

## **Another stock exchange? The Securities Authority has been given authority to establish new trading platforms**

**A bill approved by the Ministerial Committee for Legislation proposes to lay the groundwork for the establishment of a "designated stock exchange" in Israel, among other things, by removing barriers to licensing. The law includes increasing the Authority's supervisory authority over underwriters and distributors, and is intended to enable it to "insure" the risks for the benefit of investors**

Gad Lior

Posted: 03.03.21, 11:31

The Ministerial Committee on Legislation today (Wednesday) approved a bill submitted by Finance Minister Israel Katz that would allow the establishment of new trading platforms, and in fact create a "designated stock exchange." The law includes increasing the Securities Authority's supervisory authority over underwriters and distributors, and gives it the authority to determine the conditions for issuing issues of corporations without business activity, in order to "insure" the risks for the benefit of investors.

The law proposes to lay the groundwork for the establishment of a designated stock exchange in Israel, inter alia, by removing barriers to stock exchange licensing as well as determining the ease of regulation that will apply to corporations whose securities will be listed for trading on the designated stock exchange. The proposal includes the powers that must be given to the Authority to safeguard the interests of the investing public and the soundness of trading. Accordingly, it is appropriate to establish appropriate balances, which will take into account, inter alia, the nature of the activity of a designated stock exchange and the corporations whose securities will be traded on it, its types of clients or the types of securities to be traded on

The bill is intended to update the existing legal situation, among other things, in light of the impact of the technological developments that characterize trading in the world's leading capital markets. These include examples of trading platforms with special characteristics, such as: conducting trading activities digitally using innovative technology or limiting dedicated trading activities to sophisticated investors only.

In January 2020, the Authority issued a call for entrepreneurs interested in setting up digital trading platforms, based on new technologies. In accordance with the conclusions of the committee examining the institutionalization of digital markets in Israel, it was found that these technologies have significant potential to reduce trading costs in the entire value

chain, from the registration and distribution phase to the clearing and custody phase. Following the publication of the call for calls a number of entrepreneurs have expressed interest in examining the establishment of various trading platforms.



Chairman of the Securities Authority, Anat Guetta: "Along with the welcome increase in activity in the capital market, we are constantly on the pulse to update and tighten the basket of supervisory tools to safeguard the interests of the investing public. The Authority is aware of what is happening and is in continuous dialogue with the market, in the places and intersections that require our involvement - we are there to ensure that the parties involved in the issue act in accordance with the law, to protect investors. Our goal is to build protection mechanisms for investors and set a high and stricter threshold for entrepreneurs, in order to reduce the risks involved in these issues. "