Call for applications for a pilot program ("Pilot") with the Israel Securities Authority, its regulated entities in supervised areas

The source text in Hebrew is the binding one. The translation is intended to provide information to the non-Hebrew speaking public, and is not in any way official and/or binding documents

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Arena: Growth Companies

**Extract**

This is a call by the Israel Securities Authority (hereinafter: "**ISA**") and Innovation Authority, to submit applications for a pilot program[[1]](#footnote-2) for Israeli technology companies. Assistance will include access to public MAGNA (Electronic Public Disclosure System) reports' database of the ISA and to the Tel Aviv Stock Exchange trading database (hereinafter: "**The TASE**"). The program will also include professional guidance from the ISA's staff, as well as financial support. Submission through Benefit Track # 2 (sub track 11).

The pilot is designed to help the company grow and enable significant progress in product readiness for commercialization and market penetration.

We invite Fintech Companies that are interested in joining the program, and supervised entities under the ISA who would like to be approached as potential pilot sites, to contact us and register to this program.

**Description**

**Goals**

* Support the growth of Israeli technology companies.
* Streamlining ISA's and its supervised entities activity.
* Positioning the State of Israel and the local markets as innovative in examining and implementing cutting edge technologies and strengthening the relationship between the ISA and the high-tech sector.

**Our offer**

During the Pilot Run in the ISA [[2]](#footnote-3) or its supervised entities, the companies will benefit from:

1. Ability to test their products.[[3]](#footnote-4)
2. Data Access –
3. Historical database of public MAGNA reports with Meta data. Reports in HTML, XML, PDF (if available), XBRL (for the financial statements);
4. The TASE's historical trading data in an API interface or otherwise - subject to coordination with the TASE;
5. Supervised entities data - subject to the consent of the regulated entity and the submission of an LOI to carry out the pilot with it.
6. Ability to run algorithms and adapt technologies and products.
7. Assistance and guidance of the ISA's staff to fit the product for similar clients.
8. Demo the product to target audiences in a real-world environment.
9. Financial support for product and technology customization and demonstration of their implementation (Pilot Demonstration).
10. Exposing the product to the world's leading securities authorities - including through GFIN's activities.[[4]](#footnote-5)

**Challenges on ISA's focus**

**General**

1. Increase accessibility of capital market to diverse populations with optimal matching of the investment to the costumer.
2. Examine the advantages related to the DLT technology regarding the development of trading platforms/stock exchange infrastructure.[[5]](#footnote-6)

**Examples of Challenges**

1. Expanding the TASE and capital market activities.
2. Implementing and encouraging ESG (Environmental, Social, and Governance) investments in order to make it an important tool for investment decisions (for example: rating companies based on their ESG risk management).
3. Promoting the local high-tech sector and enhance its access to the Israeli public capital market.
4. Improving the TASE's liquidity.
5. Reducing technological barriers in developing innovated investment products.
6. Tools designed to make financial regulation accessible to supervised entities and increasing certainty.
7. Overcoming the language barrier when investing or issuing on the TASE.
8. Streamlining and simplifying the ISA's work, with emphasis on management and flow of information, and implementation of automation processes.
9. Improving compliance capabilities and reducing the compliance costs for supervised entities:
10. Tools integrating automation into the reporting processes of the supervised entities.
11. Avoiding reporting errors.
12. Evaluating the efficiency and influence of regulations and enforcement over time:
13. Tools for assessing the effectiveness of financial regulation over time.
14. Measuring the effect of regulation on the scope and nature of activity in the financial markets.
15. Data accessibility:
16. Ensuring access to complex and wide-ranging information found in a variety of internal and external information systems and sources in order to better extract and analyze information, generate alerts and insights.
17. Making information, relevant to the public, available when it is needed, intuitively and efficiently:
* Combining wide ranging and unstructured databases into a unified database that underwent basic processing / analysis and producing initial insights.
* Supervision tools based on advanced technologies.
* Retrieving financial data from company reports without pre-tagging.
* Transmitting relevant and objective information to the public for decision-making.
* Improving the accessibility of financial reports to retail investors in a way that enables them to understand the meaning and impact of the reports.
1. Improving the customer Identification and Verification process (KYC) through digital means.
2. Improving the KYC process through online means with the purpose of identifying the appropriate risk level:
3. Understanding and analyzing investors' needs.
4. Determining the appropriate risk level.
5. Tailor made costumer products – "personal distribution".

1. Defining investors' risk levels in a meaningful and measurable way. The idea is to enable the management of a portfolio within the defined risk level.
2. Increasing public involvement in capital markets activities:
3. Dealing with the decline of retail investors due to sophisticated robotic trading.
4. Combining wider audiences in capital markets activities and new investment channels.
5. Increasing competition in the capital market:
6. Promoting competition among various market participants in the capital market.
7. Eliminating entry barriers to investors, intermediaries, and service providers.
8. Increasing comparability between intermediaries and service providers.
9. Diversifying ways of distribution of products and services such as mutual funds, portfolio management etc.
10. Increasing the effectiveness and efficiency of the monitoring, detection and enforcement processes:
11. Early detection of law breaches.
12. Prioritizing audit topics based on all available information.
13. A dynamic and risk adapted supervision model.
14. Early detection of new products, tools and technologies, and the risks associated with them.
15. Detecting companies on the verge of bankruptcy.
16. Detecting irregular and unknown trading patterns.

Before the deadline for submitting applications, a webinar will be held with representative from the Innovation Authority, and there will be time for questions and answers.

The demonstration sites will be established and operated at the offices of the ISA, at the supervised entity's offices or at the Fintech company's offices.

**Please note: You may apply regarding issues not specified above, as long as they are consistent with and advance the Israel Securities Authority's strategy and duties. Regarding pilots conducted at a supervised entity, no matter the subject, a LOI must be acquired.**

Here are links to a number of projects and major sources of information regarding the activity of the Securities and Exchange Authority:

**Projects**

Rated transition for reporting in IXBRL standard (Hebrew version)

http://www.isa.gov.il/גופים%20מפוקחים/Corporations/Legislation/Paper/Documents/IXBRL.pdf

An appeal for retail broker activity in Israel

<http://www.isa.gov.il/sites/ISAEng/1489/Calls_for_Comments/Documents/Retail_Broker.pdf>

Proposed legislation to amend the Investment and General Counsel Law (Hebrew version)

http://www.isa.gov.il/הודעות%20ופרסומים/175/2019\_message/Pages/ashkaot.aspx

Portfolio management 2.0

<http://www.isa.gov.il/sites/ISAEng/1489/Calls_for_Comments/Documents/Reques_8.4.19.pdf>

Pre-screening phase of the Data Science project (completed) (Hebrew version)

http://www.isa.gov.il/Tenders%20and%20Jobs/Tenders/procurement%20auctions/ended/Pages/DATA\_SCIENCE.aspx

[RFI on Developing of Digital Capital Markets in Israel](http://www.isa.gov.il/sites/ISAEng/1489/Calls_for_Comments/Documents/Developing_of_Digital_Capital_Markets.pdf)

<http://www.isa.gov.il/sites/ISAEng/1489/Calls_for_Comments/Documents/Developing_of_Digital_Capital_Markets.pdf>

Diversify the financing sources of the High-Tech companies and make them accessible for local markets (Hebrew version)

[http://www.isa.gov.il/הודעות%20ופרסומים/KOLKORE/Pages/mismah.aspx](http://www.isa.gov.il/%D7%94%D7%95%D7%93%D7%A2%D7%95%D7%AA%20%D7%95%D7%A4%D7%A8%D7%A1%D7%95%D7%9E%D7%99%D7%9D/KOLKORE/Pages/mismah.aspx)

[Alternative Mutual Funds: Hedge Funds in Trust and Fund of Hedge Funds - Specification of Core Features](http://www.isa.gov.il/sites/ISAEng/1489/Calls_for_Comments/Documents/HedgeFundsSpecifications.pdf)

<http://www.isa.gov.il/sites/ISAEng/1489/Calls_for_Comments/Documents/HedgeFundsSpecifications.pdf>

**Information sources**

Israel's Securities Authority website - www.isa.gov.il

ISA strategic plan

<http://www.isa.gov.il/sites/ISAEng/Documents/Strategy_Plan_F2.pdf>

The Authority's 2019 annual report

<http://www.isa.gov.il/sites/ISAEng/1489/1512/Documents/ISA_ENG_AnnualReport_2019_ONLINE_Final.pdf>

The Authority's 2019 financial report (Hebrew version)

http://www.isa.gov.il/הודעות%20ופרסומים/Reports/4291/Documents/FinancialReports2018.pdf

Report of the Brokerage Competition Committee (Hebrew version)

<http://www.isa.gov.il/%D7%94%D7%95%D7%93%D7%A2%D7%95%D7%AA%20%D7%95%D7%A4%D7%A8%D7%A1%D7%95%D7%9E%D7%99%D7%9D/175/2019_message/Pages/EITONOT060819.aspx>

Report of the Commission for the Establishment of a Secondary Stock Exchange

<http://www.isa.gov.il/sites/ISAEng/1489/1513/Documents/Final_Report_short_version.pdf#search=secondary>

Report of the Commission for the Examination and Regulation of Cryptographic Currency Issues -

<http://www.isa.gov.il/sites/ISAEng/1489/1513/Documents/DOH17718.pdf>

Financial reports of the Exchange 2019

<https://maya.tase.co.il/reports/details/1285605/2/0>

Annual Stock Exchange Review

<https://info.tase.co.il/heb/statistics/annualreviews/Pages/annualreviews.aspx>

**For details on how to apply for voice calling on this track, click here**

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Technological: Ishay Green 076-8160436; i.green@tase.co.il

1. Pilot Program - An experimental model to test the feasibility / proof of concept of existing technology in a work environment that simulates the target market. **Products submitted under the program in this track must be ripe for running and without significant R&D content**. [↑](#footnote-ref-2)
2. Subject to examination of the pilot's compliance with the Securities and Exchange Commission. [↑](#footnote-ref-3)
3. Subject to the submission of an LOI from the Supervised entity. [↑](#footnote-ref-4)
4. [Link](https://www.fca.org.uk/firms/global-financial-innovation-network) [↑](#footnote-ref-5)
5. In this regard, see link to the call published by ISA from January 2020 under "projects" in the end of this document. [↑](#footnote-ref-6)