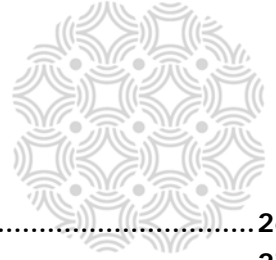




MTS Israel Market Rules

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SECTION I GENERAL PROVISIONS

Article 1: Definitions

In the Rules the following expressions have the following meanings:

"Application"	means the acceptance, whether whole or partial, of a Proposal, transmitted via the System and processed by the System
"the Board"	means the board of directors of the Company
"Committee"	means the duly appointed MTS Israel committee of that name established by the Board in accordance with Article 2.6 and operates according to the provisions of the document entitled "MTS Israel Committee", as approved by the Board;
"the Company" or "EuroMTS"	means EuroMTS Limited (registered in England No. 3615752)
"EEA"	means Member States of the European Union, Iceland, Norway and Liechtenstein
"EuroMTS System"	means the screen-based system known as "EuroMTS" organised and administered by the Company for the trading of financial instruments.
"Fair Market Value"	shall have the meaning ascribed to it in Annex L (Trade Cancellation)
"Financial Instruments"	means debt securities issued by the State of Israel acting through the MoF, including (where the context so permits) the component parts thereof that entitle the holder to future collection of interest (coupon) or that entitle the bearer, on





	maturity, to repayment of the principal and which are eligible for trading on the System pursuant to Article 3.
"FSA"	means the Financial Services Authority of the United Kingdom (or any successor regulatory organisation)
"General Collateral Repurchase Contract"	means a repurchase contract where the securities the subject of the trade are not specified in the Proposal or the Application and are selected in accordance with Annex H by the Repo Participant which is the seller of the securities from the basket of Financial Instrument (being eligible securities for the purpose of the general collateral contract traded), and where the seller of the securities at the same time undertakes to purchase equivalent securities from the buyer of the securities at the specified future date.
"Group"	means a group of companies in which one is the holding company of all the others
"ILS"	means the currency of the State of Israel, the New Israeli Shekel
'ISA'	means the Israel Securities Authority of the State of Israel (or any successor regulatory organisation)
"Live Data"	means information relating to Selected Securities in respect of which not more than 600 seconds has elapsed from the time that such information was transmitted by the System to the System Participants.
"Member State"	means a Member State of the European Union
"MMI" or "Major Market Incident"	has the meaning ascribed to it in Annex L
"MTS Israel"	means the division of EuroMTS Limited as established for the trading of certain Financial Instruments pursuant to these Rules.





MoF"	means the Ministry of Finance of the State of Israel
"On-the-Run Securities"	means those Selected Securities which the Committee has identified as the most liquid in the Maturity Bucket C as set out in Annex F
"Price"	in respect of the purchase or sale of a Financial Instrument on the System under a spot contract means the amount representing the percentage of the nominal amount of that Financial Instrument as expressed in decimal places as determined by the Company from time to time which is payable in respect of such purchase or sale which may also be expressed by reference to an interest rate and, under a repurchase contract, the amount expressed by reference to an interest rate other than in respect to a T-Bill Financial Instrument where price shall mean yield.
"Primary Dealer"	means an official primary dealer as recognised by the MoF
"Proposal"	means an offer to buy or sell a Financial Instrument or enter into a repurchase contract via the System that shall be equal or greater than the minimum quote size for that Financial Instrument as set out in Annex A or otherwise herein.
"Repo Participant"	means an institution which is entered by the Company on its list of Repo Participants and which has not been deleted from such list nor has resigned pursuant to the Rules
"Rules"	means these market rules of MTS Israel (including the Annexes) as may be amended or replaced from time to time by the Board with the prior agreement of the Committee following consultation with the MoF.
"Selected Participants"	shall have the meaning ascribed to it in Annex L (Trade Cancellation)





"Selected Securities"	means those Financial Instruments which have been selected for quotation and spread obligations pursuant to Article 7.1(b) and Annex F of the Rules and which have not been de-selected pursuant to the Rules.
"Specific Contract"	means a repurchase contract where the main purpose of the operation is the purchase of a specific security, for a cash payment, with a commitment to sell it back upon expiration of a set period.
"Spread"	means the arithmetic difference between the amount of a Proposal to buy and of a connected Proposal to sell (i.e. bid/ offer) expressed as a percentage
"the System"	means the screen-based system known as "MTS Israel" organised and administered by the Company for the trading of certain Financial Instruments
System Participant"	means an institution which is entered by the Company on its list of Israeli Primary Dealers or in the list of Repo Participants and which has not been deleted from such list nor has resigned pursuant to the Rules
"Trading Day"	means a day during which contracts may be executed on the System as defined each year by the Board after consultation with the MoF and the Committee





Article 2: Rules

1. The object of the Rules is to regulate the organisation and operation of the System.
2. The Rules are made and may be amended or replaced from time to time by the Board with prior agreement of the Committee following consultation with the MoF.
3. Except in the case of emergency, any amendment to the Rules will be notified to System Participants at least 10 Trading Days prior to the amendment taking effect by any means that the Board considers appropriate, provided that such notification shall at least include electronic notification through publication on the System. In the case of emergency, the Board will provide as much notice as possible to the System Participants of any such amendment.
4. References herein to an Article or to an Annex shall mean an Article of, or an Annex to, the Rules respectively.
5. The Rules shall be governed by and construed in all respects in accordance with the laws of England.
6. Members of the Committee shall be representatives of the MoF, the Company and the Primary Dealers. The Board shall appoint the Committee following agreement with the MoF. The Board shall not remove any Committee member without prior consultation with the MoF. The Committee shall have such power and authority (including as to the establishment of committees of MTS Israel and the delegation of power and authority to such committees) as the Board may determine following agreement with the MoF.
7. The Board at all time shall have the authority to overrule any decision or action taken by the MoF or the Committee with respect to commercial, technological or regulatory matters notwithstanding the operation of these Rules or the Committee.
8. Where there is a conflict between the MoF and the Committee, the opinion of the MoF shall prevail subject to the condition that any such decisions must not contravene any regulatory requirements of the FSA and all other applicable laws, or technical requirements of the System





SECTION II FINANCIAL INSTRUMENTS

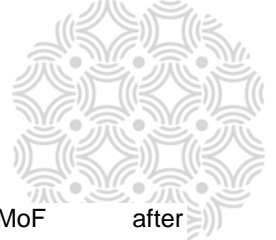
Article 3: Selected Securities

1. Subject to Article 3.2, those Financial Instruments selected by the MTS Israel Committee or the Company, and which meet the relevant criteria in Annex A (Selection Criteria), will be selected for trading on the System as Selected Securities.
2. The MoF shall give not less than 2 Trading Days notice to each System Participant of the Financial Instruments that are to be allocated to it by the MoF pursuant to Article 8.
3. The MoF after consultation with the Committee may at any time choose to select additional Financial Instruments which do not meet the relevant criteria in Annex A (Selection Criteria).
4. The minimum trading quantity for each Selected Security shall be determined by the MoF after consultation with the Committee and set out in Annex B (Minimum Trading Quantity) from time to time.

Article 4: Suspension and De-Selection

1. The Board or the MoF may suspend a Selected Security with immediate effect if, in its opinion, in relation to that Selected Security, normal market conditions have ceased to apply.
2. The Board or the MoF may lift a suspension of a Selected Security imposed by it if, in its opinion, the cause of the suspension no longer applies.
3. The MoF after consultation with the Committee shall determine which (if any) Selected Securities are to be de-selected at a meeting of the Committee to be held no less frequently than once every three months. In making such determination the MoF shall have regard to, but not be bound by the criteria contained in Annex C (De-Selection Criteria).
4. Notwithstanding de-selection of a particular Selected Security as specified in Article 4.3, those System Participants, which are represented on the Committee and which have an obligation to make Proposals under Article 7.1(b) in relation to Selected Securities issued by the State of Israel acting through the MoF, as the Committee shall select, shall be obliged to continue to enter buy and sell Proposals in respect of that Selected Security for a period of 10 Trading Days subject to the provisions of Article 7.1(b)(i) if the MoF after consultation with the Committee so recommends the de-selection of that particular Selected Security.
5. Any decision by the MoF after consultation with the Committee to de-select a Selected Security shall be made after trading hours and shall be announced to all System Participants on the System before the commencement of trading on the next Trading Day.





6. Following the determination to de-select any Selected Securities by the MoF after consultation with the Committee, the Company shall, where practicable, give at least two weeks written notice of such de-selection to all System Participants.

Article 5: Contracts

1. The MoF after consultation with the Committee shall determine and shall specify in Annex D (Contracts) the types of contract by means of which each Financial Instrument may be traded on the System.
2. The Financial Instrument may be traded on the System by System Participants relying on normal market practice (as such term is determined by the MoF after consultation with the Committee from time to time). Only contracts conforming to this so determined normal market practice may be traded on the System.





SECTION III SYSTEM PARTICIPANTS

Article 6: Application to Participate in the System

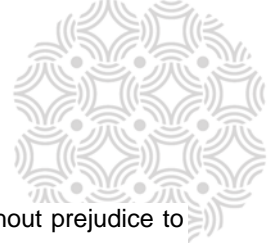
Primary Dealer

1. An institution which, at the request of the Company, lodges with the Company a completed application in the form specified by the Company to participate in the System as a Primary Dealer shall be entered by the Company on the relevant list(s) of System Participants provided it satisfies the Committee that:
 - (a) it is authorised to deal in Financial Instruments in the State of Israel or that it is authorised as a credit institution or investment firm in a country which is a member of the EEA or that it is authorised as such in another jurisdiction by a regulatory authority which, in the opinion of the Company in consultation with the MoF and Committee, imposes an adequate supervisory/investor protection regime;
 - (b) it belongs, either directly or via an agent, to the Tel Aviv Clearing House (TACH) (or such other clearing and settlement institution as specified by the Committee) and has, if directly, a deposit account with such institution;
 - (c) it is a fit and proper person to be a System Participant (including, without prejudice to the generality thereof, that it has an adequate organisation to be a System Participant);
 - (d) it is a Primary Dealer as appointed by the MoF; and
 - (e) it has a minimum net worth of ILS 500 mil and, in assessing its "net worth", an institution shall be permitted to include in the calculation the net worth of all the companies within its Group.

Repo Participant

2. An institution which, at the request of the Company, lodges with the Company a completed application in the form specified by the Company to participate in the System as a Repo Participant shall be entered by the Company on the relevant list(s) of System Participants provided it satisfies the Board that:
 - (a) it is authorised to deal in Financial Instruments in the State of Israel or that it is authorised as a credit institution or investment firm in a country which is a member of the EEA or that it is authorised as such in another jurisdiction by a regulatory authority which, in the opinion of the Company in consultation with the MoF and Committee, imposes an adequate supervisory/investor protection regime;
 - (b) it belongs, either directly or via an agent, to the Tel Aviv Clearing House (TACH) (or such other clearing and settlement institution as specified by the Board) and has, if directly, a deposit account with such institution;





- (c) it is a fit and proper person to be a System Participant (including, without prejudice to the generality thereof, that it has an adequate organisation to be a System Participant); and
- (d) it has a minimum net worth of ILS 150 mil and, in assessing its "net worth", an institution shall be permitted to include in the calculation the net worth of all the companies within its Group.

Lists

3. The Company shall maintain lists of those institutions which are, for the time being and from time to time, System Participants on the System

Article 7: Undertakings

1. Each Primary Dealer undertakes to the Company and to all other System Participants from time to time:

(a) to maintain a net worth of at least ILS 500 mil and, for the purpose of satisfying this requirement, shall be permitted to include in its calculation of "net worth", the "net worth" of the net worth of all the companies within its Group.

(b) (i) subject to (ii) to (v) below and Article 13.4, on each Trading Day to make Proposals on the System with respect to spot contracts only, for at least the minimum required number of hours as specified in Annex E (Trading Hours):

(A) in relation to each of the Selected Securities assigned to it from time to time by the MoF pursuant to Article 8 and to do so in compliance with Annex F (Quotation/Spread Obligations); and

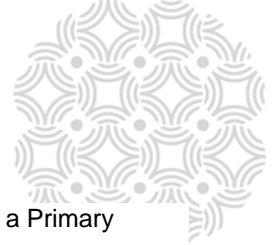
(B) in relation to each of the Selected Securities de-selected under Article 4.3 for which it is selected by the Committee under Article 4.4 to have an obligation to continue to enter Proposals for a 10 Trading Days period and to do so in compliance with Annex F (Quotation/Spread Obligations), but with a maximum Spread of twice that specified in Annex F in respect of such Financial Instrument.

(ii) a Primary Dealer shall be relieved from its obligations under this Article 7.1(b) on those days which are recognised public holidays in its country of operation;

(iii) with respect to each Selected Security, Primary Dealers shall refrain from entering proposals with Spreads wider than fifty percent more than those included in Annex F (Quotation/Spread Obligations);

(iv) obligations under this Article 7.1(b) shall not apply to a Financial Instrument while it is suspended from trading on the System;





(v) obligations under this Article 7.1(b) shall not apply to a Primary Dealer while it is suspended from trading or the relevant list of System Participants; and

(vi) obligations under this Article 7.1(b) shall only apply to spot contracts.

(c) to demonstrate at least once a year its continued compliance with paragraph (a) above, paragraph (a) and (d) of Article 6.1 and to provide the Company with an Annual Audited report in English and proof of its regulated status.

(d) The Board may, in its discretion:

(i) temporarily suspend a Primary Dealer's undertaking in 1(b)(i) above if normal market conditions do not apply or an MMI occurs; or (ii) temporarily amend any of the values in Annex F (Quotation/Spread Obligations) if normal market conditions do not apply or an MMI occurs. The Board may delegate its discretion under this Article 7.1(d) to the Chief Executive of the Company or to his nominated substitute.

2. Each Repo Participant undertakes to the Company and to all other System Participants from time to time:

(a) to maintain a net worth as calculated by its supervising regulatory authority of at least 150 million ILS, and, for the purpose of satisfying this requirement, shall be permitted to include in its calculation of "net worth", the "net worth" of its ultimate holding company;

(b) to demonstrate at least once a year within a reasonable time upon request its continued compliance with paragraph (a) above.

3. Each System Participant undertakes to the Company and to all other System Participants from time to time:

(a) to notify the Company and the MoF, as soon as possible, of any interruption in trading due to a breakdown in the computer connection to the System;

(b) to notify the Company and the MoF immediately if the circumstances in Article 9.2(a) below apply to it;

(c) to comply with the Rules and the established operating procedures of the System;

(d) to act with fairness and honesty;

(e) to act with due skill, care and diligence;

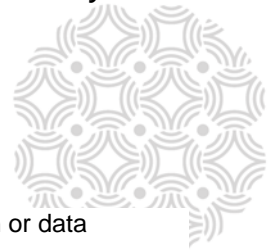
(f) to refrain from any act that may jeopardise the proper functioning of the System or trading on it;

(g) not to enter into trades on the System other than for proper trading purposes;

(h) to continue to belong to a clearing and settlement institution in accordance with Article 6.1(b);

(i) to be responsible for the acts and omissions of its employees and agents and ensure those assigned to its trading activities on the System are competent and appropriately trained;





- (j) (i) to keep confidential and not to disclose in any way any information or data supplied to or derived from the System (excepting, in relation to a particular System Participant, information relating to Proposals input on the System by such System Participant) save (a) to its affiliates only to the extent reasonably necessary for the performance of its obligations under these Rules and provided that any such affiliates shall be bound by obligations of confidentiality in relation to such information or data no less onerous than those of these Rules; or (b) as may be required by a regulatory body or court having jurisdiction over it; (ii) that all rights, title and interest in, and to any work in any medium which incorporates or in the compilation of which there was used, any information or data entered by it on the System shall as between it and the Company be the property of the Company or its licensees, to grant to the Company the right to exploit the same and not to make any claim to any right, title or interest or to any payment in respect of the same;
- (k) to pay not later than the due date all fees payable to the Company for participation in, and trading on, the System;
- (l) to deal with the Company in an open and co-operative manner;
- (m) to fulfil all reporting and transparency requirements to which it is subject;
- (n) to have and maintain all necessary regulatory authorisations, approvals and consents for trading on the System;
- (o) to notify the Company, as soon as possible, of any material change to the information supplied in its application to the Company;
- (p) notwithstanding suspension, deletion from the relevant list(s) of System Participants or resignation, to comply with any requirements of the Company or the MoF, which were duly approved and reported to System Participants in accordance with these Rules, with regard to the execution of any outstanding contract entered into by it on the System;
- (q) to safeguard passwords and not to allow unauthorised access to the System;
- (r) to effect trades on the System in its own name and not to act for a third party save for a company in its Group. this undertaking will not apply to repurchase agreements; and
- (s) to effect timely settlement of each of its trades on the System in accordance with the relevant contract.

Article 8: Allocation of Selected Securities

1. The MoF after consultation with the Committee shall, having regard to, but not being bound by, the criteria in Annex G (Allocation of Financial Instruments), allocate for the purposes of the obligation to make Proposals in accordance with Article 7.1(b) those Selected Securities amongst all System Participants and may, from time to time change that allocation, but





normally not more frequently than on a monthly basis.

2. In respect of those Selected Securities which shall have been de-selected pursuant to Article 4.3, the Committee shall, having regard to, but not being bound by, the criteria in Annex G, allocate, for the purposes of the obligation to make Proposals in accordance with Article 7.1(b) for a period of 10 Trading Days following de-selection, such Financial Instruments among those System Participants of the kind specified in Article 4.4.
3. The MoF shall notify each System Participant as to the Financial Instruments allocated to it pursuant to Article 8.1 or 8.2 not less than 2 Trading Days prior to the commencement of the obligation to make proposals in such Financial Instruments by electronic notification through publication on the System. System Participants shall not be entitled to require information as to which Financial Instruments have been allocated to other System Participants

Article 9: Suspension of System Participants

1. If, in relation to a particular System Participant, the Company, after consultation with the MoF and the Committee where possible, shall determine that any of the following circumstances applies, or that there are reasonable grounds for presuming that any of the following circumstances applies, it shall suspend that System Participant from the relevant list of System Participants with immediate effect. A System Participant, which is suspended, shall not be permitted to make Proposals or Applications on the System, and any obligations under Article 7.1(b) above shall be similarly suspended. The Company after consultation with the MoF and the Committee may lift a suspension if it is satisfied the circumstances which gave rise to it no longer apply.
2. The said circumstances are:
 - (a) the System Participant ceases to meet any one or more of the criteria in Article 6 applicable for entry on the relevant list of System Participants;
 - (b) a resolution of the Committee is passed resolving that that System Participant be suspended from the relevant list of System Participants;
 - (c) a request for suspension is received from an agent through which the System Participant belongs to a clearing and settlement institution and to which the System Participant has given authority to make such request;
 - (d) a material breach of the Rules; or
 - (e) a request for suspension is received from the MoF.
3. Any suspension of a System Participant, or lifting of a suspension, shall be notified by the Company to all other System Participants by such means as the Company considers appropriate, provided that such notification shall at least include electronic notification through





publication on the System.

4. Suspension from a list of System Participants shall have no effect on the rights and obligations of the System Participant in respect of contracts concluded on the System prior to the effective time of such suspension

Article 10: Removal from a list

1. If in relation to a particular System Participant, the MoF after consultation with the Committee shall determine that any of the following circumstances apply, the Board shall remove that System Participant from the list of System Participants with immediate effect.
2. The said circumstances are:
 - (a) suspension from trading or the list of System Participants for a period of 2 months;
 - (b) a material breach of the Rules;
 - (c) a resolution of the Committee is passed unanimously (excluding any representative of the System Participant in question,) resolving that such System Participant be removed from the list of System Participants; and
 - (d) termination by the MoF of the appointment of the particular System Participant as a Primary Dealer.
3. Any removal from the list of a System Participant shall be notified by the MoF to all other System Participants by such means as the MoF considers appropriate, provided that such notification shall at least include electronic notification through publication on the System.
4. Removal from the list of System Participants shall have no effect on the rights and obligations of the System Participant in respect of contracts concluded on the System prior to the effective date of such removal.

Article 11: Resignation

1. A System Participant may resign from the System on giving not less than 3 months notice in writing to the Company and the MoF and shall apply from the date on which either the Company or the MoF receives the notice first.
2. Resignation from the System shall have no effect on the rights and obligations of the resigning System Participant in respect of contracts concluded on the System prior to the effective date of such resignation.





SECTION IV TRADING

Article 12: General

1. The Company shall determine the formats of the operative and informational computer screen "pages" of the System and may change the formats from time to time.
2. The Board or the MoF may at any time suspend the operation of all or part (including suspension of one or more Selected Securities under Article 4) of the System if the Board or the MoF determines that normal market conditions do not apply.
3. The Board reserves the right to terminate the System at any time on giving at least 6 months of notice to the MoF and the Committee and where practicable, having consulted the MoF and the Committee prior to making its decision to terminate.
4. The Company shall have no liability whatsoever to any System Participant (save for a refund of the pro-rata part of any pre-paid fees) or any other person for loss (including any consequential, indirect or unforeseeable loss, including without limitation, loss of profit), damage, injury, or delay, whether direct or indirect, arising from any breakdown, suspension of all or part of the System or termination of the System, or (in the absence of wilful misconduct on its part) with respect to any action taken or omitted to be taken in connection with providing the services contemplated by the Rules.
5. In the event that a System Participant fails to comply with the obligations to safeguard passwords and not to allow unauthorised access to the System in breach of the provisions of Article 7.3(q), all direct liabilities, damages and costs resulting from such breach shall be for the sole account of such System Participant and such System Participant shall indemnify any other System Participant in connection with any direct liabilities, damages and costs it may suffer due to such failure or unauthorised access.
6. Nothing in the Rules shall operate to exclude or restrict any duty or liability of the Company to a customer (as defined in the rules of the FSA) which it has under the Financial Services and Markets Act 2000 of the United Kingdom or under the regulatory system (as defined in the rules of the FSA)





Article 13: Proposals and Applications

1. Proposals and Applications may be made on the System by a System Participant that has not been suspended from trading;
2. Proposals for spot contracts made in fulfilling obligations under Article 7.1(b) shall be formulated in accordance with the relevant quotation, spread and other obligations specified in Annex F (Quotation/Spread Obligations).
3. Proposals for spot contracts may be modified at any time (subject, where made in fulfilling obligations under Article 7.1(b), to the relevant quotation, spread and other obligations specified in Annex F), but a System Participant is obliged to conclude all contracts, at the Price quoted and up to the volume offered, for those Applications which have been confirmed by the System prior to reception of such modification.
4. Proposals for repurchase contracts may be modified or withdrawn at any time but a Repo Participant is obliged to conclude all contracts, at the Price quoted and up to the volume offered prior to such modification or withdrawal, for those Applications which have been confirmed by the System prior to receipt of such modification or withdrawal.
5. The System shall order Proposals relating to each Financial Instrument according to best Price and, subordinate to that, according to time of entry. At the end of each Trading Day, Proposals still registered in the System shall be automatically cancelled.
6. Subject to Article 13.1, a System Participant may enter into the System Proposals for Financial Instruments prior to the start of trading hours of the System (as detailed in Annex E (Trading Hours)), but such Proposals will not be displayed to other System Participants until the commencement of trading.

Article 14: Conclusion and Registration of Contracts

1. Contracts are concluded by the matching, according to procedures laid down by the Company in Annex H (Conclusion of Contracts), of a Proposal and an Application, or of two Proposals. The contract shall for all purposes be deemed to be concluded at the time when the System confirms electronically to either party to the contract of the matching referred to above.
2. A Proposal that has received a partial Application shall be considered an effective Proposal for the residual portion, retaining the time priority originally assigned to it, in conformity with Annex B (Minimum Trading Quantities).
3. All the contracts concluded on the System shall be registered by the Company in a special





computer file by the procedures laid down by the Company in Annex I (Registration of Contracts).

Article 15: Settlement of Contracts

1. Subject to Article 15.2, at the end of each Trading Day the System shall forward settlement instructions to the relevant clearing and settlement institutions as set out in Article 6.1(b) in respect of trades carried out on the System on that day.
2. In accordance with the procedures set by those clearing and settlement institutions involved with the System, the settlement of contracts shall take place according to the rules set out in Annex J (Settlement Cycle).

Article 16: Governing Law

Subject to the provisions of any specific master agreement, or normal market practice (as such practice shall be determined by the Committee), English law shall be the law governing all contracts concluded on the System. In the event of any dispute as to the applicable governing law, the decision of the Board shall be final and conclusive.



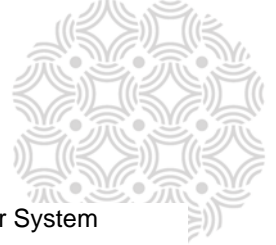


SECTION V INFORMATION REQUIREMENTS

Article 17: Provision of Information to System Participants

1. The Company shall make available to System Participants such information as it deems necessary for the correct performance of trading activities and for the execution of the contracts concluded on the System. All information made available via the System to a System Participant that pertains to other System Participants shall be made available in anonymous form.
2. For each Financial Instrument traded on the System, the Company shall make available to each System Participant, in real time via the System, the following information on the current day's operations:
 - (a) all the Proposals which it has input on the System, with Price and quantity;
 - (b) Price and quantity of the best sell and buy Proposals;
 - (c) Price, quantity, and time of the most recently concluded contracts;
 - (d) low, high, and weighted average Price, plus volume exchanged, of the contracts concluded during a period of System operation, not longer than two hours, as set out in Annex I (Registration of Contracts);
 - (e) the current status of all the Proposals entered by it and the itemised list of all the contracts it has concluded.
3. The Company shall make available to System Participants, via the System, the following updated daily information:
 - (a) a complete table of the identification codes of each Selected Security;
 - (b) a table, with identification codes, of all System Participants and descriptions, with an indication of whether the participants are direct or indirect members of the clearing and settlement institutions.
4. At the end of each Trading Day the Company shall publish on the System a list, compiled in accordance with Annex K (Daily Statistics), that reports, for each Financial Instrument traded on the System, at a minimum the low, high, and weighted average Price and total volume traded, calculated with reference to the contracts concluded in the entire Trading Day. The Company reserves the right to exclude from such list, those transactions it considers anomalous.
5. Following each Trading Day, the Company shall make available, to each System Participant, information regarding its compliance with its obligations to make Proposals in accordance with





Article 7.1(b). Such information is confidential and will not be available to other System Participants

Article 18: Provision of Live Data to the public

1. Subject to the Company's rights in set out in Article 7.3(j)(ii), the Company shall make available to the public, in anonymous form, via local Israeli and international information providers, the following Live Data:
 - (a) in respect of Selected Securities:
 - (i) best 5 bids for spot contracts;
 - (ii) best 5 offers for spot contracts ;
 - (iii) aggregate volume on best 5 bids for spot contracts; and
 - (iv) aggregate volume on best 5 offers for spot contracts.
 - (b) in respect of individual spot trades with the following given for the last trade:
 - (i) time;
 - (ii) underlying Selected Security;
 - (iii) price; and
 - (iv) volume.

Article 19: Provision of Information to FSA and the relevant Israeli regulator

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



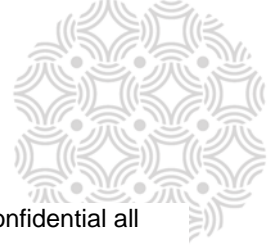


SECTION VI SUPERVISION AND SANCTIONS

Article 20: Verification of regular course of trading

1. The Company shall monitor during the System trading hours as set out in Annex E (Trading Hours) and verify compliance with the Rules. It may also take such other steps as it considers necessary for the proper functioning of the System.
2. The Company will perform, from time to time, where practicable and among other things, the following activities:
 - (a) verify compliance with the undertakings contained in Article 7 and, where doubts in this regard arise, may request clarification from the System Participant involved, who shall supply such clarification in the shortest time possible;
 - (b) verify proper updating of the archives, the procedures and all else necessary to the orderly conduct of trading;
 - (c) monitor the functioning of the System's technical structures and transmission networks;
 - (d) promptly inform System Participants of any of the Company's actions that affect the operation of the System;
 - (e) handle incorrect Price input in the entry of orders into the System, in the manner laid down in Annex L (Trade Cancellation).
3. In carrying out the organisation and administration of the System, the Company may, among other things:
 - (a) for the purpose of improving the functioning of the System, postpone the start of trading for the entire System or for particular Financial Instruments or categories of Financial Instruments, or extend trading beyond the scheduled closing time and with prior notice to System Participants, where practicable and notwithstanding the foregoing, the Company shall use its best efforts to ensure that, where practicable, improvements in the functioning of the System will be made during days and hours that are neither Trading Days nor Trading Hours of the System;
 - (b) temporarily suspend trading for the entire System or for particular Financial Instruments or categories of Financial Instruments, in case of serious technical malfunction or other exceptional circumstances;
 - (c) require of System Participants the provision of data and information, and the transmission of documents relevant to the proper functioning of the System;
 - (d) for the sole purpose of verifying a System Participant's correct use of the System, carry out inspections at its premises.
4. Other than as is necessary for computerised, screen-based trading, as required by a court of competent jurisdiction or a regulator having due authority, and for the provisions of Articles 15





(Settlement of Contracts), 17 and 19 (Information), the Company shall keep confidential all information acquired in the course of its activities of managing and monitoring the System. Information available on the System shall only be accessed via special passwords assigned by the Company to System Participants.

Article 21: Sanctions

1. A System Participant which is in breach of one or more of the undertakings contained in Article 7 or the Annexes shall be subject to the following sanctions, depending on the nature and seriousness of the action and of any previous breaches committed:
 - (a) a written censure;
 - (b) a fine of between Euro 2,000 and Euro 20,000;
 - (c) suspension from trading on the System for a period of not more than two months;
 - (d) removal from the list of System Participants.In imposing sanctions, the Company after consultation with the Committee will act fairly and in a non-discriminatory manner.
2. If a System Participant has been subject to one of the sanctions referred to in paragraph (a) or (b) of Article 21.1 for breach of any of the said undertakings, and further breaches any of said undertakings within a period of six months thereafter, that System Participant shall be suspended from trading on the System for a period of not less than ten Trading Days following the further breach.
3. The sanctions referred to in Article 21.1 shall be adopted in the name of and on behalf of the Company at the conclusion of the proceedings referred to in Article 22 by the Committee.
4. The Committee shall decide by majority vote of its members. No person who holds an administrative, managerial or supervisory position with a particular System Participant or is linked to a particular System Participant by a consultancy relationship shall participate in decisions on cases involving the conduct of that System Participant.
5. A System Participant that has been removed from the list of System Participants may, at the discretion of the Company, be re-admitted to the System pursuant to a new application under Article 6, but not before one year has elapsed from the date of notification of said removal.

Article 22: Procedure for the application of sanctions

1. When the Committee is of the opinion that a System Participant has breached any of the undertakings referred to in Article 21.1, it shall communicate to the System Participant a written notice describing the breach with which it is charged and inviting it to submit an explanation to the Committee.





2. Within ten days (or five days if the breach is of the undertaking contained in Article 7.1(b)) of the communication of the notice referred to in Article 22.1, the System Participant may file with the Committee a written response and explanation and may request a hearing.
3. Once the filing deadline referred to in Article 22.2 has expired, the Committee, having heard the System Participant involved if so requested, and examined any documents filed, shall adopt one of the sanctions referred to in Article 21.1, if it considers that the breach of which the System Participant is charged has in fact taken place; otherwise, it shall declare the sanction proceedings concluded.
4. The decision pursuant to Article 22.3 shall be communicated in writing to the System Participant involved.
5. A decision pursuant to Article 22.3 that orders the application of a sanction shall specify the form by which such decision shall be publicised, including at least electronic notification through publication on the System. Such publicity can be omitted when the sanction applied is that of written censure only.
6. Without prejudice to the provisions of Article 9, in all cases in which it is considered by the Committee to be necessary in order to safeguard the System and its correct and reliable functioning as well as in cases of special urgency, when there are reasonable grounds to believe that a System Participant has committed a serious breach, the Committee will so advise the Company and the Company may order, as a precautionary measure, the immediate suspension of the System Participant from trading. The period of precautionary suspension shall not ordinarily exceed twenty Trading Days. In any event, the preliminary suspension order referred to above shall cease to be effective when the decision taken pursuant to Article 22.3 is communicated to the System Participant.
7. Save as provided by Article 22.6, sanctions shall take effect on the date on which they are communicated to the System Participant by the Committee.





SECTION VII DISPUTES

Article 23: Disputes

1. Upon applying to participate in the System, each System Participant shall agree that all disputes or issues that may arise between the System Participant and the Company in relation to its participation and the acts consequent thereto, including those concerning the application and the interpretation of the Rules, shall be exclusively subject to arbitration under the Rules of the London Court of International Arbitration.





ANNEXES TO RULES OF MTS ISRAEL

Annex A: Selection Criteria

Nominal fixed coupon-bearing and inflation-linked Financial Instruments

- (a) (i) issued by the State of Israel acting through the MoF;
- (ii) with a remaining term of more than 1.25 years at the time of selection; and
- (iii) with an outstanding amount of at least ILS 2 billion.

Annex B: Minimum Trading Quantity

1 million ILS for spot contracts; and 5 million ILS for repurchase contracts

Annex C: De-Selection Criteria

- (a) Selected Securities where the remaining term is less than 1 year.
- (b) Such other factors as the MoF or the Committee may consider appropriate

Annex D: Contracts

- (a) Spot buy or spot sell contracts; and
- (b) Repurchase contracts.

Annex E: Trading Hours

The Trading Hours of the System shall be from 09:30 to 17:30, Israel time

Subject to Article 7.1(b), the minimum number of hours in relation to the obligations to make Proposals on the System per Trading Day during the Trading Hours of the System is 5 hours.





Annex F: Quotation/Spread Obligations

Selected Securities issued by the MoF, with fixed nominal coupon:

Maturity bucket	Minimum quote size (ILS million) liquid Selected Securities	Maximum bid/ offer Spread liquid Selected Securities
A (less than 3yrs)	10	10
B (3+ - 6yrs)	10	15
C (6+ - 13.5yrs)	10	25
10 YrOn-the-Run Securities	10	20
D (>13.5yrs)	5	40

Inflation-linked Selected Securities issued by the MoF:

Maturity bucket	Minimum quote size (ILS million) liquid Selected Securities	Maximum bid/ offer Spread liquid Selected Securities
B (3+ - 6yrs)	5	35
C (6+ - 13.5yrs)	5	50

All market makers are relieved from their quoting obligations on Fridays through Sundays and the system will remain closed

The Committee shall, in its discretion, select and determine certain Selected Securities from Bucket C and Bucket B to be On-the-Run Securities from time to time.





Spread: Expressed in ticks where 1 tick represents 0.01 % of the par value of the Financial Instrument.

Annex G: Allocation of Financial Instruments

All System Participants are allocated all Financial Instruments that are selected as Selected Securities in accordance with Article 3.1.

Annex H: Conclusion of Contracts

Spot contracts:

Applications are made by indicating the quantity and the "exclusion price". The "exclusion price" is the Price up to which the Primary Dealer which sends the Application is willing to execute the contract. The Application is carried out automatically by the System up to the "exclusion price".

The Proposals and Applications are matched by the System until the desired quantity is reached according to a price/time algorithm as follows:

- (a) The "Best Price" is applied;
- (b) Should there be more than one Proposal at the "Best Price", then the matching occurs according to the time when the Proposals were input into the System, with the earliest taking precedence;
- (c) If applying the above mentioned criteria the entire quantity of the Application is not fulfilled, then the closest Price to the "Best Price" is applied and so on until the Application is so fulfilled.

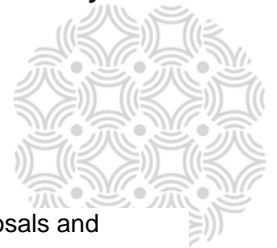
The provisions contained in the preceding section are also to be applied for the conclusion of contracts by the matching of two Proposals.

It is at the discretion of the Primary Dealer which made the Proposal whether or not to accept Applications that are less than the minimum trading quantity.

Repurchase contracts

1. Trades are concluded upon the automatic matching of a Proposal and an Application or using the Request for Quote (RFQ) functionality where the manual acceptance of the terms of the RFQ by the recipient of such RFQ is required in order to execute a repurchase contract.





A trade is deemed to have been entered into at the time the matching of Proposals and Applications is displayed on the System according to paragraph 1. In the event of any dispute arising regarding such display, the time shown in the recordings by the Company shall prevail

3. A Proposal which is partially matched by an Application shall continue to be considered a Proposal for the remaining part thereof and shall maintain the priority originally allocated to it.
4. The following conditions apply to the conclusion of a General Collateral Repurchase Contract:
 - (a) in respect of a General Collateral Repurchase Contract, the Repo Participant which is required to deliver the collateral under the repurchase contract identifying the Financial Instrument in question and notifying the counterparty of the same by means of the General Collateral Repurchase Contract allocation functionality. General Collateral Repurchase Contract trades not entered into at the expiry of the maximum period shall be deemed to have been concluded, and the counterparties are therefore required to execute such trades;
 - (b) the counterparty of a General Collateral Repurchase Contract being bound to accept Financial Instruments with coupon payment falling within the duration of the trade if such Financial Instruments are allocated for the execution of a General Collateral Repurchase Contract; and
 - (c) the Financial Instruments to be delivered for the execution of a General Collateral Repurchase Contract being determined within a maximum period of two hours from the time of the trade.

The Company will monitor the activities of Repo Participants to a repurchase contract to ensure that the System is being utilised in an appropriate manner, particularly regarding the identification of Financial Instruments in a timely fashion.

Procedures to be used in the event that a System Participant is unable to verify on its computer system the contracts executed by it on the System:

In the event that a System Participant is, for any reason, unable to verify on its screen the contracts it has executed on the System, it is possible to obtain the necessary information by taking the following steps:

1. Telephone EuroMTS or MTS Israel who should be able, through its *datafeed monitoring system*, to verify all the contracts executed on the System and therefore the contracts which concern the particular System Participant with such information as the identity of the Selected Security so traded, the quantity, the Price and the time of execution and the identity of counterparty.
2. In the event that EuroMTS or MTS Israel is unable to use its *datafeed monitoring system*, then MTS Group Client Services should be contacted by the System Participant by telephone to provide the necessary information





Annex I: Registration of Contracts

The Company shall create an electronic file in which the data regarding the contracts executed on the System are registered in real time. Each separate contract shall have an identification number, for:

- a) the contracting parties;
- b) type, object and time and date of conclusion of the contract; and
- c) quantity and Price.

Annex J: Settlement Cycle

The settlement cycle will follow the market practice for the relevant Financial Instrument unless determined otherwise by the Committee.

Annex K: Daily Statistics

The list described in Article 17.4 of the Rules shall be compiled at the end of each Trading Day and shall be divided into sections.

The list shall indicate, for each type of Financial Instrument:

- (a) Identification code of the type of Financial Instrument;
- (b) description of the type of Financial Instrument;
- (c) the minimum Price;
- (d) the maximum Price;
- (e) the average weighted Price;
- (f) the volume traded.





Annex L: Trade Cancellation

BILATERAL CANCELLATION REQUEST

Spot and repurchase contracts

Cancellation of trades shall be performed by the Company upon request of both counterparties communicated to the Company via fax and signed by an authorised representative of each of them provided that such communication is received within 15 minutes of the execution of the trade and in any event by 17:30 Israel Time on that Trading Day, unless permitted otherwise at the Committee's sole discretion.

UNILATERAL CANCELLATION REQUEST

Where the trade cancellation request is made by only one counterparty to a trade, the following procedure shall apply:

- a) The cancellation request shall be notified by one of the parties to the Company by telephone or email within 15 minutes of the execution of the trade. In any case it must be confirmed by email. Upon the receipt of the notification the Company shall immediately contact the trade counterparty with respect to such cancellation.
- b) If the counterparty confirms its agreement to such cancellation request within 10 minutes of receipt, the request shall be treated as a bilateral cancellation request and shall be executed by the Company.
- c) In the event that an agreement cannot be reached on the bilateral cancellation of the trade or the counterparty does not respond within such time, the Company will ascertain whether a unilateral cancellation can be performed.
- d) In order to qualify for a unilateral cancellation a trade must be proved beyond doubt to deviate considerably from the Fair Market Value of the security in question at the time of execution.
- e) Ascertaining Fair Market Value
 - i) The Company shall ascertain the Fair Market Value of the security in question by immediately requesting five (5) two-way prices (Proposals) for such security, from a selection of System Participants that are not counterparties to the trade or the subject of the cancellation request, such System Participants selected by the Company in the sole discretion of the Chairman of the Committee (the "Selected Participants").





- ii) The Selected Participants shall respond to a request in relation to Fair Market Value within 10 minutes by return email. iii) The Company will consider the appropriate side of the market (ie bid/offer), then discard the highest and lowest values and calculate the average from the three remaining prices which will determine the Fair Market Value.

f) Once Fair Market Value is ascertained, the trade price in question must also be shown to deviate from the Fair Market Value by the following minimum number of "ticks" or basis points (where relevant) to qualify for unilateral cancellation:

Spot contract trades:

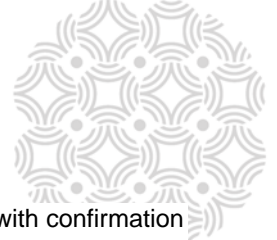
Maturity Rate	Ticks
Bucket A – Less than 3yr	20
Bucket B 3 - 6yr	30
5 yr"On the Run" Securities	30
Bucket C 6 - 10yr	50
10 yr"On the Run" Securities	40
Bucket D Greater than	100

Repurchase contract trades:

Repurchase Contract Type	Term	Basis Points
Specific Contract	1 Week	100
	greater than 1 Week and up to 3 Months	50
	greater than 3 Months and up to 1 Year	25
<u>General Collateral</u> <u>Repurchase Contract</u>	up to 1 Week	20
	greater than 1 Week and up to 1 Year	10

- g) If after following the above procedure, the reported trade in question is proven to deviate considerably from Fair Market Value based on the criteria listed above, the Company will perform the unilateral cancellation of the trade in question.





h) The Company will inform the counterparties to the trade in question via telephone (with confirmation via e-mail) of its decision regarding the cancellation request within 45 minutes from the notification of the trade cancellation request.

The Company shall be entitled to reveal the identities of such counterparties in order to resolve the trade cancellation request, if deemed useful to resolving the trade cancellation request in the sole discretion of the Company.

The Company shall invoke this procedure in order to maintain a fair and orderly market and avoid the unfair penalisation of Participants for genuine errors.

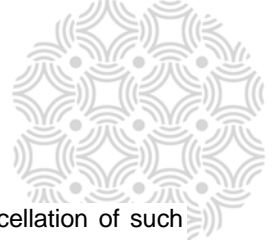
Major Market Incidents

"MMI" means such circumstance relating to the technical functioning of the System as the Board (or the Chief Executive of the Company or his nominated substitute, to whom the Board may delegate), in their sole discretion, shall determine to be a major market incident. Without prejudice to such discretion, regard may be had to such factors as whether:

- (a) the System is inaccessible (or "down") during scheduled trading hours;
- (b) market-making is restricted because, for example, a network trunk is "down" resulting in a material number of Primary Dealers and/or Repo Participants being unable to access the System;
- (c) the technical service level on the System is such that a material number of System Participants cannot safely trade without their being exposed to significant market risks (for example, being unsure of their position, being unable to quote, being unable to see the best Price or seeing erroneous Prices in the best); or
- (d) the security or integrity of the System is compromised, or at imminent risk, or the Company is unable to see or control the System using standard tools.

The period of an MMI shall be from such time as the Board (or the Chief Executive of the Company or his nominated substitute, to whom the Board may delegate), in their sole discretion, shall determine as the time of the first impact on the System of the MMI in question until such time as the Board (or the Chief Executive of the Company or his nominated substitute, to whom the Board may delegate), in their sole discretion, shall determine as the time when the System has been restored to its normal state. Without prejudice to such discretion, it will normally be the policy to take the start time of an MMI as the time of receipt of the initial fault report notification.





If it shall be determined that an MMI has occurred, the Company shall perform cancellation of such trades as the Board (or the Chief Executive of the Company or his nominated substitute to whom the Board may delegate) shall, in their sole discretion, determine are affected by the MMI. Without prejudice to such discretion, it may be determined that (a) affected trades include trades executed outside the period of the MMI, and (b) trades executed during the period of the MMI are not affected by the MMI. The Company may, but is not obliged to, consult with System Participants, whose trades are or may be affected by the MMI.

The Company will, if practicable, inform all System Participants as soon as possible of the occurrence of an MMI. The Company will inform the relevant counterparties, so far as practicable by not later than 18:00 Israel Time on the Trading Day in question, of the trades that are subject to cancellation. The Company will promptly notify System Participants of the end of the period of an MMI.

