

Reshumot [Government Gazette]

Kovetz Hatakanot [Regulations]

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The State Loan ("Government Bond" Class Bonds) Regulations, 5766-2006

By virtue of my authority under sections 3, 4 and 15 of the State Loans Law, 5739-1979¹ (hereinafter: **the "Law"**) and with the consent of the Finance Committee of the Knesset, I hereby make the following Regulations:

Definitions

1. In these Regulations –
 - The "**Stock Exchange**" – The Tel Aviv Stock Exchange Ltd.;
 - "**Banking Business Day**" – a day on which most of the Banking Corporations conduct the clearance of checks, other debits and credits;
 - "**Date of Payment**" of principal or interest – the last Banking Business Day of the month on which the Interest Period terminates;
 - "**Interest Days**" – the number of days in an Interest Period, calculated on the basis of the difference in days between the first day of the Interest Period and the last day thereof;
 - "**Effective Date for Entitlement**" – the end of the 20th day of the month in which interest or principal is paid;
 - "**Series**" – "**Government Bond**" class bonds issued to the public during any period, all of which have identical redemption dates, interest payment dates and interest rates;
 - "**Chief Market Maker**" – as defined in section 6A(g) of the Law;
 - "**Banking Corporation**" – as defined in the Banking (Licensing) Law 5741-1981²;

¹ *Sefer Hachukkim*, 5739, p. 112; 5765, p. 93.

² *Sefer Hachukkim*, 5741, p. 232.

“**Interest Period**” – each of the following:

- (1) For the final interest – the period that terminates on the Date of Payment of the principal and commences on the last Banking Business Day of the twelfth month that preceded it;
- (2) For all earlier interests – the period that terminates on the Date of Payment of the interest and commences on the last Banking Business Day of the twelfth month that preceded it or on the date of first issue of the Series, whichever is the later.

- | | | |
|------------------------|----|---|
| Marking of bond | 2. | Each Series - Government Bond class bonds that is issued pursuant to the Law shall be marked in the following order from right to left: Government Bond, and after a space, the redemption year (2 digits) and the redemption month (2 digits). |
| Par value | 3. | The bonds shall be issued at a par value of NIS 1,000 or a multiple of NIS 1,000. |
| Sale of bonds | 4. | The bonds shall be sold to the Chief Market Makers and to the public as a whole by tender or some other competitive and egalitarian process; sale to the public at large shall be effected via Banking Corporations, Stock Exchange members and other entities which the Accountant General at the Ministry of Finance shall approve. |
| Interest | 5. | <p>(a) The bonds shall bear fixed interest at margins of one hundredth of one percent, at an annual rate, as shall be prescribed by the Minister of Finance or the person authorized by him for such purpose with respect to each Series, so that the bond rate shall be close to 100 upon first issue of the Series.</p> <p>(b) The interest payable shall be calculated on the basis of the Interest Days throughout the entire Interest Period, in accordance with the following formula:</p> $R = r * T / 365$ <p>Where –</p> <p>R = the interest rate for the Interest Period, rounded off to the fifth decimal place;</p> <p>r = the fixed annual interest rate set as prescribed in sub-section (a);</p> <p>T = the number of Interest Days in the Interest Period.</p> <p>(c) The interest for each of the Interest Periods shall be paid on the Date of Payment; if bonds of a Series are sold after a Date of Payment, interest shall not be paid on them for Interest Periods that have terminated prior to the date of their sale; if bonds of a Series are sold after the Effective Date for Entitlement in any Interest Period, interest shall not be paid on them for such period.</p> <p>(d) The interest for the last Interest Period shall be paid on the Date of Payment of the principal.</p> |
| Redemption | 6. | The bonds shall be issued for a period of two years or for a longer period, and shall be redeemed in full on the Date of Payment of the principal; from the date prescribed for redemption onwards, the bonds shall not bear any interest. |

- Early redemption** 7. Early redemption of bonds of any Series issued pursuant to these Regulations shall be effected in a competitive and egalitarian process, during a particular period and on dates, for such purpose, which shall be announced to the public, and at the market price of the bond on the date on which actual redemption is effected.
- Payment** 8. The person who is recorded on the Register as the holder of the bond on the Effective Date for Entitlement shall be entitled to receive the sum of the interest or the principal; the sum shall be paid to him on the Date of Payment by crediting his account at a Banking Corporation as he shall have instructed up until the Effective Date for Entitlement; the Administration shall close the Bond Register after the last Effective Date for Entitlement, and as of such time, no transfer of the bonds shall be recorded.
- Amendment of payment date** 9. Should the Administration be unable to effect payment of principal or interest, the payment shall be made on the next subsequent Banking Business Day, however the Interest Period in respect of which the payment is being made shall be extended up to the date of actual payment and the Interest Period thereafter shall be shortened accordingly.
- Commencement** 10. These Regulations shall commence 30 days after the date of their publication.

19 Kislev 5766 (December 20, 2005)

(HM 3-950)

Ehud Olmert
Minister of Finance

The State Loan (“Linked Government Bond” Class Bonds) Regulations, 5766-2006

By virtue of my authority under sections 3, 4 and 15 of the State Loans Law, 5739-1979¹ (hereinafter: **the “Law”**) and with the consent of the Finance Committee of the Knesset, I hereby make the following Regulations:

Definitions

1. In these Regulations –
 - The “**Stock Exchange**” – The Tel Aviv Stock Exchange Ltd.;
 - “**Banking Business Day**” – a day on which most of the Banking Corporations conduct the clearance of checks, other debits and credits;
 - “**Date of Payment**” of principal or interest – the last Banking Business Day of the month in which the Interest Period terminates;
 - “**Interest Days**” – the number of days in an Interest Period, calculated on the basis of the difference in days between the first day of the Interest Period and the last day thereof;
 - “**Index**” – the consumer price index calculated by the Central Bureau of Statistics (hereinafter: **the “CBS”**) even if published by some other government institution, including any other official index that might replace it, whether comprised of the same data of which the current index is comprised, or not; the ratio between the other index and the index that is being replaced shall be as prescribed by the CBS;
 - “**Base Index**” – the last Index published prior to the date on which the Series is first issued;
 - “**New Index**” – the last Index published prior to any Date of Payment;
 - “**Effective Date for Entitlement**” – the end of the 20th day of the month in which interest or principal is paid;
 - “**Series**” – “**Linked Government Bond**” class bonds issued to the public during any period, all of which have identical redemption dates, interest payment dates and interest rates;
 - “**Chief Market Maker**” – as defined in section 6(g) of the Law;
 - “**Banking Corporation**” – as defined in the Banking (Licensing) Law 5741-1981²;
 - “**Interest Period**” – each of the following:
 - (1) For the final interest – the period that terminates on the Date of Payment of the principal and commences on the last Banking Business Day of the twelfth month that preceded it;
 - (2) For all earlier interests – the period that terminates on the Date of Payment of the interest and commences on

¹ *Sefer Hachukkim* 5739, p. 112; 5765, p. 93.

² *Sefer Hachukkim*, 5741, p. 232.

the last Banking Business Day of the twelfth month that preceded it or on the date of first issue of the Series, whichever is the later.

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| Marking of bond | 2. | Each Series - Linked Government Bond class bonds that is issued pursuant to the Law shall be marked in the following order from right to left: Government Bond – Linked, and after a space, the redemption year (2 digits) and the redemption month (2 digits). |
| Par value | 3. | The bonds shall be issued at a par value of NIS 1,000 or a multiple of NIS 1,000. |
| Sale of bonds | 4. | The bonds shall be sold to the Chief Market Makers and to the public as a whole by tender or some other competitive and egalitarian process; sale to the public at large shall be effected via Banking Corporations, Stock Exchange members and other entities which the Accountant General at the Ministry of Finance shall approve. |
| Interest | 5. | <p>(a) The bonds shall bear fixed interest at margins of one hundredth of one percent, at an annual rate, as shall be prescribed by the Minister of Finance or the person authorized by him for such purpose with respect to each Series, so that the bond rate shall be close to 100 upon first issue of the Series.</p> <p>(b) The interest payable shall be calculated on the basis of the Interest Days throughout the entire Interest Period, in accordance with the following formula:</p> $R = r * T / 365$ <p>Where:</p> <p>R = the interest rate for the Interest Period, rounded off to the fifth figure after the decimal point;</p> <p>R = the fixed annual interest rate set as prescribed in sub-section (a);</p> <p>T = the number of Interest Days in the Interest Period.</p> <p>(c) The interest for each of the Interest Periods shall be paid on the Date of Payment; if bonds of a Series are sold after a Date of Payment, interest shall not be paid on them for Interest Periods that have terminated prior to the date of their sale; if bonds of a Series are sold after the Effective Date for Entitlement in any Interest Period, interest shall not be paid on them for such period.</p> <p>(d) The interest for the last Interest Period shall be paid on the Date of Payment of the principal.</p> |
| Redemption | 6. | The bonds shall be issued for a period of two years or for a longer period, and shall be redeemed in full on the Date of Payment of the principal; from the date prescribed for redemption onwards, the bonds shall not bear any interest or linkage. |
| Early redemption | 7. | Early redemption of bonds of any Series issued pursuant to these Regulations shall be effected in a competitive and egalitarian process, during a particular period and on dates, for such purpose, which shall be announced to the public, and at the market price of the bond on the date on which actual redemption is effected. |
| Conditions of | 8. | The par value of the bonds and the interest that is paid thereupon shall be linked to the Index as follows: If it becomes apparent that the New Index |

linkage		has changed in comparison to the Base Index, the principal or interest shall be paid on the Date of Payment having been increased or decreased by the rate of change of the New Nndex in comparison with the Base Index.
Payment	9.	The person who is recorded on the Register as the holder of the bond on the Effective Date for Entitlement shall be entitled to receive the sum of the interest or the principal; the sum shall be paid to him on the Date of Payment by crediting his account at a Banking Corporation as he shall have instructed up until the Effective Date for Entitlement; the Administration shall close the Bond Register after the last Effective Date for Entitlement, and as of such time, no transfer of the bonds shall be recorded.
Amendment of payment date	10.	Should the Administration be unable to effect payment of principal or interest, the payment shall be made on the next subsequent Banking Business Day, however the Interest Period in respect of which the payment is being made shall be extended up to the date of actual payment and the Interest Period thereafter shall be shortened accordingly.
Commencement	11.	These Regulations shall commence 30 days after the date of their publication.

19 Kislev 5766 (December 20, 2005)

(HM 3-950)

Ehud Olmert
Minister of Finance

The State Loan (“Variable Interest Government Bond” Class Bonds) Regulations, 5766-2006

By virtue of my authority under sections 3, 4 and 15 of the State Loans Law, 5739-1979¹ (hereinafter: **the “Law”**) and with the consent of the Finance Committee of the Knesset, I hereby make the following Regulations:

Definitions	1.	In these Regulations – The “ Stock Exchange ” – The Tel Aviv Stock Exchange Ltd.; “ Banking Business Day ” – a day on which most of the Banking Corporations conduct the clearance of checks, other debits and credits; “ Date of Payment ” of principal or interest – the last Banking Business Day of the month in which the Interest Period terminates; “ Interest Days ” – the number of days in an Interest Period, calculated on the basis of the difference in days between the first day of the Interest Period and the last day of the Interest Period; “ Effective Date for Entitlement ” – the end of the 20th day of the month in which interest or principal is paid; “ Base Asset ” – a loan series issued pursuant to the Short-Term Loan Law,
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¹ *Sefer Hachukkim*, 5739, p. 112; 5765, p. 93.

5744-1984², the balance of the redemption period for which is the closest, in days, to one year;

“**Series**” – “**Government Bond – Variable Interest**” class bonds issued to the public during any period, all of which have identical redemption dates and interest payment dates;

“**Chief Market Maker**” – as defined in section 6A(g) of the Law;

“**Variable Interest**” – annual interest at a variable rate which shall be set in the sum of the average weighted rate of Daily Yields over the five days of trading that preceded the last day of trading during the Interest Period, with each yield being weighted in accordance with the Daily Financial Value, in accordance with the formula in the Second Schedule;

“**Daily Financial Value**” – the total financial value of transactions on the Base Asset on the Stock Exchange and of sales of the Base Asset by the Bank of Israel to the public by way of a tender conducted on such day;

“**Daily Par Value**” – the total par value, on the same date, of transactions in the Base Asset on the Stock Exchange, and of sales of the Base Asset to the public by way of a tender, by the Bank of Israel;

“**Banking Corporation**” – as defined in the Banking (Licensing) Law 5741-1981³;

“**Interest Period**” – each of the following:

- (1) For the final interest – the period that terminates on the Date of Payment of the principal and commences on the last Banking Business Day of the third month that preceded it;
- (2) For all earlier interests – the period that terminates on the Date of Payment of the interest and commences on the last Banking Business Day of the third month that preceded it or on the date of first issue of the Series, whichever is the later.

“**Daily Yield**” – the effective gross yield for a particular day, calculated on the basis of the Daily Financial Value, divided by the Daily Par Value, in accordance with the formula in the First Schedule.

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| Marking of bond | 2. | Each Series - Government Bond – Variable Interest class bonds that is issued pursuant to the Law shall be marked in the following order from right to left: Government Bond – Variable Interest, and after a space, the redemption year (2 digits) and the redemption month (2 digits). |
| Par value | 3. | The bonds shall be issued at a par value of NIS 1,000 or a multiple of NIS 1,000. |
| Sale of bonds | 4. | The bonds shall be sold to the Chief Market Makers and to the public as a whole by tender or some other competitive and egalitarian process; sale to the public at large shall be effected via Banking Corporations, Stock Exchange members and other entities which the Accountant General at the Ministry of Finance shall approve. |

² *Sefer Hachukkim*, 5744, p. 69.

³ *Sefer Hachukkim*, 5741, p. 232.

- Interest** 5. (a) The bonds shall bear interest, which shall be prescribed for each of the Interest Periods in accordance with the Variable Interest rate.
- (b) The interest for each Interest Period shall be calculated in accordance with the formula in the Third Schedule.
- (c) The interest for each of the Interest Periods shall be paid on the Date of Payment; if bonds of a Series are sold after a Date of Payment, interest shall not be paid on them for Interest Periods that have terminated prior to the date of their sale; if bonds of a Series are sold after the Effective Date for Entitlement, interest shall not be paid on them for any Interest Period up to that date.
- (d) The interest for the last Interest Period shall be paid on the Date of Payment of the principal.
- Redemption** 6. The bonds shall be issued for a period of two years or for a longer period, and shall be redeemed in full on the Date of Payment of the principal; from the date prescribed for redemption onwards, the bonds shall not bear any interest.
- Early redemption** 7. Early redemption of bonds of any Series issued pursuant to these Regulations shall be effected in a competitive and egalitarian process, during a particular period and on dates, for such purpose, which shall be announced to the public, and at the market price of the bond on the date on which actual redemption is effected.
- Payment** 8. The person who is recorded on the Register as the holder of the bond on the Effective Date for Entitlement shall be entitled to receive the sum of the interest or the principal; the sum shall be paid to him on the Date of Payment by crediting his account at a Banking Corporation as he shall have instructed up until the Effective Date for Entitlement; the Administration shall close the Bond Register after the last Effective Date for Entitlement, and as of such time, no transfer of the bonds shall be recorded.
- Amendment of payment date** 9. Should the Administration be unable to effect payment of principal or interest, the payment shall be made on the next subsequent Banking Business Day, however the Interest Period in respect of which the payment is being made shall be extended up to the date of actual payment and the Interest Period thereafter shall be shortened accordingly.
- Commencement** 10. These Regulations shall commence 30 days after the date of their publication.

First Schedule

(Section 1)

Formula for Calculating Daily Yield

$$I = \left\{ \left(\frac{100}{P} \right)^{\left(\frac{365}{T} \right)} - 1 \right\} \times 100$$

$$P = \frac{A}{B} \times 100$$

Where –

A = the Daily Financial Value;

B = the Daily Par Value;

P = the average Daily Price;

T = the number of days for redemption of the base asset;

I = the Daily Yield, rounded off to the fifth decimal place.

Second Schedule

(Section 1)

Formula for Calculating Variable Interest

$$r = \frac{\sum_{i=1}^5 A_i \times I_i}{\sum_{i=1}^5 A_i}$$

Where –

A = the Daily Financial Value;

I = the Daily Yield, rounded off to the fifth decimal place;

i = the five trading days preceding the final trading day in the Interest Period;

r = Variable Interest, rounded off to the closest one hundredth of one percent.

Third Schedule

(Section 5(b))

Formula for Calculating the Interest Payable for Any Interest Period

$$R = r * T / 365$$

Where –

R = the interest rate for the Interest Period, rounded off to the fifth figure after the decimal point;

r = the variable annual interest rate set as prescribed in section 5(a);

T = the number of Interest Days in the Interest Period.

19 Kislev 5766 (December 20, 2005)
(HM 3-950)

Ehud Olmert
Minister of Finance

The State Loan (“New Gilon” Class Series) (Amendment) Regulations, 5766-2006

By virtue of my authority under sections 3, 4 and 15 of the State Loans Law, 5739-1979¹ (hereinafter: **the “Law”**) and with the consent of the Finance Committee of the Knesset, I hereby make the following Regulations:

- Amendment of Section 1** 1. In section 1 of the State Loan (“New Gilon” Class Series) Regulations, 5759-1999² (hereinafter: the Principal Regulations), the following shall be inserted at the end of the section:
- “Chief Market Maker”** – as defined in section 6A(g) of the Law;
- Replacement of Section 5** 2. The following shall be inserted in place of section 5 of the Principal Regulations:
- “Sale of bonds** 5. The bonds shall be sold to the Chief Market Makers and to the public as a whole by tender or some other competitive and egalitarian process; sale to the public at large shall be effected via Banking Corporations, Stock Exchange members and other entities which the Accountant General at the Ministry of Finance shall approve.”
- Repeal of Section 6** 3. Section 6 of the Principal Regulations is repealed.

¹ *Sefer Hachukkim* 5739, p. 112; 5765, p. 93.

² *Kovetz Takanot*, 5759, p. 346; 5761, p. 1068.

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| Amendment of Section 5 | 4. | At the end of section 7(e) of the Principal Regulations, the word “second” shall be deleted. | | | |
| Addition of section 9A | 5. | The following shall be inserted after section 9 of the Principal Regulations:

<table border="0" style="margin-left: 40px;"> <tr> <td style="vertical-align: top;">“Early redemption</td> <td style="vertical-align: top;">9A.</td> <td>Early redemption of bonds of any Series issued pursuant to these Regulations shall be effected in a competitive and egalitarian process, during a particular period and on dates that shall be prescribed for such purpose, which shall be announced to the public, and at the market price of the bond on the date on which actual redemption is effected.”</td> </tr> </table> | “Early redemption | 9A. | Early redemption of bonds of any Series issued pursuant to these Regulations shall be effected in a competitive and egalitarian process, during a particular period and on dates that shall be prescribed for such purpose, which shall be announced to the public, and at the market price of the bond on the date on which actual redemption is effected.” |
| “Early redemption | 9A. | Early redemption of bonds of any Series issued pursuant to these Regulations shall be effected in a competitive and egalitarian process, during a particular period and on dates that shall be prescribed for such purpose, which shall be announced to the public, and at the market price of the bond on the date on which actual redemption is effected.” | | | |
| Repeal of Section 13 | 6. | Section 13 of the Principal Regulations is repealed. | | | |
| Repeal of the First Schedule | 7. | The First Schedule to the Principal Regulations is repealed. | | | |
| Amendment of the Second Schedule | 8. | In the Second Schedule to the Principal Regulations, the words “Second Schedule” in the heading shall be replaced by the word “Schedule”. | | | |
| Commencement | 9. | These Regulations shall commence 30 days after the date of their publication. | | | |

19 Kislev 5766 (December 20, 2005)
(HM 3-950)

Ehud Olmert
Minister of Finance

The State Loan (“Galil” Class Series) (Amendment) Regulations, 5766-2006

By virtue of my authority under sections 3, 4 and 15 of the State Loans Law, 5739-1979¹ (hereinafter: **the “Law”**) and with the consent of the Finance Committee of the Knesset, I hereby make the following Regulations:

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| Amendment of Section 1 | 1. | In section 1 of the State Loan (“Galil” Class Series) Regulations, 5740-1980 ² (hereinafter: the Principal Regulations), the following shall be inserted at the end of the section:

<table border="0" style="margin-left: 40px;"> <tr> <td style="vertical-align: top;">“Chief Market Maker”</td> <td style="vertical-align: top;">– as defined in section 6A(g) of the Law;</td> </tr> </table> | “Chief Market Maker” | – as defined in section 6A(g) of the Law; | |
| “Chief Market Maker” | – as defined in section 6A(g) of the Law; | | | | |
| Replacement of Section 3 | 2. | The following shall be inserted in place of section 3 of the Principal Regulations:

<table border="0" style="margin-left: 40px;"> <tr> <td style="vertical-align: top;">“Sale of bonds</td> <td style="vertical-align: top;">3.</td> <td>The bonds shall be sold to the Chief Market Makers and to the public as a whole by tender or some other competitive and egalitarian process; sale to the public at large shall be effected via Banking Corporations, Stock Exchange members and other entities which the Accountant General</td> </tr> </table> | “Sale of bonds | 3. | The bonds shall be sold to the Chief Market Makers and to the public as a whole by tender or some other competitive and egalitarian process; sale to the public at large shall be effected via Banking Corporations, Stock Exchange members and other entities which the Accountant General |
| “Sale of bonds | 3. | The bonds shall be sold to the Chief Market Makers and to the public as a whole by tender or some other competitive and egalitarian process; sale to the public at large shall be effected via Banking Corporations, Stock Exchange members and other entities which the Accountant General | | | |

¹ *Sefer Hachukkim* 5739, p. 112; 5765, p. 93.

² *Sefer Hachukkim*, 5740, p. 228; 5761, p. 1069.

process; sale to the public at large shall be effected via Banking Corporations, stock exchange members and other entities which the Accountant General at the Ministry of Finance shall approve.”

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| Repeal of Section 6 | 3. | Section 6 of the Principal Regulations is repealed. |
| Amendment of Section 7 | 4. | At the end of section 7(b) of the Principal Regulations, the word “second” shall be deleted. |
| Addition of section 9A | 5. | The following shall be inserted after section 9 of the Principal Regulations:

“Early redemption 9A. Early redemption of bonds of any Series issued pursuant to these Regulations shall be effected in a competitive and egalitarian process, during a particular period and on dates that shall be prescribed for such purpose, which shall be announced to the public, and at the market price of the bond on the date on which actual redemption is effected.” |
| Repeal of Section 13 | 6. | Section 13 of the Principal Regulations is repealed. |
| Repeal of the First Schedule | 7. | The First Schedule to the Principal Regulations is repealed. |
| Amendment of the Second Schedule | 8. | In the Second Schedule to the Principal Regulations, the words “Second Schedule” in the heading shall be replaced by the word “Schedule”. |
| Commencement | 9. | These Regulations shall commence 30 days after the date of their publication. |

19 Kislev 5766 (December 20, 2005)
(HM 3-950)

Ehud Olmert
Minister of Finance