company (12.93% of the issued share capital) for a consideration of NIS 5 per share, and for a total of NIS 64.6 million, which will be divided among the Selling Shareholders, with each Additional Investor holding, directly or indirectly, shares at a rate of 4.69% of the issued share capital, and the balance of the shares that were purchased by each Additional Investor, at a rate of 8.23% of the issued share capital per Additional Investor will be held by Mr. Moshe Terry as Trustee under the terms of the Trust Agreement. For these purposes, it was agreed that after an Approved IPO has been carried out, the balance of the shares that are held by the Trustee (at a rate of up to 1.2% of the issued share capital) will be returned to the Additional Investors, such that every Additional Investor will hold 4.99% of the Company's share capital. In addition, the Additional Investors took upon themselves undertakings that are similar to Manikay's Undertakings.

On 27.8.2018, after holding permits were received from the Securities Authority for Manikay and for each of the Additional Investors, as well as for Mr. Moshe Terry as Trustee for 32,917,504 Trust Shares, the Sale Agreement with Manikay was closed, the sale agreements with the Additional Investors were closed, and trust deeds and irrevocable instructions between each of the Additional Investors and Mr. Moshe Terry, as Trustee, were signed, in the format set forth in the Sale Agreement with Manikay, pursuant to all of which, Mr. Terry was authorized, inter alia, to sell the Trust Shares at a net share price of not less than NIS 5.51, and to exercise the voting rights attached to the Trust Shares independently, at his discretion, and for the benefit of the Company, including, without derogating from the generality of the aforesaid, in accordance with that which is described above. In addition, at the same time, the Company received the excess consideration of NIS 10.2 million, which was credited directly to equity, net of costs.

NOTE 19 - SHARE CAPITAL AND OTHER CAPITAL RESERVES (CONT.):

C. Other Capital Reserves (Cont.):

(1) Sale agreement with Manikay and other investors (cont.)

As stated in note (c) above, the Company is entitled to 50% of the net consideration (after deduction of costs, as agreed with the sellers) that is received for the shares sold in the secondary offering, in excess of NIS 5.51 per share. The price per share set in the secondary offering is NIS 7.1. The total consideration to the holders of the Sale Shares and the Company received under the secondary offering based on the aforesaid share price is approximately NIS 225.2 million. The Company's share of the net consideration amounted to approximately NIS 15.6 million, which the Company intends to use for investment in technological infrastructures.

The amounts received by the Company, as above, total approximately NIS 16.2 million, after the tax benefit, and were carried directly to the equity of the Company in its financial statements as of 31.12.2019.

(2) Proceeds from Shareholders Within the Framework of Implementing the Ownership Restructuring

(a) At the Company's offering date, there were 22,282,501 shares that had been held by shareholders prior to the date of approval of the restructuring arrangement in TASE (hereafter: "Arrangement Shares"). In accordance with the TASE Restructuring Law, and to the extent that the consideration from their sale exceeds the value of the means of control sold pursuant to the Law and as stated in note 1 B above, the excess consideration (hereafter: "the Excess Consideration") will be transferred to TASE to be used for the purposes stipulated in the Law.

Specified below are the sales made by the holders of Arrangement Shares since the IPO date:

	Number of shares	Excess Consideration
	Units	NIS, in thousands
Balance of shares as of the ownership restructuring date	**94,000,000**	
Sale agreement with Manikay	(19,999,999)	9,907
Sale agreement with additional investors	(51,717,500)	15,559
2019	(2,793,528)	13,782
2020	(340,864)	3,723
2021	(255,781)	2,696
2022	(485,401)	5,524
2023	(989,000)	12,753
Total Arrangement Shares sold	**(76,582,073)**	**63,944**
Balance of Arrangement Shares as of 31.12.2023	**17,417,927**	

For additional information on the sale of additional Arrangement Shares in January 2024, see section B below.

NOTE 19 - SHARE CAPITAL AND OTHER CAPITAL RESERVES (CONT.):

C. Other Capital Reserves (Cont.):

(2) Proceeds from Shareholders Within the Framework of Implementing the Ownership Restructuring (cont.)

(b) Move for the Sale of the Arrangement Shares

Following the discussions held over the past two years between TASE and the five TASE members that hold the Arrangement Shares, which included controversies in relation to their continued holding of the Arrangement Shares and their entitlement to a dividend and TASE's resolution to discontinue the dividend distribution policy and adoption and execution of buyback plans, on 14.12.2023, the Board of Directors of TASE approved a move concerning the Arrangement Shares (hereafter: "the Move"). Within the framework of the Move, it was agreed that, subject to the payment by TASE of a special dividend in an amount of NIS 2.5 per shares to all shareholders at TASE, the five TASE members that hold 17,156,677 Arrangement Shares (hereafter: "the Selling Shareholders") will grant an irrevocable power of attorney to Leader & Co. Investment House Ltd. (hereafter: "Leader") for the sale of the aforesaid shares, for the duration of 12 months from the payment date of the aforesaid dividend, whereby, for each such sale TASE will receive the Excess Consideration (net of commissions and other related expenses). It should be noted that, on 13.12.2023, the position of the Israel Securities Authority was received, pursuant to which it does not intervene in TASE's position that the Move does not contradict the provisions of Amendment No. 63.

The move included the mutual waiver by the parties of any contention, demand or claim in connection with arguments that had been exchanged between them in relation to the Arrangement Shares, as aforementioned.

After the balance sheet date, on 24.1.2024, the book building process was completed for the acquisition of the 17,156,677 Arrangement Shares by a number of Israeli public institutions and foreign public institutions (hereafter collectively: "the Acquiring Institutions"), at a price of NIS 20.6 per share.

The (gross) consideration for the shares totaled NIS 353.4 million, of which NIS 87 million was paid to the Selling Shareholders and TASE received (net, after deduction of commissions and other related expenses) NIS 242 million. The consideration transferred to TASE was carried directly to the equity of TASE and in accordance with the provisions of Amendment No. 63 of the Securities Law will be used for investment in technological infrastructure of TASE.

To complete the picture it should be noted that, for the purpose of implementing the move and arranging the settlement of the transactions with the foreign Acquiring Institutions, TASE, Leader and Jefferies LLC (hereafter: "Jefferies") entered into a distribution agreement.

For information on indemnification in relation to the distribution agreement, see note 18 F above.

To complete the picture it should be noted that, as part of the Move and despite the existence of sufficient liquid balances, the Board of Directors of TASE approved TASE's engagement in an agreement with a financial institution for the receipt of a loan in an amount of up to NIS 150 million, see note 13 above.

NOTE 19 - SHARE CAPITAL AND OTHER CAPITAL RESERVES (CONT.):

C. Other Capital Reserves (Cont.):

(2) Proceeds from Shareholders Within the Framework of Implementing the Ownership Restructuring (cont.)

Shortly before the date of approval of the financial statements, to the best of the Company's knowledge, 261,250 shares are held by holders of Arrangement Shares. The price of the share as of 4.3.2024 (shortly before the financial statements' approval date) was NIS 25.69. In accordance with the TASE Restructuring Law, as stated in note 1 B above, if the shareholders should realize the shares that are held by them, the consideration in excess of NIS 5.08 will be transferred to TASE to be used for the purposes stipulated in the Law. Such excess consideration will be carried directly to the equity of the Company.

D. Buyback

(1) Buyback Plan

In March 2022, the Company's Board of Directors instructed the management of the Company to formulate a plan for the buyback of Company shares in an amount of up to NIS 100 million and for a period of up to two years.

In May 2022, the Board of Directors of the Company approved a first plan for the buyback of Company shares in an amount of up to NIS 36 million over a six-month period. Following a purchase in an amount of NIS 30.1 million and the expiration of the plan, in November 2022 the Board of Directors of the Company approved an additional, second plan, for the buyback of Company shares in an amount of up to NIS 36 million and for a period of six months. On 3.5.2023, the second plan was completed, with purchases of NIS 36 million, and on 23.5.2023, the Board of Directors of the Company approved an additional plan for the buyback of Company shares in an amount of up to NIS 33.9 million and for a period of six months (hereafter: "the Third Plan"). All of the plans were approved after the Board of Directors established the fulfillment of the profit criterion and the solvency criterion (as these terms are defined in the Companies Law, 1999). In view of their non-revocable nature, the plans impose restrictions and qualifications on the performance of the purchases with regard to the daily volume of purchases and the purchasing prices. For this purpose, the Company entered into an agreement with an outside broker, which is not related to the Company, for the execution of the purchases in accordance with the buyback plans, based on an irrevocable power of attorney that is effective until the end of each of the plan periods. On 10.10.2023, the Third Plan was completed in full.

Within the framework of the aforesaid buyback plans, as of their conclusion, the Company purchased 5,631 thousand shares for a total cost of NIS 100 million, at an average price of NIS 17.76 per share.

(2) Special Buyback Plan

On 23.5.2023, after establishing the fulfillment of the profit criterion and the solvency criterion (as these terms are defined in the Companies Law, 1999), the Board of Directors of the Company approved a special plan, in an amount of up to NIS 90 million, from its approval date to 29.6.2023, which is not subject to the terms of the "safe harbor" protection. On 1.6.2023, after being contacted by a foreign institutional investor that holds shares of the Company but is not an interested party therein (hereafter: "the Shareholder"), the Company purchased the Shareholder's entire holdings in the Company, of close to 4,568 thousand shares, at a price per share of NIS 18.85 and for a total consideration of NIS 86 million.

NOTE 19 - SHARE CAPITAL AND OTHER CAPITAL RESERVES (CONT.):

D. Buyback (Cont.):

During the year, the Company purchased on The Tel Aviv Stock Exchange 3,740 thousand of its ordinary shares on TASE and 4,568 thousand of its ordinary shares off TASE, in consideration for NIS 154.9 million, and overall, since the commencement of the buybacks until the conclusion of the aforesaid plans in October 2023, the Company purchased 10,199 thousand shares for a total cost of NIS 186 million and at an average price per share of NIS 18.25, representing 9.9% of the Company's issued and paid up capital.

NOTE 20 - DIVIDEND:

On 5.4.2021, a dividend of NIS 18,450 thousand (representing NIS 0.1823 per share) was paid to the shareholders, pursuant to the Board of Directors' resolution from 16.3.2021.

On 7.4.2022, a dividend of NIS 22,735 thousand (representing NIS 0.2220 per share) was distributed to the shareholders, following the Board of Directors' resolution dated 21.3.2022.

Further to the described in note 18 C (2) above, on 2.1.2024, a dividend of NIS 231,110 thousand (representing NIS 2.5 per share) was paid to the shareholders, pursuant to the Board of Directors' resolution from 14.12.2023.

For information on adjustments to the exercise price of the warrants granted, see note 16 above.

For information on a resolution concerning the dividend policy and the distribution of a dividend, see note 28 C and 28 D below.

NOTE 21 - ADDITIONAL DETAILS REGARDING REVENUE FROM SERVICES:

A. Major Customers:

The following table shows the percentage of revenue from major customers where the revenue from them constitutes over 10% of all the Group revenue.

	Year Ended December 31,					
	2023		2022		2021	
	NIS, in thousands	%	NIS, in thousands	%	NIS, in thousands	%
Customer A	46,182	11.8	45,297	12.6	42,038	13.0
Customer B	56,526	14.5	48,976	13.6	41,781	12.9
Customer C	50,649	13.0	45,982	12.7	35,659	11.0

NOTE 21 - ADDITIONAL DETAILS REGARDING REVENUE FROM SERVICES (Cont.):

B. Composition of Trading and Clearing Commissions:

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Commission for trading and clearing securities, excluding derivatives:			
Shares (*)	56,176	58,469	49,538
Bonds (*)	35,027	31,806	32,513
Mutual funds	28,819	24,732	26,055
Other	13,397	6,583	2,404
	133,419	121,590	110,510
Commission for trading and clearing derivatives:			
TA Index options	15,709	16,244	15,066
Dollar/shekel options	3,146	3,451	4,088
Other derivatives	3,315	1,205	1,452
	22,170	20,900	20,606
	155,589	**142,490**	**131,116**

(*) Including ETFs.

C. Composition of Revenues from Listing Fees and Levies

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
From annual levies	39,751	38,125	33,060
Examination and listing fees	41,369	46,364	35,996
Total	**81,120**	**84,489**	**69,059**

D. Composition of Revenues from Clearing House Services:

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Custody fees	31,711	32,460	32,221
Clearing House services to members	25,823	22,549	16,892
Clearing House services to companies and funds	15,120	10,799	11,271
Other	5,554	5,100	5,121
Total	**78,208**	**70,908**	**65,505**

NOTE 21 - ADDITIONAL DETAILS REGARDING REVENUE FROM SERVICES (Cont.):

E. Composition of Revenues from Data Distribution and Connectivity Services:

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Data distribution	47,983	43,120	39,588
Connectivity services	13,012	11,783	9,587
Authorization to use indices	10,181	3,202	3,093
Total	**71,176**	**58,060**	**52,268**

F. Split of Revenues by Timing of the Provision of the Services:

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Revenue recognized at a point in time	230,503	211,834	197,617
Revenue recognized over time	159,352	149,177	126,040
Total	**389,855**	**361,011**	**323,657**

NOTE 22 - ADDITIONAL DETAILS REGARDING EXPENSES:

A. Employee Benefit Expenses:

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Salary (including grants and severance payments)	164,057	156,986	154,746
Other non-current employee benefits	105	(227)	28
Defined contribution plan expenses	4,254	4,228	3,830
Defined benefit plan expenses	4,818	5,669	5,744
	173,234	166,656	164,348
Less – amounts capitalized to intangible assets and property and equipment (see note 12)	(19,591)	(19,331)	(17,527)
	153,643	**147,325**	**146,821**

NOTE 22 - ADDITIONAL DETAILS REGARDING EXPENSES (Cont.):

B. Depreciation and Amortization:

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Property and equipment	17,677	19,152	17,505
Right-of-use assets	8,753	8,620	8,488
Depreciation of property and equipment (see note 11)	26,430	27,772	25,993
Amortization of intangible assets (see note 12)	25,982	23,563	21,625
	52,412	**51,335**	**47,618**

NOTE 23 - FINANCING INCOME (EXPENSES), NET:

Composition:

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Financing expenses:			
Bank fees and commissions	187	99	160
Interest and linkage expense –Tax Authority	27	-	4
Lease financing expenses	373	309	413
Exchange rate differences	-	-	172
Other financing expenses	58	15	199
	645	423	948
Financing income:			
Net gain (loss) from the fair-value revaluation of financial assets	4,068	(15,024)	5,221
Interest income – short-term bank deposits	7,679	1,570	253
Exchange rate differences	122	608	-
Other financing income	83	44	14
	11,952	(12,802)	5,488
	11,307	**(13,225)**	**4,540**

NOTE 24 - BASIC AND DILUTED EARNINGS PER SHARE:

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Profit used to compute basic and diluted earnings per share from continuing operations	83,206	50,836	45,470
Weighted average number of ordinary shares used to compute basic earnings per share (*)	96,854,187	101,635,280	101,284,754
Warrants granted as part of share-based payment arrangements	2,248,704	1,656,798	2,977,213
Weighted average number of ordinary shares used to compute diluted earnings per share	99,102,891	103,292,078	104,261,967
Basic earnings per share	**0.859**	**0.500**	**0.449**
Diluted earnings per share	**0.840**	**0.492**	**0.436**

(*) The Company purchased 8,308 thousand ordinary shares of the Company in 2023 (2022: 1,891 thousand ordinary shares, for details see note 19 above).

NOTE 25 - INTERESTED AND RELATED PARTIES:

A. Benefits to Interested Parties (*):

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Short-term benefits	5,917	4,522	4,007
Post-employment benefits	169	132	129
Share-based payment	1,012	530	530
Salary and related expenses for the Chairman of the Board of Directors and the CEO (**)	7,098	5,184	4,666
Number of individuals	2	1	1
Fees of directors, not employed by the Company (***)	1,279	1,896	2,187
Share-based payment	324	-	-
Fees of directors, not employed by the Company	1,603	1,896	2,187
Number of individuals	7	7	6

(*) These amounts also represent compensation to key management personnel.

(**) See note 14 E (2) regarding the retention plan for the CEO and paragraph B. below regarding the appointment and compensation of the Chairman of the Board of Directors.

(***) On 6.7.2021, the Board of Directors of the Company, after obtaining the approval of the Compensation Committee, approved the payment of a Retirement Bonus to Mr. Neubach in an amount of NIS 700 thousand. The retirement bonus was approved by a special general meeting on 31.8.2021.

NOTE 25 - INTERESTED AND RELATED PARTIES (CONT.):

B. Appointment and Compensation of the Chairman of the Board of Directors:

Further to the stated in note 14 E (1) above concerning the Compensation Policy, on 29.6.2023, the general meeting of the Company, after obtaining the approval of the Company's Board of Directors and Audit Committee (in its capacity as Compensation Committee), approved an amendment to the Compensation Policy concerning the terms of office of the Chairman of the Board of Directors of TASE.

In addition, on 29.6.2023, the general meeting of the Company approved the appointment and the terms of employment of Prof. Eugene Kandel as Chairman of the Board of Directors, at a 50% appointment percentage, and on 12.7.2023, further to the approval by the company's general meeting on 29.6.2023, Prof. Eugene Kandel took office as Chairman of the Board of Directors of TASE.

In accordance with his terms of employment, Prof. Kandel shall be entitled to a (gross) monthly salary of NIS 64.5 thousand, an annual bonus of up to three (gross) monthly salaries and the grant of 319,800 warrants exercisable, each, into one ordinary share of the Company, which were allotted on July 17, 2023 (see note 16 D above), as well as to related benefits, as customary in the Company. Under the theoretical assumption of the exercise and conversion of the maximum possible quantity of the warrants granted, the Company shares that will derive from the exercise and/or conversion of the warrants will constitute 0.34% of the issued and paid-up share capital of the Company, on the grant date, and 0.31% assuming full dilution.

C. Equity Compensation to Directors:

Further to the stated in note 14 E (1) above concerning the Compensation Policy, on 15.8.2023 the Board of Directors of the Company (after obtaining the approval of the Company's Audit Committee in its capacity as Compensation Committee on the same day), approved the grant, to 6 directors of the company, of 376,746 warrants out of the Pool, which are exercisable, each, into one ordinary share of the company at an exercise price of NIS 24.386 per warrant. The warrants were granted within the framework of an Equity Compensation Plan for officers of the Company, which is in compliance with the provisions of the Company's Compensation Policy for the years 2023-2025, as approved by the Company's general meeting on 12.1.2023 (see note 16 D above).

Under the theoretical assumption of the exercise and conversion of the maximum possible quantity of the warrants granted, the Company shares that will derive from the exercise and/or conversion of the warrants will constitute 0.4% of the issued and paid-up share capital of the Company, on the grant date, and 0.37% assuming full dilution.

It should be noted that, on 27.2.2024, Mr. Yoav Chelouche, a director of the Company, stepped down. Accordingly, 52,011 warrants that had been granted to him were forfeited and returned to the Pool.

NOTE 25 - INTERESTED AND RELATED PARTIES (CONT.):

D. Balances with Interested and Related Parties:

(1) Balances with Interested Parties: (1)

	December 31,	
	2023	2022
	NIS, in thousands	NIS, in thousands
Under current assets:		
Other receivables – MAOF-CH (2)	4,669	3,947
Other receivables – Nominee Company (2)	984	822
Under non-current assets:		
Long-term loan – TASE-CH (3)	-	65,002
Under current liabilities:		
Other payables – TASE-CH (2)	11,380	7,546

(1) Balances with subsidiaries are not included in the Company's consolidated statements.
(2) The balances are interest-free, not linked to the CPI and mature shortly before the approval of the financial statements.
(3) As to the loan and its repayment, see section E.3. below

(2) Balances with Key Management Personnel:

	December 31,	
	2023	2022
	NIS, in thousands	NIS, in thousands
Under current assets:		
Other receivables (*)	992	700
Under non-current assets:		
Other long-term receivables (*)	2,392	292
Under current liabilities: (**)	1,282	974

(*) Regarding a loan to the CEO, see note 14 E (2).
(**) Includes a bonus to the CEO.

NOTE 25 - INTERESTED AND RELATED PARTIES (CONT.):

E. Transactions with Interested and Related Parties:

(1) Transactions with related parties

	Year Ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Transactions with subsidiaries:			
Participation in revenue and expenses in accordance with the distribution model: (see section 2 below)			
Participation in revenue			
TASE-CH	(186,498)	(165,362)	(153,116)
MAOF-CH	5,449	4,395	4,227
Nominee Company	(20)	-	(2)
Participation in expenses			
TASE-CH	103,516	102,039	102,239
MAOF-CH	25,848	24,902	24,227
Nominee Company	7,769	6,760	5,766
Initiation/balance fees			
TASE-CH	38,563	28,037	26,885
MAOF-CH	(13,281)	(11,917)	(10,252)
Nominee Company	(3,958)	(3,685)	(3,445)
Total			
TASE-CH	(44,419)	(35,286)	(23,992)
MAOF-CH	18,016	17,380	18,202
Nominee Company	3,790	3,075	2,319
Of which - share-based payments			
TASE-CH	2,438	243	332
MAOF-CH	542	25	49
Nominee Company	198	6	12
Financing income with respect to a loan to TASE-CH (see section 3 below)	3,684	5,975	4,050
Expenses with respect to annual fees paid to the Nominee Company	(20)	(14)	(14)

NOTE 25 - INTERESTED AND RELATED PARTIES (CONT.):

E. Transactions with Interested and Related Parties (Cont.):

(2) Distribution Model:

TASE and the other Group companies are closely interconnected. This as TASE provides the companies with their required operational infrastructure (information technology, human resources, management, etc.).

Consequently, the allocation of income and expenses and the profit of the Group between the Group companies, commencing from 2014, has been prepared in accordance with an economic model that reflects the scope of activities of each of the companies (hereafter: "the Distribution Model").

In formulating the Distribution Model, an allocation was made of three main parameters: income, expenses and the distribution of the economic profits of the Group between the companies.

As part of the income allocation, all specific income of the Group's companies was identified and assigned. The mixed-income was divided according to the ratio between trading and clearing, according to a model based on market prices.

As part of the expense allocation, all specific expenses of the Group companies were identified and assigned. For the allocation of costs and services that were provided centrally by TASE (including salaries) to all the Group's companies, various principles were considered and determined for the distribution of the said expenses (such as the ratio of income and head counts).

As part of the process of distributing the economic profit among the Group's companies, consideration was given to the link between the Group's companies taking part together in any specific line of business over time that creates a breakeven point between them that would allow all the Group's companies to share in all activities. The profitability index selected as suitable is based on the operating profit margin of the Group, this in accordance with the market price principles as defined in the OECD guidelines.

In 2021, the Group carried out a review and validation of the model, which included the validation and updating of the rate of the economic profitability index and the ratio of distribution of the mixed income, based on a current market survey. The updated model, as above, was approved on 20.5.2021 by the Board of Directors of the Company, the Board of Directors of TASE-CH, the Board of Directors of MAOF-CH and the Board of Directors of the Nominee Company.

(3) Provision of a Loan to TASE-CH:

On December 15, 2015, TASE granted a loan to TASE-CH pursuant to an agreement signed between those companies on December 8, 2015 and which was approved by the Board of Directors of TASE and by the Board of Directors of TASE-CH on 26.11.2015. Pursuant to the above agreement, TASE has granted a loan to TASE-CH in an amount of NIS 60 million, under the following terms:

- The rights by virtue of the loan are subordinate to those of other creditors of TASE-CH.
- No collateral will be provided against the loan.
- The term until the maturity of the loan is 10 years.
- Early repayment of the loan will only be permitted after the elapse of five years and only at the demand of TASE-CH.
- The loan is linked to the consumer price index and bears annual interest (at a rate of 4.25% per year).

NOTE 25 - INTERESTED AND RELATED PARTIES (CONT.):

E. Transactions with Interested and Related Parties (Cont.):

(3) Provision of a Loan to TASE-CH (cont.):

On 23.5.2023, the Board of Directors of TASE-CH, following the approval by the Audit Committee, approved a partial repayment of the loan in an amount of NIS 35 million. Accordingly, on the same date, TASE-CH made a partial early repayment of the loan in an amount of NIS 35 million (in terms of CPI-linked principal and interest). Additionally, on 21.11.2023, TASE-CH decided on the repayment of the balance of the loan and, accordingly, on the same date, repaid in full the balance of the loan in an amount of NIS 32.5 million.

(4) Dividend distributed by TASE-CH:

On 14.12.2023, the Board of Directors of TASE-CH approved the distribution of a dividend in a total amount of NIS 35 million, representing as of the date of the resolution an amount of NIS 1.17 per ordinary share of the Company. The dividend was paid to TASE on 17.12.2023.

F. Additional Information on Transactions with Interested and Related Parties:

(1) TASE Resolutions on Providing a Credit Line to TASE-CH and to MAOF-CH:

In 2004, TASE approved the grant of a loan to TASE-CH, which would not exceed NIS 50 million, in the event that TASE-CH required such funds to meet its liabilities. It was also resolved to authorize a committee of the Board of Directors to determine when the loan would be granted and also the amount of the loan, which may not exceed NIS 50 million. The loan will be made available at the same rate of interest as the Bank of Israel charges the banks, unless otherwise agreed between TASE and TASE-CH. Concurrently, in 2004 TASE-CH authorized its CEO to apply for and obtain a loan from TASE, which would not exceed NIS 50 million, as required.

In early 2009, TASE approved the grant of a loan to MAOF-CH, which would not exceed NIS 50 million, and provided that the total loan to MAOF-CH and to TASE-CH together, as above, would not exceed NIS 50 million, in the event that MAOF-CH required such funds in order to meet its liabilities. It was also resolved to authorize the abovementioned committee of the Board of Directors to determine when the loan would be granted and the amount of the loan, subject to the above limitations. The loan would be made available at the same rate of interest as the Bank of Israel charges the banks, unless otherwise agreed between TASE and MAOF-CH. Concurrently, in 2009, MAOF-CH authorized its CEO to apply for and obtain a loan from TASE which would not exceed NIS 50 million, as required.

Since the approvals that were granted in 2004 and 2009, respectively, and up to the date of approving these financial statements, no such loans have been requested or granted.

As stated above, TASE is under no obligation to the Clearing Houses to provide the loan.

NOTE 25 - INTERESTED AND RELATED PARTIES (CONT.):

F. Additional Information on Transactions with Interested and Related Parties (Cont.):

(2) Officers' and Professional Liability Insurance:

The Group has the following insurance policies for directors and officers (hereafter collectively: "Officers") and for professional liability:

(a) "Run Off" officers' liability insurance policy

A "Run Off" officers' liability insurance policy that covers activities up to the date of change of ownership. The insurance period is 7 years from the date of change of ownership. This policy has a liability limit of up to USD 50 million (per incident and in aggregate).

(b) Designated insurance policy for the offering (POSI)

A designated insurance policy for the offering (Public Offering of Securities Insurance – POSI) that covers the process of the offering and the prospectus for a period of 7 years from issuance date. This policy has a liability limit of up to USD 30 million (per incident and in aggregate).

(c) Current Officers' liability insurance policy

For the period from 1.8.2020 to 31.7.2021.

A liability insurance policy for Officers of the Company and its subsidiaries. This policy has a liability limit of USD 40 million (per incident and in aggregate) and an additional layer of insurance for the clearing houses (TASE-CH and MAOF-CH), in an amount of up to USD 10 million (per incident and in aggregate) in excess of the liability limit of up to USD 40 million.

For the period from 1.8.2021 to 31.7.2024:
Officers' liability insurance policy with a liability limit of up to USD 40 million (per incident and in aggregate). Without an additional coverage layer in the officers' liability insurance policy for the clearinghouses (TASE-CH and MAOF-CH).

(d) Professional liability insurance policy

Professional liability insurance policy with a liability limit of up to USD 50 million (per incident and in aggregate).

(3) Regarding the indemnification of officers and an exemption from liability granted to officers, see note 18 above.

NOTE 26 - CHARGES:

a. In March 2008, TASE-CH opened a bank account ("the Account") for obtaining loans, if and when TASE-CH has an immediate need for cash to ensure continuous clearing in the event of a member default.

In April 2008, a first-ranking fixed charge was registered on the securities now deposited or that will be deposited in the Account, or on the proceeds from their sale and/or gains to be deposited in said account.

If TASE-CH takes such a loan in the future, it will deposit the collateral in favor of the bank in said Account.

TASE-CH has not made any use of the Account since it was opened, and no assets have been deposited with the bank.

For further details regarding a liquidity line from a commercial bank, see note 4 B (2) (c).

b. In December 2023, as a condition for the receipt of a loan from a bank (see note 13 above), the Company has undertaken not to pledge or mortgage, in any manner and for any purpose whatsoever and not to sell, transfer and not transact in any manner in the Company's rights in the real estate that is used for the offices of the Company known as Block 6920 Parcel 74 and Parcel 71 in Tel Aviv. This undertaking excludes rent transactions in relation to vacant spaces in the real estate property.

NOTE 27 COMMITMENTS:

A. Monetary Claim Against the Ministry of Finance

On 5.5.2020, the Company filed a monetary claim by summary procedure with the Tel Aviv District Court against the State of Israel, the Ministry of Finance - Accountant General, in an amount of approximately NIS 20.13 million (including VAT). The cause of the claim is default in payment of the listing fees payable by virtue of the TASE Rules in respect of government bonds that had been issued in the period from May 2013 to March 2020 (inclusive), within the framework of the Ministry of Finance's lending pool.

Shortly before the end of May 2021, within the framework of discussions for a compromise in the Company's claim, the Company and TASE-CH entered into a series of agreements with the Ministry of Finance pursuant to which, inter alia, the term of the agreement for the management of the lending pool will be extended until 31.12.2025 (this despite TASE-CH's notification from July 2020 that is does not wish to extend the aforesaid agreement beyond September 2021, its end-date at the time of the notification), and, in settlement of all the Company's claims against the Ministry of Finance in said claim with respect to the period ending on 31.12.2020, the Company will be paid a settlement amount of NIS 3,846 thousand (plus VAT). As the Company has so far not recognized in its financial statements revenue from the listing fees that are covered in this claim, the settlement amount (before tax) was fully recognized as other income in the second quarter of 2021.

NOTE 27 COMMITMENTS (Cont.):

A. Monetary Claim Against the Ministry of Finance (Cont.):

In addition to the aforesaid, the agreement provides for the payments by the Ministry of Finance for the listing of securities that are issued by the State, in an amount of NIS 0.3 million per calendar quarter under the lending pool and NIS 1.2 million per calendar quarter outside the lending pool. In June 2021, an amendment to the TASE Rules concerning the listing fees for the aforesaid securities was approved within the framework of the compromise scheme.

It should be noted that, upon the termination of the agreement (at the end of 5 years), unless otherwise agreed between the parties, the Ministry of Finance will pay for the listing of government bonds in the lending pool a fixed quarterly amount of NIS 150 thousand and for bonds that are listed outside the lending pool, the Ministry of Finance will pay listing fees to TASE in accordance with the TASE Rules and the related Regulations, as set out in Section 6.C. in Chapter Thirteen of the Regulations pursuant to Part Two of the TASE Rules, which determines that the listing fees of binding certificates that are issued by the State, other than short-term government bonds, will be an amount equal to 0.004% of their value. Notwithstanding the foresaid, no listing fees will be payable on binding certificates issued by the State overseas, which on the date of their listing on TASE are also listed overseas.

The listing fees on binding certificates issued by the State that are short-term government bonds will be an amount equal to 0.0007% of their value.

B. The Securities Authority Resolution Pertaining to the Activity of Securities Indices

On 21.12.2022, the Company received the resolution of the Israel Securities Authority's Secondary Market Committee pursuant to which, inter alia, the Committee has approved the amendment of the pricelist concerning the TASE indices, but at the same time has determined that TASE's engagement in the editing and calculation of the indices will be deemed as an auxiliary service that raises substantial concern for a conflict of interest with its engagement in the management of a securities' trading system, in which it may continue to engage subject to its compliance with certain terms, as set forth in the Authority's resolution. It should be noted that the terms for the Indices' Activity mainly address the improvement of corporate governance rules and the implementation of organizational, professional and operational segregation of duties in the Company between the Indices' Activity and the trading management activity, and have been set based on discussions with the Company.

It is hereby clarified that the approval of the amendment of the indices' pricelist is not conditional on the fulfillment of the terms for the Indices' Activity, and therefore the new rates pursuant to the indices' pricelist will take effect gradually, in two steps - the first at a partial rate of 50% commencing on 1.1.2023, and the second at the full rate commencing on 1.1.2024.

NOTE 28 - EVENTS AFTER THE END OF REPORTING PERIOD:

A. For details of the sale of additional shares of the Company and the receipt of the consideration therefrom after the reporting date, see note 19 C (2) (b) above.

B. For details of a dividend distribution performed on 2.1.2024, see note 19 above.

C. On 6.3.2024, the Company's Board of Directors decided on the distribution of a dividend to the shareholders of the Company in an amount of NIS 41.6 million (representing NIS 0.45 per share on the date of the resolution). The Board of Directors set 13.3.2024 as the record date and 20.3.2024 as the payment date.

NOTE 28 - EVENTS AFTER THE END OF REPORTING PERIOD (Cont.):

D. Adoption of a dividend distribution policy

On 6.3.2024, the Board of Directors of the Company approved a dividend distribution policy in connection with the profits of the Company in the years 2024 to 2026 (hereafter: "the Dividend Distribution Policy"), pursuant to which, commencing on the date of approval of the financial statements as of 31.12.2024 through to the date of approval of the financial statements as of 31.12.2026, the termination date of the Dividend Distribution Policy, the Company will work to distribute to its shareholders a cash dividend at the rate of 50% of the annual net profit as per the Company's consolidated annual financial statements, this on the date of approval of the annual financial statements. To remove any doubt, it is hereby clarified that the approval of the Dividend Distribution Policy does not obligate the Board of Directors of the Company to pass a resolution on the distribution of a dividend. Any resolution on the distribution of a dividend will be passed subject to compliance with the distribution criteria set out in the Companies Law, which would be reviewed on the date of passing of a resolution to distribute a dividend, and in consideration of the current business needs of the Company, the budget and the work plan of the Company for the year is pertinent to the distribution, the liquidity situation of the Company, liabilities and covenants, as well as regulatory requirements that apply to companies in the Group (e.g. liquidity requirement and minimum capital requirement), all on the date that such resolution is passed. It is further clarified that the Board of Directors may modify and/or cancel and/or deviate from the Dividend Distribution Policy at any time.

E. Appointment and equity compensation of the Legal Counsel - 2023 warrant plan

On 29.1.2024, further to the framework resolution of the Company's general meeting from 12.1.2022, the Board of Directors of the Company (after obtaining the approval of the Audit Committee in its capacity as Compensation Committee on the same day), approved the grant of 176,342 warrants out of the pool, which are exercisable, each, into one ordinary share of the Company at an exercise price of NIS 23.58 (NIS 21.886 after adjustment for a resolution on the distribution of a dividend, as described in note 27 B above) per warrant to the Company's new Legal Counsel, who took office on 1.2.2024 further to the approval of her appointment by the Company's Board of Directors. The warrants are granted within the framework of the Equity Compensation Plan for officers, which is in compliance with the provisions of the company's Compensation Policy for the years 2023-2025, as approved by the Company's general meeting on 12.1.2023 (see note 14 E (1) above).

Under the theoretical assumption of the exercise and conversion of the maximum possible quantity of the warrants granted, the Company shares that will derive from the exercise and/or conversion of the warrants will constitute 0.19% of the issued and paid-up share capital of the Company, on the grant date, and 0.17% assuming full dilution. The cost of the benefit embodied in the warrants granted as aforesaid, based on their fair value on their grant date, amounted to NIS 1.3 million. The warrants were allotted to a trustee pursuant to Section 102 of the Income Tax Ordinance, under the capital gains track.

This English version is only for convenience purposes. This is not an official translation and has no binding force. Whilst reasonable care and skill have been exercised in the preparation hereof, no translation can ever perfectly reflect the Hebrew version. In the event of any discrepancy between the Hebrew version and this translation, the Hebrew version shall prevail.

THE TEL-AVIV STOCK EXCHANGE LTD.

SEPARATE FINANCIAL INFORMATION FOR 2023

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Special Report of the Auditor on Separate Financial Information pursuant to Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 5730-1970

We have audited the separate financial information that was prepared in accordance with Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 of The Tel-Aviv Stock Exchange Ltd. (hereafter - "the Company") as of December 31, 2023 and 2022 and for each of the three years in the period ended on December 31, 2023. The board of directors and management are responsible for the separate financial information. Our responsibility is to express an opinion on this separate financial information based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards in Israel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the separate financial information. An audit also includes assessing the accounting principles used in the preparation of the separate financial information and significant estimates made by the board of directors and management, as well as evaluating the overall separate financial information presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the separate financial information is prepared, in all material respects, in accordance with the provisions of Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Brightman Almagor Zohar & Co.
Certified Public Accountants
A Firm in the Deloitte Global Network

Tel Aviv, Israel, March 6, 2024

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THE TEL-AVIV STOCK EXCHANGE LTD.

FINANCIAL POSITION

	Supplementary Information	December 31, 2023	December 31, 2022
		NIS, in thousands	NIS, in thousands
Assets			
Current assets			
Cash and cash equivalents	B (7)	288,713	95,776
Financial assets at fair value through profit or loss	C	24,142	51,515
Trade receivables		18,500	16,021
Other receivables		14,985	12,296
Total current assets		346,340	175,608
Non-current assets			
Earmarked cash		-	720
Deferred tax assets	D(1)	3,910	4,767
Property and equipment, net		307,144	315,598
Intangible assets, net		152,825	139,572
Investment in subsidiaries		185,038	179,415
Long-term loan to a subsidiary	C(2)	-	65,002
Other long-term receivables		5,358	685
Total non-current assets		654,275	705,759
Total assets		**1,000,615**	**881,367**
Liabilities and Equity			
Current liabilities			
Current maturities of a bank loan	C(3)	49,946	-
Current maturities of lease liabilities		4,740	8,473
Trade payables		13,041	13,864
Other payables		16,283	10,285
Dividend declared		231,110	-
Deferred income with respect to listing fees and levies		28,734	28,412
Short-term liabilities for employee benefits		55,397	37,564
Current tax liabilities		4,189	3,990
Total current liabilities		403,440	102,588
Non-current liabilities			
Bank loan	C(3)	99,888	-
Lease liabilities		9,009	6,572
Deferred income with respect to listing fees and levies		77,058	78,459
Non-current liabilities for employee benefits		9,500	6,580
Other liabilities		-	720
Total Non-current liabilities		195,455	92,331
Equity			
Remeasurement of net defined benefit liability		4,745	5,207
Share-based payments reserve		39,927	33,787
Other capital reserves		66,975	54,222
Retained earnings		290,073	593,232
Total equity		401,720	686,448
Total liabilities and equity		**1,000,615**	**881,367**

March 6, 2024			
Date of Separate Financial Information Approval	**Eugene Kandel Chairman of the Board of Directors**	**Ittai Ben Zeev CEO**	**Yehuda Ben Ezra EVP, CFO**

	Supplementary Information	Year ended December 31,		
		2023	2022	2021
		NIS, in thousands	NIS, in thousands	NIS, in thousands
Revenue from services:				
Trading and clearing commissions		46,617	45,889	40,482
Listing fees and levies		60,595	66,433	53,311
Data distribution and connectivity services		70,682	57,595	51,667
Other revenue		3,235	4,896	5,570
		181,129	174,813	151,030
Revenue from initiation fees, net from investees		21,325	12,435	13,188
Total revenue from services		202,454	187,248	164,218
Cost of revenue:				
Employee benefits expenses (*)		83,527	79,490	77,023
Share-based payments expenses		2,962	256	346
Computer and communications expenses (*)		18,469	13,635	12,875
Rent, property taxes and building maintenance expenses		7,551	7,409	6,880
Administrative, fee and general expenses (**)		9,202	10,060	10,111
Marketing expenses		2,707	6,351	5,326
Other operating expenses (**)		680	456	18
Depreciation and amortization expenses		27,524	26,924	24,569
Other expenses		1,342	109	134
Total costs		153,964	144,690	137,282
Profit before financing income, net		48,490	42,558	26,936
Financing income		7,800	4,608	5,213
Financing expenses		389	263	726
Total financing income, net		7,411	4,345	4,487
Profit after financing income, net		55,901	46,903	31,423
Company's share in profits of investees		40,623	15,676	21,499
Profit before tax on income		96,524	62,579	52,922
Taxes on income	D	13,318	11,743	7,452
Profit for the year		**83,206**	**50,836**	**45,470**
Basic earnings per share (NIS)		**0.859**	**0.500**	**0.449**
Diluted earnings per share (NIS)		**0.840**	**0.492**	**0.436**

(*) Reclassified
(**) Classification for elaboration purposes

The accompanying notes are an integral part of the financial statements.

	Supplementary Information	Year ended December 31,		
		2023	2022	2021
		NIS, in thousands	NIS, in thousands	NIS, in thousands
Profit for the year		83,206	50,836	45,470
Other comprehensive income (loss):				
Items that will not be subsequently reclassified to profit or loss, net of tax:				
Remeasurement of net liability with respect to defined benefit, net of tax		(462)	21,743	1,373
Comprehensive income for the year		**82,744**	**72,579**	**46,843**

The accompanying notes are an integral part of the financial statements.

THE TEL-AVIV STOCK EXCHANGE LTD.
CASH FLOW

	Year ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Cash Flows from Operating Activities			
Profit for the year	83,206	50,836	45,470
Share-based payments expenses	6,140	530	739
Tax expenses recognized in profit or loss	13,318	11,743	7,452
Net financing income recognized in profit or loss	(7,411)	(4,345)	(4,487)
Depreciation and amortization	52,412	51,335	47,618
Loss from disposal of property and equipment and intangible assets	691	131	262
Company's share in profits of investees	(40,623)	(15,676)	(21,499)
	107,733	94,554	75,555
Changes in Asset and Liability Items			
Decrease (increase) in trade receivables and other receivables	(9,779)	363	(5,386)
Increase (decrease) in trade payables and other payables	4,664	(1,147)	4,937
Increase in income received in advance with respect to annual fees	-	-	179
Increase (decrease) in deferred income with respect to listing fees	(1,079)	(4,156)	11,243
Increase in employee benefits related liabilities	20,153	14	1,725
	13,959	(4,926)	12,698
Interest received	5,328	4,465	3,761
Interest paid	(314)	(360)	(651)
Tax payments - operating activities	(11,760)	(5,439)	(8,007)
	(6,746)	(1,334)	(4,897)
Net cash provided by operating activities	**114,946**	**88,294**	**83,356**
Cash Flows from Investing Activities			
Investments in property and equipment	(10,138)	(14,841)	(6,239)
Proceeds from the disposal of property and equipment	-	-	16
Investments in intangible assets	(20,836)	(14,666)	(13,457)
Payments with respect to development costs capitalized to property and equipment and to intangible assets	(19,591)	(18,751)	(15,953)
Disposal (acquisition) of financial assets held for trading, net	27,813	(2,565)	(1,129)
Change in restricted cash, net	-	-	(178)
Changes in other long-term liabilities	-	-	178
Net cash used in investing activities	**(22,752)**	**(50,823)**	**(36,762)**
Cash Flows from Financing Activities			
Lease payments	(8,848)	(8,815)	(9,125)
Acquisition of treasury shares	(155,255)	(31,318)	-
Repayment of a loan granted to a subsidiary	66,902	-	-
Bank loan	150,000	-	-
Dividend received (paid)	35,000	(22,735)	(18,450)
Receipts (payments) from shareholders within the framework of implementing the Ownership Restructuring Law, net	12,753	8,220	(800)
Net cash provided by (used in) financing activities	**100,552**	**(54,648)**	**(28,375)**
Net increase in cash and cash equivalents	192,746	(17,177)	18,219
Cash and cash equivalents at beginning of the year	95,776	112,373	94,302
Effect of changes in exchange rates on cash balances held in foreign currency	191	580	(148)
Cash and cash equivalents at end of the year	**288,713**	**95,776**	**112,373**

	Year ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Appendix A – Non-Cash Activities:			
Acquisition of property and equipment with short-term credit	4,666	4,511	8,150
Increase in right-of-use assets and lease liabilities, net (*)	371	65	21
Dividend declared	231,110	-	-
Increase in receivables from shareholders for receipts from the exercise of TASE shares within the framework of implementing the ownership restructuring ,net (see note 19 C to the consolidated financial statements)	-	-	2,696

(*) For further details regarding lease liabilities, see note 11 B to the consolidated financial statements.

The accompanying notes are an integral part of the financial statements.

A. General

(1) General:

a. The separate financial information of the Company has been drawn up in accordance with Section 9(c) and the Tenth Addendum of the Securities Regulations (Periodic and Immediate Reports), 5730-1970

This separate financial information should be read in conjunction with the consolidated financial statements as of December 31, 2023 and the accompanying notes.

As to the allocation of income and expenses between TASE and the MAOF Clearing House, the TASE Clearing House and the Nominee Company, see Section E2(A).

b. On July 30, 2015, the general meeting resolved to approve an outline in principle for an arrangement program between the TASE members at that time, and also between them and TASE, for the purpose of implementing a restructuring of TASE and turning it into a company that is entitled to distribute dividends, having a share capital comprising only one class of shares. This is to be done by allocating shares to the TASE members in accordance with an allocation table to be decided upon (hereafter - "the Allocation Table"). In accordance with the outline in principle that was approved as stated, the parameters included in the model, for the purpose of establishing entitlement to the share allocation, relate to anyone that was a TASE member on June 30, 2015.

On April 6, 2017, the Securities Law (Amendment No. 63), 2017 was published, which deals with changes in the ownership structure of TASE (hereafter - "TASE Restructuring Law"). The aim of the Law is to change the ownership structure of TASE, while transforming it into a "for profit" company, and to expand the TASE membership base and to make TASE accessible to a larger number of parties. Another aim of the Law is to lay the infrastructure for future strategic collaborations with foreign stock exchanges and strategic investors.

The main points of the Law are as follows:

- With the TASE restructuring and upon the corporate governance arrangements in the aforementioned Securities Law amendment taking effect, the provisions prescribed in the Securities Law prohibiting the distribution of TASE profits will be revoked, so as to permit TASE to become a "for profit" company entitled to distribute profits to its owners.

- Prescribing terms for obtaining a stock exchange license in Israel. In accordance with the transitional provisions set forth in the Law, the license granted to the Tel-Aviv Stock Exchange prior to the Law taking effect will be deemed a license granted to it pursuant to the provisions of the Law.

- Prescribing terms for obtaining a clearing house license in Israel. In accordance with the transitional provisions set forth in the Law, TASE-CH and MAOF-CH will be deemed as having been granted a license pursuant to the provisions of the Law.

- Setting a proscription against TASE engaging in the provision of services giving rise to a substantive concern regarding a conflict of interests with its business of managing a securities trading system.

- Setting a proscription against a holding of five percent or more in TASE without receipt of a permit from the Israel Securities Authority, setting a proscription against control of TASE without a permit and setting a proscription against control of a clearing house without a permit. In accordance with the transitional provisions set forth in the Law, TASE will be deemed as having been granted a permit to control the clearing houses under its control prior to the Law taking effect pursuant to the provisions of the Law.

A. General (contd.)

(1) General (contd.):

b. (contd.)

- Prescribing corporate governance arrangements.
- Imposing an obligation on clearing houses to provide services to every stock exchange or clearing member and not to unreasonably refuse to provide such services.
- Prescribing a provision stating that if an entity has sold means of control in TASE, which it held prior to the date that the change in the TASE ownership structure was approved, and if the sale proceeds exceeded the value of the means of control sold, the seller will transfer to TASE an amount equivalent to the difference between the sale proceeds and the value of the means of control sold. For this purpose, "value of the means of control sold" – the means of control sold as a percentage of the total means of control in TASE on the arrangement's approval date, multiplied by the TASE equity according to its 2015 financial statements, in the amount of NIS 508 million. TASE may make use of sums transferred to it pursuant to this clause in order to reduce the fees TASE charges and to invest in technological infrastructure, and for these purposes alone.

On September 7, 2017, the Tel Aviv District Court approved the demutualization arrangement of TASE in accordance with Section 350 of the Companies Law, the main principles of which are detailed below: replacing TASE's present Articles of Association with a new version of the Articles of Association that conforms with the provisions of the TASE Restructuring Law.

In addition, it was prescribed that the authorized share capital of TASE will be 150,000,000 ordinary shares having no par value. Within the framework of the arrangement, TASE allocated 94,000,000 ordinary shares to the TASE members in accordance with the Allocation Table, for no consideration. Likewise, TASE allocated 6,000,000 shares to a trustee for TASE employees and service providers, for no consideration. The allocation of shares to TASE employees was done within the framework of the Compensation Plan, which had been approved by the organs of TASE, in accordance with the principles set forth in note 16 (A) of the consolidated financial statements.

c. Pursuant to a prospectus for an initial public offering by way of a secondary offering of Company shares, dated July 24, 2019, and pursuant to a supplementary notice dated July 29, 2019, on August 1, 2019, 100,000,000 ordinary shares with no par value, existing in the Company's share capital, were listed on TASE, of which 31,717,504 shares were offered in a secondary offering to institutional investors in Israel and overseas, as well as to the public in Israel, and approval was received for the listing of up to 8,429,797 ordinary shares that will result from the exercise of options allotted to the Company's CEO and to officers of the Company.

Regarding the indemnification for the pricing underwriter ("the Prospectus Indemnification"), see note 18 E to the consolidated financial statements.

For details of the proceeds from shareholders within the framework of implementing the ownership restructuring, see note 19 C to the consolidated financial statements.

Regarding the move to sell the Arrangement Shares, see note 19 C to the consolidated financial statements.

A. General (contd.)

(1) General (contd.):

d. Disclosure on the effects of the "Swords of Iron" War

On 8.10.2023, the Government of Israel declared a state of war, which is still ongoing after the reporting date, in the wake of the terror attack on the State of Israel that took place on 7.10.2023 (hereafter: "the War"). On 8.10.2023, trading on TASE opened on schedule and all of the systems of TASE have operated without disruption throughout the War. TASE, and the economy as a whole, were shaken, the Fear Index more than doubled, the exchange rate of the dollar surged, breaking the NIS 4 ceiling up to NIS 4.08, price drops were recorded on the equity and the bond markets, which were only curbed close to the end of October 2023, at which time the markets began to recover and the indices regained and even exceeded their pre-War levels. Overall, in 2023 the leading TASE indices: TA-35, TA-90 and TA-125 increased by 4%, each, the U.S. dollar and the Euro appreciated by 3.1% and 6.9% in relation to the NIS, respectively, and the yields of the long-term government bonds, which rose to 5.3% in October 2023, dropped to 4.4% at the end of December 2023.

The War, the duration, intensity and scope of which are uncertain, has adverse effects on the Israeli market and economy, including: economic slowdown, exchange rate fluctuations, disruptions in the manufacturing and supply chain, further rise in food, commodity and energy prices, and increase in the government deficit and in the Debt-GDP ratio.

In response to the rising economic risk, the international credit rating agencies took various actions: Fitch and Moody's announced that Israel's sovereign credit rating is now under "Rating Watch Negative", and S&P reduced the rating outlook from "stable" to "negative".

After the balance-sheet date, on 9.2.2024, Moody's reduced the State of Israel's credit rating from A1 to A2. Further to that, Moody's also reduced the credit rating of the five largest Israeli banks from A2 to A3, with a negative outlook.

Alongside the anticipated impact of the Swords of Iron War on Israel's macroeconomic indicators and the growing uncertainty in the market, the War is also expected to affect the operations and profitability of corporations in Israel and increase the occurrence of insolvency proceedings and debt arrangements, which will entail higher credit losses and provisions for credit losses by financiers. Those effects, combined with the macroeconomic effects, could also affect, both indirectly and directly, the operations and profitability of TASE, this, inter alia, as a result of: changes in the prices of shares, changes in the prices of government and corporate bonds, changes in the volumes of activity in the various channels, change in the activity of the foreign investors and the institutional investors, and change in the volumes of capital and debt raising on TASE. At this stage, despite the time that has elapsed since the breakout of the war, due to the uncertainty surrounding the intensity and duration of the War, the Company is unable to assess the Impact of those changes on its operations and profitability.

A. General (contd.)

(2) Definitions:

Company or TASE	-	The Tel-Aviv Stock Exchange Ltd.
Subsidiaries	-	As defined in note 1 E to the consolidated financial statements of the Company.
The Clearing Houses	-	The Tel-Aviv Stock Exchange Clearing House Ltd. (hereafter - "TASE-CH") and the MAOF Clearing House Ltd. (hereafter - "MAOF-CH").
Nominee Company	-	The Tel Aviv Stock Exchange Nominee Company Ltd. (hereafter - "the Nominee Company").
The Group	-	The Company, Tel-Aviv Stock Exchange Clearing House Ltd., MAOF Clearing House Ltd. and The Tel Aviv Nominee Company Ltd.

(3) Material Accounting Policies:

a. The separate financial information was drawn up in accordance with the accounting policies that are set out in note 2 to the consolidated financial statements of the Company, with the exception of the amounts of the assets, the liabilities, the expenses and the cash flows with respect to Investees, as described below:

(1) The assets and liabilities reflect their amounts in the consolidated financial statements that are attributable to the Company itself as a parent company, excluding investments in Investees.

(2) Investments in Investees are presented as the net amount of total assets less the total liabilities, the amount of which in the consolidated financial statements of the Company includes financial data for the Investees, including goodwill.

(3) The amounts of income and expenses reflect the income and the expenses that are included in the consolidated financial statements, which are attributable to the Company itself as a parent company, excluding amounts of income and expenses with respect to Investees.

(4) The share of the Company in the results of Investees is presented as the net amount of total revenue less total expenses, the amount of which in the consolidated financial statements of the Company includes operating results of Investees.

(5) The amounts of cash flows reflect the amounts that are included in the consolidated financial statements, which are attributable to the Company itself as a parent company, excluding cash flow amounts with respect to Investees.

(6) A loan granted to an investee is presented in the amount that is attributable to the Company itself as a parent company.

(7) Balances, income and expenses with respect to transactions with investees, which were eliminated in the consolidated financial statements, are measured and presented under the relevant items in the financial position data and the profit or loss and comprehensive income data.

b. Standards, amendments to standards and interpretations published, which are not applicable to the Group:

As of the date of the financial statements, additional interpretations and additional amendments to standards had been published that, in the opinion of the Company's management, are not relevant to the Group.

B. Cash

(1) Composition of cash and cash equivalents:

	December 31,	
	2023	2022
	NIS, in thousands	NIS, in thousands
Cash and cash equivalents denominated in NIS	278,227	91,490
Cash and cash equivalents denominated in other currencies	10,486	4,286
Total cash and cash equivalents	**288,713**	**95,776**

(2) Earmarked cash:

Earmarked cash held by TASE is a deposit held in a TASE account as collateral for an operating lease, as described in Note 11C to the consolidated financial statements of the Company.

C. Financial Assets and Liabilities

(1) Balances of financial instruments:

	December 31,	
	2023	2022
	NIS, in thousands	NIS, in thousands
Financial assets (*):		
Cash and cash equivalents	288,713	95,776
Financial assets - held for trading (**)	24,142	51,515
Trade and other receivables	25,375	22,009
	338,230	169,300
Non-current assets:		
Long-term loan to a subsidiary	-	65,002
Earmarked cash	-	720
	-	65,722
	338,230	235,022
Financial liabilities:		
Current maturities of a bank loan	49,946	-
Dividend declared	231,110	-
Financial liabilities measured at amortized cost	21,329	22,230
Lease liabilities – current maturities	4,740	8,473
	307,125	30,703
Non-current liabilities:		
Bank loan	99,888	-
Other liabilities	-	720
Lease liabilities	9,009	6,572
	108,897	7,292
	416,022	37,955

(*) The book value of the financial assets reported above reflects the Company's maximum exposure to financial assets' credit risk as of the Statement of Financial Position date.

(**) The composition of the investment portfolio includes Israeli government T-bills and bonds (see note 6 below).

(2) Fair value of financial instruments:

The financial instruments of the Company include mainly cash and cash equivalents (including earmarked cash), marketable securities, trade receivables, other receivables, loans, trade payables and other payables.

The balances of the Company's financial instruments (excluding the long-term loan) in the Statement of Financial Position as of 31.12.2023 and 31.12.2022 closely reflect their fair values.

Presented below are details of the long-term loan to TASE-CH:

C. Financial Assets and Liabilities (contd.)

(2) Fair value of financial instruments: (contd.)

	Carrying amount		Fair value	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	NIS, in thousands	NIS, in thousands	NIS, in thousands	NIS, in thousands
Long-term loan to TASE-CH	-	65,002	-	63,919

The fair value of the financial instruments that are presented in the statement of financial position at fair value is based on quoted prices (record rate), as determined in the trading on the Stock Exchange at the end of the reporting period.

(3) Bank loan:

a. Composition

	Annual interest rate as of December 31, 2023	December 31, 2023
		NIS, in thousands
Current liabilities		
Current maturities of a bank loan	6.75%	49,946
Non-current liabilities		
Bank loan	6.75%	99,888
		149,834

b. Supplementary information

On 28.12.2023, the Company obtained a bank loan in an amount of NIS 150 million, bearing annual interest at a rate of Prime+ 0.5%. The loan is repayable in 36 equal principal installments at the end of each month, commencing in January 2024 through to December 2026 (inclusive). The interest on the loan is payable concurrently with the aforesaid principal installments. The Company has also made undertakings to the bank that are customary in agreements such as the Loan Agreement.

As part of its undertakings to the bank, the Company has made a commitment to the bank not to pledge or mortgage, in any manner and for any purpose whatsoever and not to sell, transfer and not transact in any manner in the Company's rights in the real estate that is used for the offices of the Company, as described in note E(4). The Company has also undertaken to the bank to comply with the following financial covenants:

C. Financial Assets and Liabilities (contd.)

(3) Bank loan (contd.):

b. Supplementary information (contd.)

Covenant	Description of covenant	Required ratio	Actual ratio as of 31.12.2023
Ratio of equity to total assets	The Company has undertaken to maintain a minimum ratio of equity to total assets(*)	45%	63% (*)
Debt coverage ratio	The Company has undertaken to maintain a maximum ratio of the balance of its non-subordinated liabilities to banks, financial institutions and other lenders, including shareholders/related parties in the operating profit to debt servicing (**)	2.5	1.6
Debt servicing ratio	The Company has undertaken to maintain a minimum ratio of operating profit to debt servicing(**) with the addition of the balance of cash and cash equivalents and financial assets at fair value through profit or loss (T-bills and government bonds), eliminating the balance of the excess consideration that will be transferred to the Company and used for investment in the Company's technological infrastructure and excluding the entitlement dividend (see note 20)(*) in the debt servicing (current maturities of the loan including financing expenses payable according to the loan's repayment schedule).	1.25	3.6

(*) Based on its stand-alone financial statements on the date of review. As of 31.12.2023, the amount of the declared dividend of NIS 231.1 million it to be added to equity.

(**) Based on its stand-alone financial statements on the date of review. Operating profit to debt service - profit before financing, net and taxes with the addition of depreciation and amortization expenses for the past 12 months.

(4) Risk management objectives and policy:

The operations of TASE involve exposure to various financial risks, mainly: credit risk, liquidity risk and market risk, but also involve exposure to other risks (e.g. business risk, operational risk, etc.), the materialization of which could lead to a loss and to a material reduction in TASE's equity.

The risk management policy of TASE is designed to establish an effective organization-wide risk management setup to ensure its stability, while strengthening its ability to identify, monitor and manage its risks.

(5) Credit risk management:

Credit risk is the risk of a counterparty, a custodian bank or another debtor, being unable to fully meet its obligations when due, or at any time in the future.

The Company's exposure to credit risk is immaterial, both in view of its current mix of assets (see Section 1 above) and in view of the investment policy that limits the exposure to credit risk in its portfolio (see Section 6 below).

(6) Liquidity risk management:

Liquidity risk is the risk that the Company will not be able to meet its liquidity needs, on time and in full, for financing its operating activities.

As of 31.12.2023, close to 92% of the Company's financial assets are immediate liquid assets (cash and Israeli Government bonds).

C. Financial Assets and Liabilities (contd.)

(6) Liquidity risk management (contd.):

The Company has liquid current assets and on the other hand - the balance of the Company's liabilities reflects a mix of liabilities with manageable maturities - relating mostly to liabilities to employees and trade payables.

The expected maturity dates for the trade and other payables are within a period of up to two months.

For details of the expected maturity dates of a bank loan and lease liabilities, based on the undiscounted cash flows of the liabilities, see note 4 B (1) to the consolidated financial statements.

For details of the risk management and mitigation measures that are employed by the Company in managing the exposure to liquidity risk and for additional information on liquidity risks relating to the operations of the clearing houses, lines of defense and risk management measures, see note 4 B (2) to the consolidated financial statements.

(7) Market risk management:

Market risk is the risk of loss that may be caused to the Company from changes in market prices (such as exchange rates, the Consumer Price Index and interest rates), to the extent that these changes cause a decrease in net profit or a loss that leads to a decrease in TASE's equity.

In the ordinary course of business, the Company is exposed to market risk with respect to the holding of securities included in its investment portfolios that are held for trading, such that a downturn in market prices has a direct effect on the Company's profit and loss, or with respect to the holding of deposits at variable interest or in foreign currency.

In order to manage and mitigate these risks, the Group has an investment policy that is approved every year by the Board of Directors. The policy prescribes that the Company's monetary balances are to be invested in Israeli government bonds, whose inherent credit risk is not material. The Group also restricts the average duration of the portfolio and the repayment period, as described in note 4 D (2) to the consolidated financial statements.

Exposure as of December 31, 2023 and 2022:

Presented below is the composition of the securities and cash investment portfolio:

	December 31,	
	2023	2022
	NIS, in thousands	NIS, in thousands
Cash and cash equivalents	288,713	95,776
Israeli Government treasury bills and bonds	24,142	51,515
Earmarked cash	-	720
	312,855	**148,011**

(8) Interest Risks:

The Company has monetary surpluses that are placed in bank deposits and investments in financial instruments (government bonds) yielding variable interest rates, giving rise to a cash flow exposure to changes in interest.

C. Financial Assets and Liabilities (contd.)

(8) Interest Risks (contd.):

The following table details the impact of a +/- 0.5% and a +/- 1% change in interest on the aforementioned financial instruments (before the tax effect):

December 31, 2023			December 31, 2022		
Total variable-interest-rate instruments	Change of +/- 0.5%	Change of +/- 1%	Total variable-interest-rate instruments	Change of +/- 0.5%	Change of +/- 1%
NIS, in millions					
275.3	1.4	2.7	67.0	0.3	0.7

In opposition, during the year the Group obtained a loan from a bank at variable interest, which gives rise to a cash-flow exposure to changes in the interest rate.

The following table details the impact of a +/- 0.5% and a +/- 1% change in the interest rate on the aforesaid loan (before the tax effect):

December 31, 2 0 2 3			December 31, 2 0 2 2		
Total Variable Interest Rate Instruments	Change of +/- 0.5%	Change of +/- 1%	Total Variable Interest Rate Instruments	Change of +/- 0.5%	Change of +/- 1%
NIS millions					
150	0.75	1.5	-	-	-

In addition, the Company has investments in financial instruments (government bonds) yielding fixed interest rates, which are measured at fair value through profit or loss, and is therefore exposed to changes in fair value as a result of changes in the interest rates.

The following table details the impact of a +/- 0.5% and a +/- 1% change in the fair value of the aforesaid bonds (before the tax effect):

December 31, 2023			December 31, 2022		
Total fixed-interest-rate instruments	Change of +/- 0.5%	Change of +/- 1%	Total fixed-interest-rate instruments	Change of +/- 0.5%	Change of +/- 1%
NIS, in millions					
24.1	0.4	0.9	47.3	0.8	1.6

D. Income Taxes:

(1) Deferred tax balances:

Composition and movement:

	Financial assets at fair value through profit or loss	Property and equipment and intangible assets	Deferred taxes with respect to deferred income	Provisions (mainly with respect to employee benefits)	Total
	NIS, in thousands	NIS, in thousands	NIS, in thousands	NIS, in thousands	NIS, in thousands
Balance as of January 1, 2022	**19**	**(23,633)**	**25,470**	**13,153**	**15,009**
Movement in the reporting year:					
Movement in profit or loss in the reporting year	243	(2,093)	(1,012)	(885)	(3,747)
Movement in other comprehensive income in the reporting year	-	-	-	(6,495)	(6,495)
Balance as of December 31, 2022	**262**	**(25,726)**	**24,458**	**5,773**	**4,767**
Movement in the reporting year:					
Movement in profit or loss in the reporting year	(237)	(1,599)	(149)	990	(995)
Movement in other comprehensive income in the reporting year	-	-	-	138	138
Balance as of December 31, 2023	**25**	**(27,325)**	**24,309**	**6,901**	**3,910**

(2) Timing differences on investments in subsidiaries, without recognition of any deferred tax liability:

	December 31,	
	2023	2022
	NIS, in thousands	NIS, in thousands
Subsidiaries	**151,416**	**145,793**

(3) Tax relating to components of other comprehensive income:

	Amount before tax	Tax effect	Amount net of tax
	NIS, in thousands	NIS, in thousands	NIS, in thousands
As of December 31, 2023:			
Actuarial loss with respect to defined benefit plan	(600)	138	(462)
As of December 31, 2022:			
Actuarial gain with respect to defined benefit plan	28,238	(6,495)	21,743
As of December 31, 2021:			
Actuarial gain with respect to defined benefit plan	1,783	(410)	1,373

D. Income Taxes (contd.):

(4) Income tax expenses recognized in profit or loss:

	Year ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Current taxes:			
Current taxes	12,975	9,071	9,059
Taxes with respect to previous years	(287)	56	(19)
Total current assets	12,688	9,127	9,040
Deferred taxes:			
Deferred tax expense (income) with respect to recognition and reversal of temporary differences	994	3,748	(876)
Participation in expenses by the Clearing Houses			
Current participation in TASE's tax expenses	(364)	(1,132)	(712)
Total tax expenses	**13,318**	**11,743**	**7,452**

(5) Amounts for Which Deferred Tax Assets Were Not Recognized:

The balance of capital losses realized for tax purposes for which deferred tax assets were not recognized by the Company as of 31.12.2023 is NIS 2,506 thousand, of which NIS 2,030 thousand was carried over from previous years.

(6) Supplementary Information:

The Company has been issued tax assessments that are considered as final through tax year 2018. In 2021, the Company signed a VAT assessments agreement in an amount of NIS 0.8 million. Consequently, the Company has VAT assessments that are considered as final through tax year 2020.

E. Balances, Commitments and Material Transactions with Investees:

(1) Balances with investees:

	Year ended December 31,	
	2023	2022
	NIS, in thousands	NIS, in thousands
Among current assets - other receivables (*):		
Subsidiaries	5,653	4,769
Among non-current assets:		
Long-term loan to TASE-CH - see Section E 2 (b) below	-	65,002
Among current liabilities - other payables (*):		
Subsidiaries	11,380	7,546

(*) The balances are not linked to the CPI and do not bear interest.

(2) Transactions with investees:

	Year ended December 31,		
	2023	2022	2021
	NIS, in thousands	NIS, in thousands	NIS, in thousands
Transactions with subsidiaries:			
Participation in income and expenses pursuant to the distribution model: (a)			
Participation in revenue			
Participation in revenue - TASE-CH	(186,498)	(165,362)	(153,116)
Participation in revenue - MAOF-CH	5,449	4,395	4,227
Participation in revenue - Nominee Company	(20)	-	(2)
Participation in expenses			
Participation in expenses - TASE-CH	103,516	102,039	102,239
Participation in expenses - MAOF-CH	25,848	24,902	24,227
Participation in expenses - Nominee Company	7,769	6,760	5,766
Initiation/balancing fees			
Initiation fees - TASE-CH	38,563	28,037	26,885
Balancing fees - MAOF-CH	(13,281)	(11,917)	(10,252)
Balancing fees - Nominee Company	(3,958)	(3,685)	(3,445)
Total			
Initiation fees - TASE-CH	(44,419)	(35,286)	(23,992)
Balancing fees - MAOF-CH	18,016	17,380	18,202
Balancing fees - Nominee Company	3,790	3,075	2,319
Of which - share-based payments			
Share-based payments - TASE-CH	2,438	243	332
Share-based payments - MAOF-CH	542	25	49
Share-based payments - Nominee Company	198	6	12
Interest income and linkage differences on long-term loan from TASE (b)	3,684	5,975	4,050
Expenses with respect to annual fees to the Nominee Company	(20)	(14)	(14)

E. Balances, Commitments and Material Transactions with Investees (contd.):

(2) Transactions with investees (contd.):

(a) Distribution model:

TASE and the other Group companies are closely interconnected .This as TASE provides the companies with their required operational infrastructure(information technology ,human resources ,management , etc.).

Consequently, the allocation of income and expenses and the profit of the Group between the Group companies, commencing from 2014, has been prepared in accordance with an economic model that reflects the scope of activities of each of the companies (hereafter: "the Distribution Model")..

In formulating the Distribution Model, an allocation was made of three main parameters: income, expenses and the distribution of the economic profits of the Group between the companies.

As part of the income allocation, all specific income of the Group's companies was identified and assigned. The mixed income was divided according to the ratio between trading and clearing, according to a model based on market prices.

As part of the expense allocation, all specific expenses of the Group companies were identified and assigned. For the allocation of costs and services that were provided centrally by TASE (including salaries) to all the Group's companies, various principles were considered and determined for the distribution of the said expenses (such as the ratio of income and head counts).

As part of the process of distributing the economic profit among the Group's companies, consideration was given to the link between the Group's companies taking part together in any specific line of business over time that creates a breakeven point between them that would allow all the Group's companies to share in all activities .The profitability index selected as suitable is based on the operating profit margin of the Group, this in accordance with the market price principles as defined in the OECD guidelines .

In ,2021 the Group carried out a review and validation of the model ,which included the validation and updating of the rate of the economic profitability index and the ratio of distribution of the mixed income ,based on a current market survey .The updated model ,as above ,was approved on May 2021 ,20by the Board of Directors of the Company, the Board of Directors of TASE-CH, the Board of Directors of MAOF-CH and the Board of Directors of the Nominee Company.

(b) Provision of a Loan to TASE-CH:

On 15.12.2015, TASE granted a loan to TASE-CH pursuant to an agreement signed between those companies on December 8, 2015 and which was approved by the Board of Directors of TASE and by the Board of Directors of TASE-CH on November 26, 2015. Pursuant to the above agreement, TASE has granted a loan to TASE-CH in an amount of NIS 60 million, under the following terms:

- The rights by virtue of the loan are subordinate to those of other creditors of TASE-CH.
- No collateral will be provided against the loan.
- The term until the maturity of the loan is 10 years.
- Early repayment of the loan will only be permitted after the elapse of five years and only at the demand of TASE-CH.
- The loan is linked to the consumer price index and bears annual interest (at a rate of 4.25% per year).

E. Balances, Commitments and Material Transactions with Investees (contd.):

(2) Transactions with investees (contd.):

(b) Provision of a Loan to TASE-CH (contd.):

Given the changes in market conditions, with an emphasis on the current inflation and interest climate, the terms of the loan became inferior with respect to the alternative cost of substitute financing. Therefore, on 23.5.2023, TASE-CH carried out a partial early repayment of the loan in an amount of NIS 35 million (in terms of CPI-linked principal and interest). Additionally, on 21.11.2023, TASE-CH decided on the repayment of the balance of the loan and, accordingly, on the same date, repaid in full the balance of the loan in an amount of NIS 32.5 million.

(3) Additional information on Transactions with Investees:

(a) TASE Resolutions on Providing a Credit Line to TASE-CH and to MAOF-CH:

In 2004, TASE approved the grant of a loan to TASE-CH, which would not exceed NIS 50 million, in the event that TASE-CH required such funds to meet its liabilities. It was also resolved to authorize a Committee of the Board of Directors to determine when the loan would be granted and also the amount of the loan, which may not exceed NIS 50 million. The loan will be made available at the same rate of interest as the Bank of Israel charges the banks, unless otherwise agreed between TASE and TASE-CH. Concurrently, in 2004 TASE-CH authorized its CEO to apply for and obtain a loan from TASE, which would not exceed NIS 50 million, as required.

In early 2009, TASE approved the grant of a loan to MAOF-CH, which would not exceed NIS 50 million, and provided that the total loan to MAOF-CH and to TASE-CH together, as above, would not exceed NIS 50 million, in the event that MAOF-CH required such funds in order to meet its liabilities. It was also resolved to authorize the abovementioned Committee of the Board of Directors to determine when the loan would be granted and the amount of the loan, subject to the above limitations. The loan would be made available at the same rate of interest as the Bank of Israel charges the banks, unless otherwise agreed between TASE and MAOF-CH. Concurrently, in 2009, MAOF-CH authorized its CEO to apply for and obtain a loan from TASE which would not exceed NIS 50 million as required.

Since the approvals that were granted in 2004 and 2009, respectively, and up to the date of approving the separate financial information, no such loans have been requested or granted.

As stated above, TASE is under no obligation to the Clearing Houses to provide the aforesaid loans.

(b) Officers 'and Professional Liability Insurance:

The Group has the following insurance policies for directors and officers (hereafter collectively : "Officers") and for professional liability:

1. **"Run Off" officers' liability insurance policy**

   A "Run Off" officers' liability insurance policy that covers activities up to the date of change of ownership. The insurance period is 7 years from the date of change of ownership. This policy has a liability limit of up to USD 50 million (per incident and in aggregate).

2. **Designated insurance policy for the offering (POSI)**

   A designated insurance policy for the offering (Public Offering of Securities Insurance – POSI) that covers the process of the offering and the prospectus for a period of 7 years from issuance date. This policy has a liability limit of up to US$ 30 million (per incident and in aggregate).

E. Balances, Commitments and Material Transactions with Investees (contd.):

(3) Additional information on Transactions with Investees (contd.):

(b) Officers' and Professional Liability Insurance (contd.):

3. Current Officers 'liability insurance policy

For the period from 1.8.2020 to 31.7.2021:

A liability insurance policy for Officers of the Company and its subsidiaries. This policy has a liability limit of US$ 40 million (per incident and in aggregate) and an additional layer of insurance for the clearing houses (TASE-CH and MAOF-CH), in an amount of up to US$ 10 million (per incident and in aggregate) in excess of the liability limit of up to US$ 40 million.

For the period from 1.8.2021 to 31.7.2024:

Officers' liability insurance policy with a liability limit of up to US$ 40 million (per incident and in aggregate), without an additional layer of insurance for the Clearing Houses.

4. Professional liability insurance policy

Professional liability insurance policy with a liability limit of up to US$ 50 million (per incident and in aggregate).

(c) See note 18 to the consolidated financial statements of the Company for information regarding indemnification of officers and exemption from liability granted to officers.

(d) Compensation policy and officers compensation plan

As to the updated compensation policy for officers in the Company, including equity compensation, in accordance with the provisions of the Companies Law, which shall be in effect for the years 2023 to 2025, see note 14 E (1) to the consolidated financial statements.

(e) Equity compensation to officers reporting to the CEO – 2023 warrant plan

For details regarding a retention plan for the CEO, see in note 14 E (1) to the consolidated financial statements.

(f) Retention plan for the CEO

For details regarding a retention plan for the CEO, see note 14 E (2) to the consolidated financial statements.

(g) Appointment and compensation of the Chairman of the Board of Directors

For details regarding the appointment and compensation of the Chairman of the Board of Directors, see note 25 B to the consolidated financial statements.

(h) Equity compensation to directors

For details regarding the equity compensation to directors, see note 25 C to the consolidated financial statements.

E. Balances, Commitments and Material Transactions with Investees (contd.):

(4) Charges:

In December 2023, as a condition for the receipt of a loan from a bank (see note 13 to the consolidated financial statements), the Company has undertaken not to pledge or mortgage, in any manner and for any purpose whatsoever and not to sell, transfer and not transact in any manner in the Company's rights in the real estate that is used for the offices of the Company known as Block 6920 Parcel 74 and Parcel 71 in Tel Aviv. This undertaking excludes rent transactions in relation to vacant spaces in the real estate property.

F. Contingent Liabilities:

See note 18 to the consolidated financial statements.

G. Events After the End of the Reporting Period:

1. For information regarding the sale of additional 17,156,677 Arrangement Shares of the Company after the report date and the receipt of the Excess Consideration of NIS 242 million from that sale, which will be directly credited to TASE equity, and in accordance with the provisions of Amendment 63 of the Securities Law will be used for investment in TASE's technological infrastructures, see in note 28 A to the consolidated financial statements.

2. For details regarding a dividend distribution executed on 2.1.2024, in an amount of NIS 231.1 million, see note 19 to the consolidated financial statements.

3. For details regarding a resolution to distribute a dividend, see note 28 C to the consolidated financial statements.

4. For details regarding a dividend policy, see note 28 D to the consolidated financial statements.

TEL AVIV STOCK EXCHANGE
הבורסה לניירות ערך תל אביב

Part 4

Additional Information on the Company

This English version is only for convenience purposes. This is not an official translation and has no binding force. Whilst reasonable care and skill have been exercised in the preparation hereof, no translation can ever perfectly reflect the Hebrew version. In the event of any discrepancy between the Hebrew version and this translation, the Hebrew version shall prevail.

THE TEL AVIV STOCK EXCHANGE LTD.

Regulation 10A: Condensed Quarterly Statements of Comprehensive Income

Attached herein is the Company's consolidated statement of comprehensive income for each of the quarters of 2023, in interim report format (see Section 1.4 of the Board of Directors' Report as of 31.12.2023, which is included in this Periodic Report).

Regulation 11: List of Investments in Subsidiaries and Affiliate Companies

The following table specifies the Group's holdings in subsidiaries and related companies as of 31.12.2023:

Holding company (directly or indirectly)	Name of company	Total par value	Percentage holding of the Company in equity and voting	Net asset value as of 31.12.2023 (NIS, in thousands)
The Company	The Tel-Aviv Stock Exchange Clearing House Ltd.	NIS 30,000,022	100%	126,828
The Company	MAOF Clearing House Ltd.	NIS 3,000,079	100%[1]	56,276
The Company	The Tel-Aviv Stock Exchange Nominee Company Ltd.	-	100%	1,933

Presented below is the balance of the Company's loans to subsidiaries and affiliate companies and details of other investments:

Name of company	Percentage holding as of 31.12.2023	Balance of loans/ capital notes as of 31.12.2023 (NIS)	Terms of the loans
The Tel-Aviv Stock Exchange Clearing House Ltd.	100%	(-)	1. As of the balance sheet date, the Company has not provided loans to any of its subsidiaries. To complete the picture, it should be noted that in 2023, TASE Clearing House repaid a loan of NIS 67 million (principal and interest), that had been provided to it by the Company in December 2015. For further details, see note 25E(3) to the financial statements as of 31.12.2023.

[1] One share of MAOF Clearing House Ltd. is held by the Tel-Aviv Stock Exchange Clearing House Ltd.

The following table specifies the intercompany balances (*), as included in the accounts of the Group companies as of 31.12.2023 (NIS, in thousands)

In the accounts of the Company	Intercompany balances (**)
The Tel-Aviv Stock Exchange Clearing House Ltd.	11,380
MAOF Clearing House Ltd.[2]	(4,669)
The Tel-Aviv Stock Exchange Nominee Company Ltd.	(984)

* Asset / liability in the accounts of the Company.

** Repaid close to the date of this Periodic Report.

Regulation 12: Changes in Investments in Subsidiaries and Affiliate Companies

In 2023 there were no changes to the Company's investments in subsidiaries.

Regulation 13: Revenues of Subsidiaries and Affiliate Companies and the Company's Income Therefrom

Profits (Losses) of Subsidiaries and Related companies, Dividend, Interest and Management Fees Received from Subsidiaries and Affiliate Companies[3]

Profits (losses) - (NIS, in thousands) in 2023

Name of company	Profit (loss) before tax	Profit (loss) after tax	Comprehensive income (loss) for the year
TASE-CH	45,773	34,659	34,659
MAOF-CH	6,390	4,776	4,776
Nominee Company	1,582	1,188	1,188

2023

Name of company	Dividend (NIS, in thousands)	Interest income (expenses) (NIS, in thousands)
TASE-CH	35,000	* (1,785)
MAOF-CH	-	-
Nominee Company	-	-

* Excluding Linkage to the CPI.

[2] See Footnote 1 above.

[3] For details regarding the model for the distribution of revenues, expenses and profits between the Company and the Clearing Houses, see Section 1.16.2 of Part One - "Description of the Company's Business", above, and note 24 to the consolidated financial statements of the Company as of 31.12.2023 above.

Regulation 20: Trading on TASE

During 2023, trading in the securities of the Company has not been suspended. It should be noted that, in 2023, the Company purchased, within the framework of a buyback plan, 8,308,199 shares of the Company. For further details, see note 18D to the financial statements as of 31.12.2023 and Section 1.4.4 of the "Description of the Company's Business" report.

Regulation 21: Compensation for Interested Parties and Senior Officers

A. The following table shows details of the compensation[4] given to each of the five highest paid senior officers of the Company or a corporation under its control, in connection with their service at the Company or at a corporation under its control, in 2023 (NIS, in thousands):

Name	Position	Position Percentage	Rate of Holding of Company's Equity*	Salary ** NIS, in thousands	Bonus Approved for 2023 and not yet paid	Share-Based Payment	Management Fees	Consulting Fees	Sum Total
Ittai Ben-Zeev(1)	CEO	100%	(-)	4,638	846	746	-	-	**6,230**
Yaniv Pagot(2)	EVP	100%	(-)	1,273	500	596	-	-	**2,369**
Hani Shitrit-Bach(3)	EVP	100%	0.16%	1,297	497	540	-	-	**2,334**
Sraya Orgad(4)	EVP	100%	0.24%	1,241	493	540	-	-	**2,274**
Orly Grinfeld (5)	EVP	100%	(-)	1,173	497	596	-	-	**2,266**

* Not fully diluted.

** Including salary benefits.

[4] "**Compensation**" – includes an undertaking to provide compensation, directly or indirectly, and including a monetary amount and anything else that is a monetary equivalent, salary, bonus, management fees, consultancy fees, rental fees, commission, interest, share-based payment, retirement compensation that is not a pensionary payment, benefit and any other benefit, all except a dividend. The compensation amounts in the table are shown in cost terms to the Company.

Below are additional details in connection with the compensation recipients set forth above:

(1) Ittai Ben-Zeev

Mr. Ittai Ben-Zeev ("**the CEO**") has served as CEO of the Company since 1.1.2017.

Following are details of the CEO's employment:

(a) Pursuant to his employment agreement (as amended), the CEO's period of employment at the Company is not limited in time. Either party may terminate the agreement upon 90 days' advance written notice, subject to generally accepted exceptions.

As of the publication date of this report and following the approval of the retention plans, as specified in sections (f) and (g) below, starting in January 2022, the CEO's gross monthly salary is NIS 210,000 (linked to the increase in the CPI, of which NIS 125,000 linked to the CPI for November 2016, NIS 30,000 linked to the CPI for April 2019, and the balance is linked to the CPI for January 2022) (hereafter: "**the Salary Increments**"). It should be noted that the CEO's salary includes a recreation pay component, and the CEO is not entitled to a payment of additional recreation pay.

(b) Salary benefits and contributions:

The Company provides the CEO with a company car and bears the full cost of the vehicle expenses (excluding parking tickets and/or fines), and the tax gross-up in respect of the usage value of the vehicle.

The CEO is entitled to 25 paid vacation days per year, and 23 sick days per year. The CEO is entitled to other benefits that are standard practice at the Company, such as refunds of reasonable expenses, cellular telephone, internet, professional license fees, participation in conferences/seminars, participation in Company trips, three daily newspapers, annual medical check-ups, gifts, etc. The Company or the CEO will bear the costs of the tax in respect of the value of the benefits (as applicable) in accordance with the provisions of the employment agreement.

(c) In addition, contributions by the Company will be made in connection with the CEO's employment and the CEO is entitled to managers' insurance/pension funds/provident funds, severance pay, incapacity and contributions to an advanced study fund, at the standard rates.

(d) Bonuses:

The CEO's employment agreement states that from time to time the Company will consider granting bonuses to the CEO, at the full and absolute discretion of the Company, subject to certain conditions.

Further to the approval of the Company's Compensation Policy for the years 2023-2025, and in conformity with the stated therein, the CEO is included in the 2023 bonus plan , by virtue of which he is entitled to up to 3 salaries for a quantitative component (profit before tax) as well as up to 3 salaries for a qualitative component. It should be noted that, pursuant to the provisions of the 2023 bonus plan, the payment of the quantitative bonus component is conditional upon meeting the maximum "pre-tax profit" target, set at a total of NIS 100 million (for which an minimum target is also set (below which no quantitative bonus will be paid) and a designated target, the achievement of which creates entitlement to part of the quantitative bonus), which would create entitlement to the full bonus amount (hereafter: "**the Profit Target**"). In accordance with the aforementioned and

pursuant to the approvals of the Compensation Committee and the Board of Directors from 28.2.2024 and 6.3.2024, respectively, the CEO is entitled to a bonus in an amount of NIS 846 thousand for 2023, which equals 6 salaries[5], 3 of which are due for meeting the Profit Target. As of the report publication date, the CEO is also included in a bonus plan for 2024, by virtue of the Compensation Policy of the Company for the years 2023-2025, pursuant to which, subject to meeting the targets and conditions that are set out in the plan, he shall be entitled to a bonus of up to 6 salaries. For details regarding the bonus plan for 2023 and the bonus plan for 2024, see section 1.26.8 and section 1.26.9 of Part One, "Description of the Company's Business".

(e) Termination of the CEO's employment:

On the termination of his employment at the Company, for any reason whatsoever, the CEO will be entitled to receive all the monies that have accumulated in his favor in the Funds (unless his right to receive severance pay has been revoked or reduced) and the advanced study fund as set forth above (with this being subject to fulfilment of the undertaking given by the CEO to the Company within the framework of the loan in the event of retirement, as set forth in section F(2) below). It should be noted that the Company's contributions to the Funds are instead of severance pay in accordance with the provisions of the General Approval concerning Employers' Contributions to Pension Funds and Insurance in Lieu of Severance Pay under section 14 of the Severance Pay Law, 1973 (hereafter: "**the General Approval;** "**Section 14 of the Severance Pay Law**"). In addition, in the event that the Company decides to terminate the CEO's employment at the Company (other than in circumstances in which it is possible under the law to revoke the CEO's right to severance pay), the CEO will be entitled to an adjustment grant in an amount equal to three months' salary (without benefits).

Under the employment agreement, obligations have been imposed on the CEO in connection with his employment by a TASE member or another TASE-related entity with whom he had dealings by virtue of his position at TASE in any engagement involving a relationship with the Company and will not become an interested party in such entity for a period of 12 months of the date of termination of his employment in the Company, as well as a confidentiality undertaking, without any time limit.

The provisions of the Collective Agreement (as set forth in section 1.26.12 of Part One - "Description of the Company's Business", above; hereafter: "**the Collective Agreement**") do not apply to the CEO.

[5] Pursuant to the provisions of the CEO's employment agreement, the salary component used to calculate the bonus does not include the 2 salary increments.

(f) Retention plan for the CEO - 2019

On 1.5.2019, the general meeting of the Company (after receiving the approval of the Compensation Committee and the Board of Directors) approved a retention plan for the CEO of the Company, which comprises three components, as follows (hereafter: "**the CEO Retention Plan**"):

(1) Starting in the June 2019 salary, an additional monthly payment of NIS 30 thousand per month is paid to the CEO which, subject to the law, does not constitute a basis for any social benefit contributions (pension, provident, advanced study, but does include a component for severance pay) or for any bonuses. Starting from the January 2022 salary, the CEO is paid an additional monthly payment of NIS 33 thousand per month, which, subject to the law, will not constitute a basis for any social benefit contributions (pension, provident, advanced study, but does include a component for severance pay) or for any bonuses;

(2) A retention loan of NIS 3.5 million (hereafter: "**the Loan**") was granted to the CEO for a period of 5 years (valid from the date of its granting on 1.6.2019). If the CEO continues to work at the Company until the end of the five-year period from the date of the granting of the Loan, the entire Loan will convert into a one-time bonus for the CEO. If, before the end of the period, the CEO gives notice of his resignation, the CEO must return the full amount of the Loan to the Company. The Loan will bear annual imputed interest (in accordance with the provisions of Section 3(i) of the Income Tax Ordinance), the cost of which the Company will bear, including the tax gross-up in respect of it. The Loan and the bonus amount (should there be any) do not constitute a basis for any social benefits or for any bonuses, and they will not be taken into account for the purpose of salary calculations or for the purpose of severance pay, vacation pay, sick pay and notice pay;

(3) Approval of an equity-based compensation plan for the CEO, pursuant to which, on 4.7.2019, 4,250,000 warrants have been allocated to a trustee on behalf of the CEO. The warrants are exercisable into shares of the Company at a price that reflects a Company valuation of NIS 1.2 billion and vest in one installment five years from the date of the allocation. For further details regarding the allocation to the CEO, see the immediate report dated 1.6.2023 (reference no.: 2023-01-059613).

It should be noted that the CEO Retention Plan has been approved, as required, by the organs of the Company and its general meeting, as it is not in accordance with the Company's compensation policy. The CEO's other terms of employment do not deviate from the Company's compensation policy.

(g) Retention plan for the CEO - 2023

On 4.5.2023, the Company's general meeting (after obtaining the approval of the Compensation Committee and the Board of Directors) , in deviation from the Company's 2023-2025 Compensation Policy (as this term is defined therein), approved a new retention plan for the CEO, which came into effect on 1.6.2023 (hereafter: "**The New CEO Retention Plan**") under which:

(1) A retention loan of NIS 3.5 million was granted to the CEO for a period of 5 years, under the terms that are set out in section (f)(2) above, with the necessary changes.

(2) An equity-based compensation plan was approved, by virtue of which, on 1.6.2023 the Company allocated to the CEO 544,435 warrants with a value of NIS 1.5 million that are exercisable into 544,435 ordinary shares of the Company at a price that reflects a Company valuation of NIS 4 billion, which will vest in one installment on 31.5.2028. For further details regarding the New CEO Retention Plan and the allocation to the CEO, see the shareholders' meeting convening report dated 28.3.2023 (reference no.: 2023-01-029779) and the report on the results of the meeting dated 4.5.2023 (reference no.: 2023-01-048360). The information provided in said report is included herein by way of reference.

(2) Yaniv Pagot

Mr. Yaniv Pagot has served as Executive Vice President in the role of head of the Trading Derivatives and Indices Department since 5.1.2021.

Mr. Pagot's gross monthly salary is NIS 72,000 (linked to the increase in the CPI for September 2020). The period of Mr. Pagot's employment is unlimited in time, and either party may terminate the agreement upon 90 days' advance written notice, subject to generally accepted exceptions.

In the event of dismissal, Mr. Pagot will be entitled to an adjustment grant in an amount equal to three months' salary (other than in circumstances in which it is possible under the law to deny severance pay).

Salary benefits and contributions:

The Company provides a car for Mr. Pagot's use, as acceptable for Company EVPs, and bears all the costs of the vehicle, including maintenance expenses (but excluding in respect of the tax value of the vehicle).

Mr. Pagot is entitled to 25 paid vacation days per year, and 23 sick days per year. Mr. Pagot is entitled to other benefits that are standard practice at the Company, such as refunds of reasonable expenses, cellular telephone, internet, professional license fees, participation in conferences/seminars, participation in Company trips, three daily newspapers, annual medical check-ups, gifts, etc.

In addition, contributions by the Company will be made in connection with Mr. Pagot's employment, and the EVP is entitled to managers' insurance/pension funds/provident funds, severance pay, incapacity and contributions to an advanced study fund, at the standard rates.

Mr. Pagot is included in the 2023 bonus plan, by virtue of which he is entitled to up to 4 salaries for meeting the Profit Target, as well as up to 3 salaries for a qualitative component. In accordance

with the aforementioned and pursuant to the approvals of the Compensation Committee and the Board of Directors from 28.2.2024 and 6.3.2024, respectively, Mr. Pagot is entitled to a bonus for the year 2023 in an amount of NIS 500 thousand, which equals 6.9 salaries, 4 of which are due for meeting the Profit Target. As of the publication date of the report, Mr. Pagot is also included in a bonus plan for 2024, pursuant to which, subject to meeting the targets and conditions set out in the plan, he shall be entitled to a bonus of up to 7 salaries (4 of which are due for meeting the Profit Target as set out in the bonus plan).

In addition, on 26.2.2023, the Board of Directors of the Company, after receiving the approval of the Compensation Committee, approved the grant of warrants that are exercisable into shares of the Company in favor of a trustee, within the framework of an equity-based compensation plan for officers reporting to the CEO, by virtue of which, on 2.4.2023 Mr. Pagot was allocated 370,000 warrants that are exercisable into 370,000 ordinary shares of the Company.

For further details regarding the terms of the aforesaid warrants, see the supplementary immediate report dated 19.3.2023 (reference no.: 2023-01-024286). The information provided in said report is included herein by way of reference.

For further details regarding the bonus plan for 2023 and the bonus plan for 2024, see the Section 1.26.8 and Section 1.26.9 of Part One, "Description of the Company's Business", included in this Periodic Report.

It should be noted that the provisions of the Collective Agreement do not apply to Mr. Pagot, and Mr. Pagot's terms of employment do not deviate from the Company's compensation policy.

(3) Hanna (Hani) Shitrit-Bach

Ms. Hani Shitrit-Bach has served as Executive Vice President, in the role of head of the Economic Department, since 2.10.2011.

Ms. Shitrit-Bach's gross monthly salary is NIS 73,000 (linked to the increase in the CPI for August 2013). The period of Ms. Shitrit-Bach's employment is unlimited in time, and either party may terminate the agreement upon 90 days' advance written notice, subject to generally accepted exceptions.

In the event of dismissal, Ms. Shitrit-Bach will be entitled to an adjustment grant in an amount equal to three months' salary (other than in circumstances in which it is possible under the law to deny severance pay).

Salary benefits and contributions:

The Company provides a car for Ms. Shitrit-Bach's use, as acceptable for Company EVPs, and bears all the costs of the vehicle, including maintenance expenses and tax to a certain level in respect of part of the vehicle's value for tax purposes.

Ms. Shitrit-Bach is entitled to 25 paid vacation days per year, and 23 sick days per year. Ms. Shitrit-Bach is entitled to other benefits that are standard practice at the Company, such as refunds of reasonable expenses, cellular telephone, internet, professional license fees, participation in conferences/seminars, participation in Company trips, three daily newspapers, annual medical check-ups, gifts, etc.

In addition, contributions by the Company will be made in connection Ms. Shitrit-Bach's employment, and the EVP is entitled to managers' insurance/pension funds/provident funds, severance pay, incapacity and contributions to an advanced study fund, at the standard rates.

Ms. Shitrit-Bach is included in the 2023 bonus plan, by virtue of which she is entitled to up to 4 salaries for meeting the Profit Target, as well as up to 3 salaries for a qualitative component. In accordance with the aforementioned and pursuant to the approvals of the Compensation Committee and the Board of Directors from 28.2.2024 and 6.3.2024, respectively, Ms. Shitrit-Bach is entitled for the year 2023 to a bonus in an amount of NIS 497 thousand, which equals 6.8 salaries, 4 of which are due for meeting the Profit Target. As of the publication date of the report, Ms. Shitrit-Bach is also included in a bonus plan for 2024, pursuant to which, subject to meeting the targets and conditions set out in the plan, Ms. Shitrit-Bach shall be entitled to a bonus of up to 7 salaries (4 of which are due for meeting the Profit Target as set out in the bonus plan).

In addition, on 26.2.2023, the Board of Directors of the Company, after receiving the approval of the Compensation Committee, approved the grant of warrants that are exercisable into shares of the Company in favor of a trustee, within the framework of an equity-based compensation plan for officers reporting to the CEO, by virtue of which, on 2.4.2023 Ms. Shitrit-Bach was allocated 335,000 warrants that are exercisable into 335,000 ordinary shares of the Company.

For further details regarding the terms of the aforesaid warrants, see the supplementary immediate report dated 19.3.2023 (reference no.: 2023-01-024286). The information provided in said report is included herein by way of reference.

The provisions of the Collective Agreement do not apply to Ms. Shitrit-Bach. It should be noted that Ms. Shitrit-Bach's terms of employment do not deviate from the Company's compensation policy.

(4) <u>Sraya Orgad</u>

Mr. Sraya Organ has served as Executive Vice President in the role of head of the Strategy and Business Development Department since 1.1.2015.

Mr. Orgad's gross monthly salary is NIS 72,000 (linked to the increase in the CPI for November 2014). The period of Mr. Orgad's employment is unlimited in time, and either party may terminate the agreement upon 90 days' advance written notice, subject to generally accepted exceptions.

In the event of dismissal, Mr. <u>Orgad</u> will be entitled to an adjustment grant in an amount equal to three months' salary (other than in circumstances in which it is possible under the law to deny severance pay).

<u>Salary benefits and contributions</u>:

The Company provides a car for Mr. Orgad's use as acceptable for Company EVPs, and bears all the costs of the vehicle, including maintenance expenses (but excluding in respect of the tax value of the vehicle).

Mr. Orgad is entitled to 25 paid vacation days per year, and 23 sick days per year. Mr. Orgad is entitled to other benefits that are standard practice at the Company, such as refunds of reasonable expenses, cellular telephone, internet, professional license fees, participation in

conferences/seminars, participation in Company trips, three daily newspapers, annual medical check-ups, gifts, etc.

In addition, contributions by the Company will be made in connection Mr. Orgad's employment, and the EVP is entitled to managers' insurance/pension funds/provident funds, severance pay, incapacity and contributions to an advanced study fund, at the standard rates.

Mr. Orgad is included in the 2023 bonus plan, by virtue of which he is entitled to up to 4 salaries for meeting the Profit Target, as well as up to 3 salaries for a qualitative component. In accordance with the aforementioned and pursuant to the approvals of the Compensation Committee and the Board of Directors from 28.2.2024 and 6.3.2024, respectively, Mr. Orgad is entitled for the year 2023 to a bonus in an amount of NIS 493 thousand, which equals 6.9 salaries, 4 of which are due for meeting the Profit Target. As of the publication date of the report, Mr. Orgad is also included in a bonus plan for 2024, pursuant to which, subject to meeting the targets and conditions set out in the plan, he shall be entitled to a bonus of up to 7 salaries (4 of which are due for meeting the Profit Target as set out in the bonus plan). In addition, on 26.2.2023, the Board of Directors of the Company, after receiving the approval of the Compensation Committee, approved the grant of warrants that are exercisable into shares of the Company in favor of a trustee, within the framework of an equity-based compensation plan for officers reporting to the CEO, by virtue of which, on 2.4.2023 Mr. Orgad was allocated 335,000 warrants that are exercisable into 335,000 ordinary shares of the Company.

For further details regarding the said warrants, see the supplementary immediate report dated 19.3.2023 (reference No.: 2023-01-024286). The information provided in said report is included herein by way of reference.

For further details regarding the bonus plan for 2023 and the bonus plan for 2024, see Section 1.26.8, and Section 1.26.9 of Part One, Description of the Company's Business, included in this Periodic Report.

The provisions of the Collective Agreement do not apply to Mr. Orgad. It should be noted that Mr. Orgad's terms of employment do not deviate from the Company's compensation policy.

(5) <u>Orly Grinfeld</u>

Ms. Orly Grinfeld has served as Executive Vice President in the role of head of the Clearing Department since 19.3.2017.

Mr. Grinfeld's gross monthly salary is NIS 73,000 (linked to the increase in the CPI for February 2017). The period of Ms. Grinfeld's employment is unlimited in time, and either party may terminate the agreement upon 90 days' advance written notice, subject to generally accepted exceptions.

In the event of dismissal, Ms. Grinfeld will be entitled to an adjustment grant in an amount equal to three months' salary (other than in circumstances in which it is possible under the law to deny severance pay).

Salary benefits and contributions:

The Company provides a car for Ms. Grinfeld's use as acceptable for Company EVPs, and bears all the costs of the vehicle, including maintenance expenses (but excluding in respect of the tax value of the vehicle).

Ms. Grinfeld is entitled to 25 paid vacation days per year, and 23 sick days per year. Ms. Grinfeld is entitled to other benefits that are standard practice at the Company, such as refunds of reasonable expenses, cellular telephone, internet, professional license fees, participation in conferences/seminars, participation in Company trips, three daily newspapers, annual medical check-ups, gifts, etc.

In addition, contributions by the Company will be made in connection Ms. Grinfeld's employment, and the EVP is entitled to managers' insurance/pension funds/provident funds, severance pay, incapacity and contributions to an advanced study fund, at the standard rates.

Ms. Grinfeld is included in the 2023 bonus plan, by virtue of which she is entitled to 4 salaries for meeting the Profit Target, as well as up to 3 salaries for a qualitative component. In accordance with the aforementioned and pursuant to the approvals of the Compensation Committee and the Board of Directors from 28.2.2024 and 6.3.2024, respectively, Ms. Grinfeld is entitled for the year 2023 to a bonus in an amount of NIS 497 thousand, which equals 6.8 salaries, 4 of which are due for meeting the Profit Target. As of the publication date of the report, Ms. Grinfeld is also included in a bonus plan for 2024, pursuant to which, subject to meeting the targets and conditions set out in the plan, she shall be entitled to a bonus of up to 7 salaries (4 of which are due for meeting the Profit Target as set out in the bonus plan).

In addition, on 26.2.2023, the Board of Directors of the Company, after receiving the approval of the Compensation Committee, approved the grant of warrants that are exercisable into shares of the Company in favor of a trustee, within the framework of an equity-based compensation plan for officers reporting to the CEO, by virtue of which, on 2.4.2023 Ms. Grinfeld was allocated 370,000 warrants that are exercisable into 370,000 ordinary shares of the Company. For further details about the allocation see the immediate report dated 2.4.2023 (reference no.: 2023-01-024286).

For further details regarding the terms of said warrants, see the supplementary immediate report dated 19.3.2023 (reference no.: 2023-01-024286). The information provided in said report is included herein by way of reference.

For further details regarding the bonus plan for 2023 and the bonus plan for 2024, see Section 1.26.8, and Section 1.26.9 of Part One, Description of the Company's Business, included in this Periodic Report.

The provisions of the Collective Agreement do not apply to Ms. Grinfeld. It should be noted that Ms. Grinfeld's terms of employment do not deviate from the Company's compensation policy.

a. Directors' remuneration and reimbursement of expenses

On 29.6.2023, the Company's shareholders meeting, approved, among other things, the terms of employment, at a 50% appointment percentage, of Professor Kandel as chairman of the Company's Board of Directors, for which he will be entitled to a gross monthly salary of NIS 64.5 thousand, an annual bonus of up to 3 salaries for meeting the Profit Target, and the grant of 319,800 warrants, each exercisable into One ordinary share of the Company.

Taking into consideration the meeting of the Profit Target and the date on which he took office in the Company, Professor Kandel is entitled to a proportionate bonus of NIS 93 thousand for the year 2023.

For further details, see the shareholders' meeting convening report dated 23.5.2023 (reference no.: 2023-01-055275) and the report on the results of the meeting dated 29.6.2023 (reference no.: 2023-01-072711). The information provided in said reports is included herein by way of reference.

b. Directors' remuneration and related expenses that do not deviate from the standard practice, that were paid by the Company to all the directors of the Company amounted to a total of NIS 1,603 thousand in 2023 (including equity-based compensation). This amount also includes the directors' remuneration in accordance with the 2021 Remuneration Resolution (as defined below) as well as reimbursement of expenses to which Mr. Salah Saabneh is entitled, in lieu of the directors' remuneration[6], with the exception of the aforementioned remuneration paid to Prof. Kandel for his service as the Company's Chairman of the Board of Directors. It should be noted that the aforesaid directors' remuneration is in accordance with the provisions of the 2023-2025 Compensation Policy.

c. On 22.11.2021, the Board of Directors of the Company, after obtaining the approval of the Compensation Committee , approved the payment to directors, including external directors and independent directors serving in the Company, as well as directors who shall serve in the Company from time to time, with the exception of a chairman of the Board of Directors serving under a services agreement and a director residing outside Israel, annual remuneration and participation remuneration in an amount equal to the "maximum amount" as set forth in the Remuneration Regulations, in accordance with the Company's ranking (heretofore and hereafter: "**the 2021 Remuneration Resolution**"). The 2021 Remuneration Resolution came into effect on 1.1.2022, upon the first-time appointment of Mr. Aharon Aharon as a new external director on the Company's Board of Directors, this in accordance with the provisions of Regulation 8C of the Remuneration Regulations.

For further details regarding the 2021 Remuneration Resolution, see the immediate report published by the Company on 23.11.2021 (reference no.: 2021-01-100537). The information provided in said report is included herein by way of reference.

[6] On 28.2.2019, the general meeting approved a reimbursement of expenses directly related to the participation in the Board of Directors for Mr. Salah Saabneh, a director who does not reside in the State of Israel, in lieu of the annual remuneration and the participation fee.

d. It is hereby clarified that all the directors at the Company are entitled to exemption, indemnification and officers' liability insurance, as is standard practice at the Company from time to time and in accordance with the Compensation Policy.

e. Further to the stated in section 1.26.8 of Part One, "Description of the Company's Business", on 15.8.2023, the Company's Board of Directors approved (after receiving the Compensation Committee's approval on that same day) the grant of 376,746 warrants exercisable into 376,746 ordinary shares of the Company to 6 directors in the Company. For further details regarding the terms of the said warrants, see the private placement report dated 15.8.2023 (reference no.: 2023-01-076096) and the immediate reports dated 24.8.2023 (reference nos.: 2023-01-079204 and 2023-01-079186). The information provided in said reports is included herein by way of reference. To complete the picture, it should be noted that on 28.2.2024, upon the termination of Mr. Chelouche tenure as an officer in the Company, 52,011 warrants expired.

Regulations 21A and 22: Control in the Entity and Transactions with Controlling Shareholders or in which Controlling Shareholders Have a Personal Interest

From the date on which it became a public company until the publication date of the Periodic Report, there has been no shareholder that is defined as a controlling shareholder of the entity.

Regulation 24: Holdings of Interested Parties and Senior Officers

For details regarding the holdings of interested parties and senior officers in the Company's shares and other securities shortly before the date of the report, see the Company's immediate reports dated 7.1.2024 and 15.2.2024 (reference nos.: 2024-01-002962 and 2024-01-016836, respectively). The information provided in said reports is included herein by way of reference.

Regulation 24A: Authorized Share Capital, Issued Share Capital and Convertible Securities

For details regarding the authorized share capital of the Company, the issued share capital of the Company, and convertible securities, see the Company's immediate report dated 28.2.2024 (reference no.: 2024-01-017368).

For details regarding the quantity of dormant shares in the Company's equity, see the Company's Immediate Report dated 7.1.2024 (reference no.: 2024-01-002962). The information provided in said reports is included herein by way of reference.

Regulation 24B: Company's Shareholder Register

For the Company's shareholder register, see the Company's immediate report dated 28.2.2024 (reference no.: 2024-01-017368). The information provided in said report is included herein by way of reference.

Regulation 25A: Registered Address, Telephone and Facsimile

Name of Company: The Tel-Aviv Stock Exchange Ltd.

Registered Address of the Entity: #2 Ahuzat Bayit St., Tel Aviv-Jaffa

No. with Companies' Registrar: 520020033

E-mail: livnatw@tase.co.il

Telephone no.:076-8160571

Facsimile no.: 076-8160331

Regulation 26: Board of Directors of the Company

Name ID no. Date of birth Citizenship	Address for the service of process	Member of Board of Directors ' committees ; independent director / external director as defined in the Companies Law - Yes/No;	Employee of the Company ,of a subsidiary thereof ,of a related company thereof or of an interested party therein - position or positions held by the director as aforesaid	Date of commencement of office as director in the Company	Education and occupation in the past 5 years, including the professions or areas for which the education was acquired, the institution where education was acquired and the academic degree or diploma held by the director, and details of the entities in which he/she serves as director	To the best knowledge of the Company and the other directors therein ,is the director related to another interested party in the Company - Yes/No , specify details	Does the Company consider the director to possess accounting and financial expertise[7] ?
Yevgeny [Eugene] Kandel 017464108 6.7.59 Israeli citizenship	#69 Nof Harim St., Mevaseret Zion	Chairman of the Board of Directors of TASE, of MAOF Clearing House Ltd., and of The Tel Aviv Stock Exchange Clearing House Ltd.	Yes	29.6.2023	Education: B.A. in Economics, Hebrew University of Jerusalem M.B.A, University of Chicago M.A. in Economics, Hebrew University of Jerusalem Ph.D. in Economics, University of Chicago Occupation in the last 5 years: 2008 to present day – Professor of Economics and Finance, Hebrew University of Jerusalem. 2023 to present day – The Water Authority – Chairman of the Water Sector Oversight Committee. 2022-2023 – Israel Central Bureau of Statistics – Chairman of the High-Tech Data Improvement Committee 2021 to present day – Chairman of the Start-Up Nation Policy Institute SNPI. 2019-2020 – Ministry of Diaspora Affairs, Co-Chairman of the Committee for Determining the State of Israel's Policy towards Diaspora Jews. 2016-2023 – Co-Chairman of the Eli Hurvitz Economic Conference, The Israel Democracy Institute. 2016-2020 – The Prime Minister's Office – Chairman of the Advisory Board to the Prime Minister and the National Economic Council. 2015-2021 – CEO of SNC. Other corporations in which he serves as a director: Kali Group Insurance Agency and Investment Marketing Ltd. – Director NDRIP LTD. – Director Credit 360o Ltd. – Director Factory Ltd. – Director Unisphere Ltd. – Advisory Committee member Stardust Ltd. – Advisory Committee member Ignite Ltd. - Advisory Committee member Mindiez - Advisory Committee member Dessa Consulting and Management Ltd. – CEO and Chairman Maccabi Healthcare Services – member of Public Committee	No	Yes
Meirav Ben Cnaan Heller 029641883 19.9.1972 Israeli citizenship	#38 Shimon Ben Tzvi St,. Givatayim	External director and independent director recommended by the Nominating Committee. Chairperson of the Company's Audit Committee	No	9.12.2016	Education: B.A. in Accounting and Business Administration ,College of Management . Certified Public Accountant. Occupation in the last 5 years: VP Finance and Business Development, Alon Israel Group (real estate, energy in Israel and overseas, transportation, finance, retail);	No	Yes

[7] As defined in the Companies Regulations (Terms and Criteria for a Director Possessing Accounting and Financial Skills and for a Director Possessing Professional Qualifications), 2005.

		(including when acting as the Compensation Committee and as the Committee for the Review of the Financial Statements); Member of the Company's Risk Management Committee[8].			Provision of business consulting through MBC Financial services (2017) Ltd. (a private company wholly owned by Ms. Ben Cnaan Heller). Other corporations in which she serves as a director: The Tel-Aviv Stock Exchange Clearing House Ltd .(including the Audit Committee and the Risk Management Committee); MAOF Clearing House Ltd. (including the Audit Committee and the Risk Management Committee); Migdal Insurance Company Ltd.; The Phoenix Value Urban Renewal General Partner Ltd.; The Phoenix Value Urban Renewal - Limited Partnership; Mei Givatayim Ltd.; MBC Financial Services (2017) Ltd., a private company that is wholly owned by Ms. .Ben Cnaan Heller; Pomvom Ltd.; Aerodrome Ltd.		
Salah Saabneh 23231632 12.5.1968 Israeli citizenship (U.S . resident)	1280 5th Ave ,. 6BC ,New-York ,NY 10029	No. Director at MAOF Clearing House Ltd. And The Tel Aviv Stock Exchange Clearing House Ltd.	Partner and Manager in the Manikay Group	6.9.2018	Education: LLB., Hebrew University of Jerusalem. LLM., Georgetown University. MBA, Columbia University. Occupation in the last 5 years: Partner and Manager in an investment management firm ,Manikay Partners LLC. Additional entities in which he serves as director :None.	No	Yes
Yoav Zadok Chelouche[9] 031157746 18.7.1953 Israeli citizenship	53/A La-Merchav St ,. Ramat Hasharon.	External director and independent director recommended by the Nominating Committee, and member of the Audit Committee (including when acting as the Compensation Committee and as the Committee for the Review of the Financial Statements). Member of the Risk Management Committee	No	15.5.2014[10]	Education : M.B.A., INSEAD) European Institute of Business Administration); B.A. in Economics and Statistics, Tel Aviv University. Occupation in the last 5 years: Managing Partner at Aviv Venture Capital Fund; invests in emerging technology companies (startups) and mentors entrepreneurs, Shufersal Ltd (until 2022). Other corporations in which he serves as a director: The Tel-Aviv Stock Exchange Clearing House Ltd .(including the Audit Committee and the Risk Management Committee); MAOF Clearing House Ltd. (including the Audit Committee and the Risk Management Committee); Tower Semiconductor Ltd.; Check Point Software Technologies Ltd.; Malam-Team Ltd.; Yunsen Ltd.; Aviv Venture Capital Fund; chairman of the board of Cognni Ltd. (formerly Shieldox Security Ltd.); Xtend Reality Expansion Ltd.; Bioplasmar Ltd.	No	Yes

[8] Ms. Ben Cnaan Heller also serves as the Chairperson of the Company's Audit Committee as of 28.2.2024. Until that date, she served as Chairperson of the Company's Risk Management Committee.

[9] On 27.2.2024, Mr. Yoav Chelouche's term as an external director recommended by the Nominating Committee ended.

[10] Except during the period from 15.5.2018 to 28.2.2019.

Aharon Aharon 052069796 8.3.1954 Israeli citizenship	#29 Soutine St., Tel Aviv	External director and independent director recommended by the Nominating Committee, Member of the Audit Committee (including when acting as the Compensation Committee and as the Committee for the Review of the Financial Statements) and member of the Company's Risk Management Committee.	No	12.1.2022	Education: B.Sc Computer Engineering, Technion - Israel Institute of Technology, Haifa. M.Sc. Electrical Engineering, Technion - Israel Institute of Technology, Haifa. Sciences teaching diploma, Technion - Israel Institute of Technology, Haifa. Occupation in the last 5 years: VP and CEO of Apple Israel Ltd. (until 2017); CEO of the Innovation Authority (formerly the Office of the Chief Scientist) (until 2021); currently - advisor to companies through C-Perto Ltd., a private company that he owns. Other corporations in which he serves as a director : The Tel-Aviv Stock Exchange Clearing House Ltd. (including the Audit Committee and the Risk Management Committee); MAOF Clearing House Ltd. (including the Audit Committee and the Risk Management Committee); Innoviz Technologies Ltd. (listed on Nasdaq); member of the Board and Finance Committee of CET (a non-profit); board member of Educating for Excellence (an association); board member of the innovation center of Raphael Hospital, member of the National Council for Research and Development in the Ministry of Science, Technology and Innovation.	No	Yes
Gedon Hertshten 051385268 22.9.1952 Israeli citizenship	# 15 Masarik St., Tel Aviv	Independent director. It should be noted that, until 14.12.2023, Mr. Hertshten was a member of the Audit Committee (including when acting as the Compensation Committee and as the Committee for the Review of the Financial Statements) and member of the Risk Management Committee.	No	14.9.2022	Education: Bachelor of Arts, Northeastern University, Illinois Occupation in the last 5 years: Owner – GH Financials Hertshten Group Partner – Random Forest Ltd. Other corporations in which he serves as a director : The Tel Aviv Stock Exchange Clearing House Ltd.; MAOF Clearing House Ltd; Futures First (Israel) Ltd.; Raft Technologies Ltd., Random Forest Ltd., Hertshten Group	No	No
Jonathan Kolodny 318135316 18.5.1969 Israeli citizenship	#60 Akhi Dakar St., Raanana	Independent director and member of the Risk Management Committee	No	21.11.2023	Education: B.A. in Computer Science, Harvard University Ph.D. in Neuroscience and Cognition, University of Cambridge Occupation in the last 5 years: 2018 to present day – Ion Crossover Partners, investments, general partner 2023 to present day – Reichman University, teaching, lecturer. 2021 to present day – Tzohar Kosher Supervision, Religious services, Ministry of Religious Services, Chairman 2012 to present day – Leket Israel Association, food rescue for the underprivileged, director Other corporations in which he serves as a director : The Tel Aviv Stock Exchange Clearing House Ltd.; MAOF Clearing House Ltd.; Cortica Ltd., Partner Communications Ltd., Bluevine Capital, Resident Home	No	Yes, in addition, has knowledge of and familiarity with Information and Cyber Security

Ornit Kravitz[11] 032231078 12.4.1975 Israeli citizenship	#10/28 HaAluf Nehemia Tamari St., Holon	Independent director of TASE, member and Chairperson of the Risk Management Committee of TASE, TASE-CH and MAOF-CH, member of the Audit Committee (including when acting as the Compensation Committee and as the Committee for the Review of the Financial Statements)	No	21.11.2023	Education: LLB. Tel Aviv University LLM, Tel Aviv University MBA, Reichman University Ph.D., Tel Aviv University Occupation in the last 5 years: OKR investment – Israeli Company OKR Properties – Greek company Within the framework of the companies, she manages investments in hotel real estate. 2017-2021 – Maor Investments – Partner in an investment fund. 2017-2021 - Guez Partners – Investment Banking Partner. Other corporations in which she serves as a director: The Tel Aviv Stock Exchange Clearing House Ltd., MAOF Clearing House Ltd., Mega Or Holdings Ltd.	No	No Has a Professional expertise[12]

[11] Under the provisions of Section 50B3 of the Securities Law, 1968, the Company's Board of Directors must include, inter alia, at least three independent directors appointed by the general meeting at the recommendation of the Nominating Committee (as defined in the Securities Law). Taking into consideration the expiration date of Mr. Chelouche's office, who served as an external director and independent director recommended by the Nomination Committee, on 15.2.2024, TASE's Board of Directors approved, by virtue of its authority under the provisions of Section 50B3 (e) of the Securities Law, that until the convening of TASE's next general meeting, Ms. Kravitz shall be perceived as an independent director recommended by the Nominating Committee.

[12] See footnote 7 above.

Regulation 26a: Senior Officers of the Company

a.	**Name:**	**Ittai Ben-Zeev**
	ID no.:	032166225
	Date of birth:	23.2.1975
	Commencement of office:	1.1.2017
	Position in the Company, in a subsidiary or in an interested party therein:	Company CEO, director in the Nominee Company.
	Business experience in the past 5 years:	His office.
	Education:	LLB, Tel Aviv University. Analyst Program graduate - Merrill Lynch. Executive Education Program graduate - INSEAD France. Directors' Program graduate – Reichman University.
	Is he an interested party in the Company:	No
	Is he a relative of another senior officer or of another interested party in the Company:	No
b.	**Name:**	**Hanna Shitrit-Bach**
	ID no.:	056098122
	Date of birth:	14.10.1959
	Commencement of office:	2.6.2011
	Position in the Company, in a subsidiary or in an interested party therein:	EVP, Head of Economics Department.
	Business experience in the past 5 years:	Her office.
	Education:	BA in Economics and Sociology, Hebrew University of Jerusalem. MBA, Hebrew University of Jerusalem.
	Is she an interested party in the Company:	No
	Is she a relative of another senior officer or of another interested party in the Company:	No

c.	**Name:**	**Yaniv Pagot**
	ID no.:	025026386
	Date of birth:	5.12.1972
	Commencement of office:	5.1.2021
	Position in the Company, in a subsidiary or in an interested party therein:	EVP, Head of Trading, Derivatives and Indexes.
	Business experience in the past 5 years:	Economic consultant, chief strategist, director and member of the Investment Committee at Ayalon Insurance Group
	Education:	BA in Economics and Business Administration, Haifa University. MBA, Technion. Holds a portfolio manager's license (conditional)
	Is he an interested party in the Company:	No

	Is he a relative of another senior officer or of another interested party in the Company:	No
d.	**Name:**	**Sraya Orgad**
	ID no.:	25723842
	Date of birth:	19.3.1974
	Commencement of office:	1.1.2015
	Position in the Company, in a subsidiary or in an interested party therein:	EVP, Head of Business Development and Strategy Department.
	Business experience in the past 5 years:	His office. Additionally: Lectures at the College of Management's Accounting Department on aspects of the capital market and of the work of the Securities Authority. Lectures at the School of Business Administration of the Hebrew University of Jerusalem.
	Education:	LLB, Haifa University. European master's in law and Economics, European Union, Rotterdam University.
	Is he an interested party in the Company:	No
	Is he a relative of another senior officer or of another interested party in the Company:	No

e.	**Name:**	**Yehuda Ben Ezra**
	ID no.:	022656029
	Date of birth:	16.6.1967
	Commencement of office:	20.11.2022
	Position in the Company, in a subsidiary or in an interested party therein:	EVP, Head of Finance and Administration CFO, TASE-CH CFO, MAOF-CH CFO, Nominee Company
	Business experience in the past 5 years:	Vice President and Comptroller of Clal Industries Ltd., (8/2016 – 11/2022) CFO of Clal Beverages Ltd. Director in Adika Style, Golf & Co. and Plasto-Cargal and in other private companies in the Call Industries Group.
	Education:	B.A. in Accounting and Economics (Cum Laude), Hebrew University of Jerusalem M.B.A., Hebrew University of Jerusalem CPA
	Is he an interested party in the Company:	No
	Is he a relative of another senior officer or of another interested party in the Company:	No

f.	**Name:**	**Liran Gordon**
	ID no.:	031785017
	Date of birth:	30.7.1974
	Commencement of office:	16.1.2022
	Position in the Company, in a subsidiary or in an interested party therein:	EVP, Head of the Corporate Communications Department.
	Business experience in the past 5 years:	Head of Communications at Bank Leumi le Israel Ltd.
	Education:	BA, General History and History of the Jewish People – Tel Aviv University.
	Is she an interested party in the Company:	No

	Is she a relative of another senior officer or of another interested party in the Company:	No
g.	**Name:**	**Uri Shavit**
	ID no.:	059596726
	Date of birth:	12.6.1965
	Commencement of office:	14.2.2017
	Position in the Company, in a subsidiary or in an interested party therein:	EVP, Head of IT and Operation Department. Head of IT Department, TASE-CH. Head of IT Department, MAOF-CH.
	Business experience in the past 5 years:	His office. Previously: Project Manager of the merger of the Arab-Israeli Bank into Bank Leumi. CEO of Leumi Capital Market Services Ltd. (a subsidiary of Bank Leumi).
	Education:	BA in Economics and Political Science, Tel Aviv University. MA in Public Policy, Tel Aviv University. CIO Program, Off-Campus Programs Division of the Israel Institute of Technology.
	Is he an interested party in the Company:	No
	Is he a relative of another senior officer or of another interested party in the Company:	No

h.	**Name:**	**Orly Grinfeld**
	ID no.:	029731544
	Date of birth:	19.12.1972
	Commencement of office:	19.3.2017
	Position in the Company, in a subsidiary or in an interested party therein:	EVP, Manager of TASE-CH and MAOF-CH and CEO of the Nominee Company.
	Business experience in the past 5 years:	Her office. Previously: Israel Railways - Chief Risk Management Officer.
	Education:	BA in Accounting, Tel Aviv University. MBA, Ben Gurion University.
	Is she an interested party in the Company:	No
	Is she a relative of another senior officer or of another interested party in the Company:	No

i.	**Name:**	**Adi Barkan**
	ID no.:	038724001
	Date of birth:	17.6.1976
	Commencement of office:	1.7.2015
	Position in the Company, in a subsidiary or in an interested party therein:	EVP, Compliance and Enforcement Officer of the Company. Compliance and Enforcement Officer of TASE-CH. Compliance and Enforcement Officer of MAOF-CH.
	Business experience in the past 5 years:	Her office. Previously: Director of MAOF-CH. COO Securities, Psagot Investments House.
	Education:	BA in Accounting and Management, College of Management. MBA, Tel Aviv University.
	Is she an interested party in the Company:	No
	Is she a relative of another senior officer or of another interested party in the Company:	No

j.	Name:	Viacheslav Fradin
	ID no.:	304132350
	Date of birth:	15.7.1977
	Commencement of office:	8.2.2016
	Position in the Company, in a subsidiary or in an interested party therein:	EVP, Chief Risk Officer in the Company and the Clearing Houses.
	Business experience in the past 5 years:	His office. Previously: Executive risk management positions in leading banks in Israel and in CEE.
	Education:	BA in Accounting and Economics, Tel Aviv University. MBA, Tel Aviv University.
	Is he an interested party in the Company:	No
	Is he a relative of another senior officer or of another interested party in the Company:	No

k.	Name:	Livnat Ein-Shay Wilder
	ID no.:	025596560
	Date of birth:	30.10.1973
	Commencement of office:	1.2.2024
	Position in the Company, in a subsidiary or in an interested party therein:	EVP, Legal Counsel and Company Secretary
	Business experience in the past 5 years:	November 2021 – January 2024: Senior partner in the Corporate & Capital Markets Department at Herzog Fox & Neeman, and Head of ESG. April 2021 – October 2021: Head of Capital Markets, Banking & Finance (Partner) at APM & Co. March 2016 – March 2021: Group Secretary at Bank Leumi Le Israel, Deputy Head of the Bank's Legal Advice Division and Legal Advisor to the Bank's Board of Directors.
	Education:	LLB, Reichman University BA in Business Administration, Reichman University (formerly the Herzliya Interdisciplinary Center) Director Training Course, Reichman University
	Is she an interested party in the Company:	No
	Is she a relative of another senior officer or of another interested party in the Company:	No

l.	Name:	Sharon Witkowski-Tabib
	ID no.:	024963589
	Date of birth:	14.4.1970
	Commencement of office:	15.4.2011
	Position in the Company, in a subsidiary or in an interested party therein:	Internal Auditor of the Company, of the Clearing Houses and of the Nominee Company.
	Business experience in the past 5 years:	Her office. Also: Partner and Head of Internal Audit and Risk Management at BDO Ziv Haft Consulting & Management Ltd.
	Education:	BA (Accounting and Finance), College of Management. MA in Public Administration, Bar Ilan University.
	Is she an interested party in the Company:	No
	Is she a relative of another senior officer or of another interested party in the Company:	No.

Officers who ceased to serve during the reported period

In May 2023, Ms. Zohar Sela ceased to serve as EVP and Head of Human Resources in the Company.

Regulation 26b: Independent Authorized Signatories

The Company has no independent authorized signatories.

Regulation 27: Independent Auditors of the Entity

Brightman Almagor Zohar & Co. of #1 Azrieli Center, Tel Aviv.

Regulation 29: Recommendations and Resolutions of the Special General Meeting

1. On 12.1.2023, the Company's general meeting, after obtaining the approval of the Board of Directors and Audit Committee (in its capacity as Compensation Committee, hereinafter: "the Compensation Committee"), approved the Company's updated officers' compensation policy for the years 2023 through 2025, in accordance with the provisions of the Companies Law (heretofore and hereafter: "the 2023-2025 Compensation Policy"). For further details, see the Company's shareholders' meeting convening report dated 28.5.2023 (reference no.: 2023-01-055275) and the report on the meeting results dated 29.6.2023 (reference no.: 2023-01-072711). The information provided in said reports is included herein by way of reference.
2. On 4.5.2023, the general meeting of the Company approved and ratified Mr. Chelouche's appointment as an independent director recommended by the Nominating Committee and as an external director of the Company from 28.2.2022 until 27.2.2024. The said general meeting also approved the retention plan for the CEO of TASE, Mr. Ittai Ben-Zeev, including the NIS 3.5 million retention loan and the allocation of 544,435 warrants that are exercisable into 544,435 ordinary shares of the Company; as well as providing the CEO with a Company car by way of lease agreement, for a monthly consideration that will not exceed NIS 14,000 (including VAT). For further details, see the Company's shareholders' meeting convening report dated 28.3.2023 (reference no.: 2023-01-029779) and the report on the meeting results dated 4.5.2023 (reference no.: 2023-01-048360). The information provided in said reports is included herein by way of reference.
3. On 29.6.2023, the general meeting of the Company, after obtaining the approval of the Board of Directors and the Compensation Committee, approved an amendment to the 2023-2025 Compensation Policy, designed to adjust the provisions of the Compensation Policy to the terms of employment of Prof. Eugene Kandel, Chairman of the Board of Directors appointed to this position shortly prior to the said date, The said general meeting also approved Prof. Kandel's appointment as director and Chairman of the Board of Directors for a 5-year term, in accordance with the provisions of Regulation 100 of the Company's Articles of Association and Section 50B6 of the Securities Law, 1968, and his terms of employment, at a 50% appointment percentage, for which he will be entitled to a gross monthly salary of NIS 64.5 thousand, an annual bonus of up to 3 salaries for meeting the Profit Target, and the grant of 319,800 warrants, each exercisable into 1

ordinary share of the Company. For further details, see the Company's shareholders' meeting convening report dated 23.5.2023 (reference number: 2023-01-055275) and the report on the meeting results dated 29.6.2023 (reference number: 2023-01-072711). The information provided in said reports is included herein by way of reference.

4. On 2.1.2024 (after the balance sheet date), the Company paid a dividend of NIS 2.5 per share, in a total amount pf NIS 231,000 thousand. For further details, see the Company's immediate report published on 14.12.2023 (reference no.: 2023-01-113470). The information provided in said report is included herein by way of reference.
5. For details regarding the buyback of Company shares, see Section 1.4.4. to Part One - "Description of the Company's Business", above.
6. After the report date, on 6.3.2024, the Company's Board of Directors resolved to distribute a dividend of NIS 0.45 per share, in a total amount of NIS 41.6 million. For further details, see the Company's immediate report published on 6.3.2024. The information provided in said report is included herein by way of reference.
7. After the report date, on 6.3.2024, the Company's Board of Directors approved a dividend distribution policy in relation to the Company's profits from 2024 through 2026 (hereinafter: "**the Dividend Distribution Policy**"), according to which, from the approval date of the financial statements as of 31.12.2024 until the approval date of the financial statements as of 31.12.2026, the termination date of the Dividend Distribution Policy, the Company will work to distribute to its shareholders a cash dividend at a rate of 50% of its annual net profit according to the Company's consolidated annual financial statements, this on the approval date of the annual financial statements. For further details, see Section 1.4 to Part One – "Description of the Company's Business" as well as the Company's immediate report published on 6.3.2024. The information provided in said report is included herein by way of reference.

Regulation 29A: Resolutions of the Company

1. Officers' liability insurance

   In accordance with the provisions of the Compensation Policy, the liability of officers and directors (hereafter collectively: "**the Officers**") in the Company and its subsidiaries has been insured over the years by an Officers' liability insurance policy. It should be noted that the Company and its subsidiaries also hold a professional liability insurance policy.

   As of the report date, the Company engaged in an Officers' liability insurance policy, as described below.

   An Officers' liability insurance policy for the period from 11.8.2023 through 10.8.2024 (inclusive) at a US$ 40 million liability limit per incident and in aggregate for the insurance period, in return for a premium of US$ 223 thousand (hereafter: "**the**

Current Policy"). The maximum deductible amount in the Current Policy (payable by the Company only) is US$ 400 thousand.

The Company also holds an Officers' liability insurance policy in run-off format, for an insurance period of 7 years from the completion date of the sale of the Company's shares to Manikay and the other investors (which led to a change of control in the Company), to cover past activities up to the date of completion, at liability limit of US$ 50 million per incident and in aggregate for the insurance period, in return for a premium for the full 7-year insurance period totaling US$ 107 thousand.

2. Officers' indemnification undertaking

On 25.1.2001, the Company's general meeting (after obtaining the approval of the Board of Directors and Audit Committee) approved the grant of an indemnity letter to the Company's directors and officers (hereafter: "the 2001 Indemnity Letter"), as updated from time to time. The indemnity amount payable by the Company according to the 2001 Indemnity Letter (in addition to the amounts received from an insurance company, if any, within the framework of an insurance purchased by the Company), together with the indemnity amounts payable by the Company for liability according to all other indemnity letters that have been granted and/or will be granted for this purpose, to all Officers of the Company, in aggregate, for one or more of the events specified in the Appendix to the 2001 Indemnity Letter, shall not exceed an amount equal to US$ 20 million, and all subject to the stated in the indemnity letters.

On 3.7.2019, the Company's general meeting (after obtaining the approval of the Compensation Committee and the Board of Directors) approved a revised version of the Indemnity Letter (hereafter: "the 2019 Indemnity Letter"), issued to any Officer in the Company (as defined in the 2019 Indemnity Letter) currently serving or that will serve from time to time (including for their office and/or actions as service provider to the Nominee Company). The 2019 Indemnity Letter rescinds the indemnity letters previously issued by the Company to Officers who served in their positions on the date of approval of the 2019 Indemnity Letter by the general meeting. On this occasion, the general meeting also approved the cancellation of the indemnity letter that had been previously issued by the Company to Officers in the TASE Clearing House (hereafter: "the existing indemnity letter to TASE-CH") for their service as Officers at TASE-CH, and the issue, in its place, to those Officers of a new indemnity letter directly from TASE Clearing House, as described below (however, the existing indemnity letter to TASE-CH will remain in force for Officers in TASE-CH who did not serve in TASE-CH on the date of approval of the 2019 Indemnity Letter by the general meeting).

The maximum amount of indemnification payable according to the 2019 Indemnity Letter, for a financial liability imposed on an Officer vis-à -vis another person, according to all indemnity letters that have been granted and/or will be granted by the Company, to all Officers, in aggregate, for one or more of the events detailed in the

2019 Indemnity Letter (hereafter: "financial liability to a third party") shall not exceed an aggregate amount equal to 25% of the amount of the Company's equity as per its latest financial statements published before the actual payment date of the indemnity amount (this, in addition to and on top of amounts paid by virtue of an insurance policy and/or indemnification paid by a third party, other than the Company). Furthermore, indemnity amounts shall be paid according to the 2019 Indemnity Letter 2019 for reasonable legal expenses within the framework of investigation proceedings and in legal or administrative proceedings, including reasonable litigation costs, for compensation payments to victims of administrative violations, as well as for any other liability or expense that may be indemnified by law.

For details of the types of events covered in the indemnity letter, see Chapter 6 of the Company's prospectus dated 24.7.2019.

Adjacent to the approval of the 2019 Indemnity Letter, in consideration of the subjugation of the TASE Clearing Houses under Amendment No. 63 to the Securities Law to the directives that apply to bond companies and other regulatory directives that are designed to ensure a segregation between the Company and the Clearing Houses, the general meetings of TASE's Clearing Houses (after receiving the approval of their Audit Committees and Boards of Directors) approved indemnity letters for Officers serving therein, based on principles similar to those of the 2019 Indemnity Letter, with some adjustments for the different activities of these companies (hereafter, as appropriate: "the TASE-CH/MAOF-CH/Clearing Houses' 2019 Indemnity Letter").

Nevertheless, the maximum aggregate indemnity payable for a financial liability to a third party under the TASE-CH 2019 Indemnity Letter was set at the greater of the two following alternatives: (a) NIS 10 million or (b) 25% of the equity amount of TASE-CH with the addition of the secondary capital (consisting mainly of balance-sheet and off-balance-sheet instruments, added to the book equity of TASE-CH for the purpose of calculating the qualifying equity of TASE-CH, as approved from time to time by resolutions of the Board of Directors of the Company and the regulatory directives of the Clearing Houses), as per the most recent financial statements of TASE-Ch published before their actual payment, and the maximum aggregate indemnification amount for a financial liability to a third party under the MAOF-CH 2019 Indemnity Letter was set at the greater of the two following alternatives: (a) NIS 5 million or (b) 25% of the equity amount of MAOF-CH as per the most recent financial statements of TASE-Ch published before the actual payment date. The alternative of a set maximum indemnification amount in respect of a financial liability to a third party was determined in each of the Clearing Houses' 2019 Indemnity Letters, in view of the relatively low equity of the Clearing Houses at that time and the desire to provide the Officers at TASE's Clearing Houses assurance as to the existence of an indemnification amount (albeit low) in line with the stated purpose of the indemnity

instrument, which is to allow Officers at TASE's Clearing Houses to duly perform their duties, while taking calculated business risks.

The grant of the Indemnity Letter is in conformity with the provisions of the Compensation Policy.

Given the existence of an indemnity letter that had previously been issued by MAOF-CH to TASE Officers, the MAOF-CH 2019 Indemnity Letter cancels the existing indemnity letter of MAOF-CH, except in relation to Officers who did not serve in MAOF-CH on the date of approval of the MAOF-CH 2019 Indemnity Letter by the general meeting.

3. Officers' Exemption

On 2.5.2001, the Company's general meeting, subject to the provisions of the Companies Law, approved the exemption of the Company's directors and Officers of their liability for any damage that has been caused or that will be caused due to the violation of their duty of care towards the Company. A similar exemption was also granted to Officers of TASE's Clearing Houses.

Further to the above, given the changes to the corporate governance directives applicable to the Company and TASE's Clearing Houses under Amendment No. 63 to the Securities Law, in the second half of 2019, the general meetings of each of the Company and TASE's Clearing Houses (after approval by each of the respective Audit Committees and Board of Directors), including the Nominee Company, approved the exemption of the Officers of each of these companies from their liability for damage due to the violation of their duty of care, subject to the provisions and stipulations established by law.

The exemption mentioned in this Section is in conformity with the provisions of the Compensation Policy.

Date: March 6, 2024

The Tel Aviv Stock Exchange Ltd.

Ittai Ben-Zeev ,CEO

Eugene Kandel,
Chairman of the Board
of Directors*

* On 12.7.2023, following the approval of the general meeting of the Company from 29.6.2023, Prof. Eugene Kandel took office as Chairman of TASE's Board of Directors.

TEL AVIV STOCK EXCHANGE
הבורסה לניירות ערך תל אביב

Part 5

Annual Report on the Effectiveness of the Internal Control Over the Financial Reporting and Disclosure for 2023

Annual Report on the Effectiveness of the Internal Control Over Financial Reporting and Disclosure
in accordance with Regulation 9B of the Securities Regulations (Periodic and Immediate Reports), 1970

Management, under the supervision of the Board of Directors, of The Tel-Aviv Stock Exchange Ltd. ("the Corporation"), is responsible for setting and maintaining proper internal control over financial reporting and disclosure in the Corporation.

For this purpose, the members of management are:

1. Ittai Ben Zeev, CEO
2. Yehuda Ben Ezra, EVP, Head of Finance and Administration
3. Orly Grinfeld, EVP, Head of Clearing
4. Yaniv Pagot, EVP, Head of Trading
5. Viacheslav Fradin, EVP, Chief Risk Officer
6. Uri Shavit, EVP, Chief Information Officer
7. Hani Shitrit, EVP, Head of Listings
8. Adi Barkan, EVP, Chief Compliance Officer
9. Sraya Orgad, EVP, Chief Strategy Officer
10. Liran Gordon, EVP, Senior VP, Head of Corporate Communication
11. Livnat Ein-Shay Wilder, EVP, Legal Counsel and Company Secretary[1]

Internal control over financial reporting and disclosure consists of controls and procedures existing at the Corporation, designed by, or under the supervision of, the CEO and the most senior financial officer, or by anyone actually performing such functions, under the supervision of the Board of Directors of the Corporation, which are designed to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the reports in accordance with the provisions of the law, and to ensure that information which the Corporation is required to disclose in reports that it publishes pursuant to the provisions of the law is gathered, processed, summarized and reported within the time frames and in the format set forth in the law.

Internal control includes, inter alia, controls and procedures designed to ensure that information which the Corporation is required to disclose as above, is gathered and transferred to the management of the Corporation, including the CEO and the most senior financial officer, or anyone actually performing such functions, in order to enable timely decision-making in reference to the disclosure requirements.

In view of its inherent limitations, internal control over financial reporting and disclosure is not designed to provide absolute assurance of the prevention or detection of a misstatement or omission of information in the reports.

Management, under the supervision of the Board of Directors, has examined and assessed the internal control over financial reporting and disclosure in the Corporation and its effectiveness.

The assessment of the effectiveness of the internal control over financial reporting and disclosure performed by management, under the Board of Directors' supervision, included:

[1] Livnat Ein-Shay Wilder started her term as an officer in the Company on 1.2.2024.

Mapping and identification of the accounts and the business processes that the Company considers as highly material to the financial reporting and disclosure; and the testing of key controls and examination of the effectiveness of the controls: the internal control components included controls over the preparation and closing process of the financial reporting, controls at the level of the organization, general controls over the IT systems and controls in business processes: revenue from trading and clearing commissions, Clearing House services and listing fees and levies, intangible assets and payroll and payroll and liabilities to employees.

Based on the assessment of the effectiveness that was performed by management under the supervision of the Board of Directors, as described above, the Board of Directors and management of the Corporation have concluded that the internal control over the financial reporting and disclosure in the Corporation as of 31.12.2023 is: effective.

Management Statements:

(a) Statement of the CEO in accordance with Regulation 9B(d)(1) of the Reports Regulations:

Management Statement
Statement of the CEO

I, Ittai Ben-Zeev, represent that:

1. I have reviewed the financial statements and other financial information included in the reports of The Tel-Aviv Stock Exchange Ltd. ("**the Corporation**") for 2023 ("**the Reports**").
2. To my knowledge, the Reports do not contain any misstatement of a material fact or omit to disclose a material fact necessary to make the representations made therein, in light of the circumstances under which such representations were included, not misleading with respect to the period covered by the Reports;
3. To my knowledge, the financial statements and other financial information included in the Reports fairly reflect, in all material respects, the financial position, results of operations and cash flows of the Corporation as of and for the periods covered in the Reports;
4. I have disclosed to the Corporation's auditor, the Board of Directors, the Audit Committee and the Financial Statements Review Committee of the Corporation, based on my most current assessment of the internal control over financial reporting and disclosure:
    a. All significant deficiencies and material weaknesses in the setting or the operation of the internal control over financial reporting and disclosure, which are reasonably likely to adversely affect the Corporation's ability to gather, process, summarize and report financial information in a manner that could cast a doubt on the reliability of the financial reporting and preparation of the financial statements in conformity with the provisions of the law; and –
    b. Any fraud, whether or not material, that involves the CEO or anyone reporting to him directly or that involves other employees who play a significant role in internal control over financial reporting and disclosure;
5. I, myself or jointly with others at the Corporation:
    a. Have set controls and procedures or confirmed the setting of controls and procedures under my supervision, which are designed to ensure that material information in reference to the Corporation, including its subsidiaries, as defined in the Securities Regulations (Annual Financial Statements), 2010, is presented to me by others in the Corporation and in the subsidiaries, particularly during the preparation of the Reports; and –
    b. Have set controls and procedures or confirmed the setting of controls and procedures under my supervision, which are designed to reasonably ensure the reliability of the financial reporting and the preparation of the financial statements in conformity with the provisions of the law, including in conformity with generally accepted accounting principles;

c. I have assessed the effectiveness of the internal control over the financial reporting and disclosure and presented in this report the conclusions of the Board of Directors and management regarding the effectiveness of the internal control as of the date of the Reports.

Nothing in the stated above detracts from my responsibility or from the responsibility of any other person under any law.

March 6, 2024

Ittai Ben Zeev, CEO.

(b) Statement of the most senior financial officer in accordance with Regulation 9B(d)(2) of the Reports Regulations:

Management Statement

Statement of the most senior financial officer

I, Yehuda Ben Ezra, represent that:

1. I have reviewed the financial statements and other financial information included in the reports of The Tel-Aviv Stock Exchange Ltd. ("**the Corporation**") for 2023 ("**the Reports**").
2. To my knowledge, the financial statements and the other financial information included in the Reports do not contain any misstatement of a material fact or omit to disclose a material fact necessary to make the representations made therein, in light of the circumstances under which such representations were included, not misleading with respect to the period covered by the Reports;
3. To my knowledge, the financial statements and other financial information included in the Reports fairly reflect, in all material respects, the financial position, results of operations and cash flows of the Corporation as of and for the periods covered in the Reports;
4. I have disclosed to the Corporation's auditor, the Board of Directors, the Audit Committee and the Financial Statements Review Committee of the Corporation, based on my most current assessment of the internal control over financial reporting and disclosure:
    - **a.** All significant deficiencies and material weaknesses in the setting or the operation of the internal control over financial reporting and disclosure, insofar as it relates to the financial statements and to the other financial information included in the Reports, which are reasonably likely to adversely affect the Corporation's ability to gather, process, summarize and report financial information in a manner that could cast a doubt on the reliability of the financial reporting and preparation of the financial statements in conformity with the provisions of the law; and –
    - **b.** Any fraud, whether or not material, that involves the CEO or anyone reporting to him directly or that involves other employees who play a significant role in internal control over financial reporting and disclosure;
5. I, myself or jointly with others at the Corporation:
    - **a.** Have set controls and procedures or confirmed the setting of controls and procedures under my supervision, which are designed to ensure that material information in reference to the Corporation, including its subsidiaries, as defined in the Securities Regulations (Annual Financial Statements), 2010, insofar as it pertains to the financial statements and to other financial information included in the Reports, is presented to me by others in the Corporation and in the subsidiaries, particularly during the preparation of the Reports; and –
    - **b.** Have set controls and procedures or confirmed the setting of controls and procedures under my supervision, which are designed to reasonably ensure the reliability of the financial reporting and the preparation of the financial statements in conformity with the provisions of the law, including in conformity with generally accepted accounting principles;

c. I have assessed the effectiveness of the internal control over the financial reporting and disclosure, insofar as it related to the financial statements and to the other financial information included in the Reports; my conclusions regarding my assessment as above have been presented to the Board of Directors and are incorporated in this report.

Nothing in the stated above detracts from my responsibility or from the responsibility of any other person under any law.

March 6, 2024

Yehuda Ben Ezra,
EVP, Head of Finance
and Administration