



Procedures of Benefit Program No. 10 - Establishing R&D Laboratories and Information Databases and Making them Accessible to the Industry

1. General

- 1.1 According to the provisions in Section 22.2 to the Benefit Program No. 10 - Establishing R&D Laboratories and Information Databases and Making them Accessible to the Industry (hereinafter: "**The Benefit Program**") these procedures are an integral part of the Benefit Program. If there is a conflict between the provisions in the Benefit Program and these procedures, the provisions in the Benefit Program will prevail.
- 1.2 The phrases in this document are as defined in the benefit program, unless explicitly stated otherwise.

2. Application of the Israel Innovation Authority's General Procedures

Applications that are submitted in the framework of the Benefit Program will be subject to the Israel Innovation Authority's General Procedures provisions detailed hereinafter, subject to changes detailed in Section 3 to this procedure:

- 2.1 Procedure 200-01 - submitting applications to receive benefits and approval thereof.
- 2.2 Procedure 200-02- Managing the Monetary System and Submitting performance reports.
- 2.3 Procedure 200-03 - Reporting and Payment of Royalties Procedure.
- 2.4 Procedure 200-04 - Intellectual Property Procedure.
- 2.5 Procedure 200-06 - Approvals and Special Requests Procedure.
- 2.6 Rules relating to advance payments and the amounts thereof.
- 2.7 Termination of Performance, Suspension and Cancellation of an Approved Program Procedure

3. Specific Provisions to Apply to Applications Submitted by Virtue of the Program

- 3.1. According to the Benefit Program provisions, the provisions in Section 3 hereinafter will apply to applications of the group of users and industrial corporation, as applicable. Furthermore, an application that is submitted by an entrepreneur or Application Company will be subject to the provisions applicable to an industrial corporation, unless explicitly stated to the contrary.
- 3.2. **Submitting the Application:**
 - 3.2.1. The application will include the documents detailed in Procedure 200-01 above, that must be downloaded from the Innovation Authority's website.
 - 3.2.2. You must specify in the application form the work plans and the scope of the budget required in relation to each one of the years in the requested program.
 - 3.2.3. You must specify in an excel spreadsheet the expenses budget for the requested performance period in the file for which the application is submitted.
 - 3.2.4. The Applicant is entitled to attach to its application additional documents at its discretion.
 - 3.2.5. When the Applicant is a group of users, not yet completed its incorporation process, the provisions detailed below will apply as well:
 - (א) When the Applicant is a group of users not yet completed its incorporation process, the submission must be made with the identity number of the representative of the group of users.

- (ב) According to the program period determined in Section 7.1 to the Benefit Program, the application form must refer to two separate period of time: the first period of up to 36 months will be defined to characterize the establishment of the infrastructure's equipment and the second period will be defined for the ongoing operation.

3.3. The Performance Period:

As a general rule, the date the performance period starts for an approved plan will be the first day of the calendar month in which the application was approved by the Research Committee. Nonetheless, the Research Committee may, for reasons it must detail, determine an earlier date (bearing in mind the date the Applicant requested in the framework of the Application), and in any case not before the date the application was submitted by the Applicant.

For the avoidance of doubt, it is clarified that the provisions above do not derogate from the Research Committee's authority to determine a date that is later than the first of the calendar month in which the application was approved by the Research Committee, and this for reasons to be specified by it.

3.4. Examining the Application:

- 3.4.1. In the framework of the examination process and as necessary, individual meetings will be conducted with all or some of the members of the Users group/ the entrepreneur / the industrial corporation/ the Application Company, in the framework of which the principles of their applications will be presented. It is clarified that during the course of the examination process, the Users group, the industrial corporation, the application company or the entrepreneur, as applicable, must remit additional information and/or documents, upon demand.
- 3.4.2. For applications that are remitted for review by an expert evaluator, the meetings will be coordinated between the expert evaluator on behalf of the Innovation Authority and the contact person of the Applicant, according to the details stated in the application documents. When referring to a Users group, the contact person will remit the details about the meetings to all the members in the users group.

3.5. The Research Committee's Decision:

If the application is approved by the Committee, it will determine dates for the submission of the technology status reports by the approval recipient during the course of performing the approved plan. Those reports will include, *inter alia*, a report referring to the scope of use and income for every use made of infrastructure equipment, compliance with goals status or changes in the infrastructure goals plan. Submitting the reports according to the dates determined by the Research Committee constitutes a condition precedent to transferring payment of the Innovation Authority' grant.

3.6. The Approval Recipient Operating the Approved Program:

- 3.6.1. Before issuing an approval letter by the Innovation Authority, the approval recipients who are an industrial corporation (in the event the requested budget for the program period (and all of the files therein) is for at least 10 million NIS), application company or entrepreneur, they will incorporate as an industrial corporation and will furnish to the Innovation Authority a copy of their certificate of incorporation. It is clarified that furnishing a certificate of incorporation constitutes a condition precedent to operating the file.
- 3.6.2. Before issuing an approval letter by the Innovation Authority, the approval recipient who is a Users group will incorporate as an industrial corporation and will furnish to the Innovation Authority a copy of its certificate of incorporation and the partners agreement (as stated in Section 2.3 to the Benefit Program). It is clarified that furnishing a certificate of incorporation constitutes a condition precedent to operating the file.

3.7. Advance Payments:



- 3.7.1. After operating the file, the approval recipient who is a Users group will be entitled to an advance payment of a rate of 10%, 20% or 35% of the approved grant, subject to the Committee's decision and for reasons to be noted.
- 3.7.2. After operating the file, the approval recipient who is a Users group will be entitled to an advance payment of a rate of or 35% of the approved grant, subject to the Committee's decision and for reasons to be noted.

3.8. Approved Expenditure and Reporting by an Approval Recipient who is an Industrial Corporation and/or Users Group:

In addition to the provisions in Procedure 200-02, the recognized expenses will be subject to the changes detailed hereinafter:

It is clarified that expenses will be recognized for establishing and accessibility of the infrastructure equipment, to provide a solution to a variety of users of the infrastructure equipment (rather than a solution for just a single user).

3.8.1. Manpower:

As a general rule, expenses for this section will be approved for activity related to the establishment of the R&D infrastructure (including assimilation and adjustments of the necessary infrastructure equipment and R&D) and/or its regular operation, not for the purpose of rendering services to users of the infrastructure equipment (including the cost of wage require to qualify the infrastructure equipment operation team).

3.8.2. Equipment and Designated Equipment:

The costs for purchasing and/or establishing the infrastructure equipment to perform the R&D, to be defined as a 100% use rate for the purposes of the approved program, as a general rule will be classified as designated equipment with respect to the recognition date of the expense as detailed hereinafter:

- 3.8.2.1. Purchase of designated equipment expenses, solely to serve the approved program will be recognized on the date it was purchased and such equipment will be earmarked as such.
- 3.8.2.2. Notwithstanding the above, in exceptional cases in which the submitter knows in advance that the equipment will serve additional activity other than the approved program, the submitter will enter the cost of the equipment at a rate that is the same as the rate of use of the equipment for the purpose of the approved program.
- 3.8.2.3. The Research Committee has authority to decide what will be done with the equipment after completing use thereof, or upon the approved program being terminated including instructing that it be transferred to a third party.

3.8.3. Expenses for activities relating to adjusting the product and market validation will not be recognized.

3.8.4. Marketing:

- 3.8.4.1. Expenses for activities to make the infrastructure accessible to customers including establishing a designated website, building and operating a branding strategy, and business development of the infrastructure (including conducting studies and market polls as well as potential target audiences mapping), producing and participating in conventions, events and exhibitions in Israel and abroad, etc.
- 3.8.4.2. It is clarified that campaign, mailing, purchase of media, marketing manpower (except business development manager), fees or any expense relating to marketing activity focused on customer or group of customers will not be recognized.

3.8.5. Miscellaneous:

- 3.8.5.1. Overhead expenses that are recognized (including overhead expenses as specified in Manpower section) as stated in Procedure 200-02 above, will not exceed the actual overhead expenses of the Corporation.
- 3.8.5.2. Rent and adjustment of the physical infrastructure will be recognized for the approved program purposes only, this for a period to commence from the establishment of the R&D infrastructure date and until commercial operation, as determined by the Research Committee.
- 3.8.5.3. Legal advice expenses will be recognized.
- 3.8.5.4. Expenses relating to regular maintenance and operation of the infrastructure equipment will be recognized. It is clarified that additional expenses deriving from use of the infrastructure equipment for the needs of a specific project will not be recognized.
- 3.8.5.5. Expenses for holding seminars for the purpose of which is directing the corporation/ users group activity and/or enriching know-how and training of corporation members /Users group in the relevant technology fields will be recognized.

3.9. **Approved Expenditure and Reporting by an Approval Recipient who is a Users Group:**

In addition to recognizing the expenses stated in Section 3.8, this section will only apply to expenses of a Users group that was incorporated.

Organizational expenses before establishing a Users group actually expended by one of the users group members for external advice solely for professional support, will be recognized with the Committee's approval in advance and up to a cap of 25,000 NIS. A request for approval of those expenses can be submitted once and during the course of the first approved performance period of the users group. Those expenses are to be entered in the 'miscellaneous' sheet.

3.10. **Requests for Changes in an Approved file of an Approval Recipient who is a Users Group:**

In addition to the provisions in Procedure 200-02 above, the Users Group will be entitled to submit up to two requests for changes, during the course of the approved period (excluding the changes request permitted during the course of closing the file).

3.11. **Request for Further Performance:**

- 3.11.1. Commencing from the first month of the last quarter in the first performance period approved by the Research Committee, the Users Group / industrial corporation will be entitled to submit a request for further performance to maintain continuous performance of the infrastructure operation.
- 3.11.2. Nonetheless, the Innovation Authority will be entitled to announce that submitting requests for continued performance will be submitted by a given date, to be published in advance.

3.12. **Changing composition of the Users group during the course of performing the approved program:**

Terminating/ Adding Members in the Users Group:

A member of the Users Group requesting to join or terminate its membership in the Users Group, or the termination of its membership in the Users Group was requested by the Research Committee or who requested to transfers its shares in a corporation during the course of the approved program period, must satisfy its undertakings toward the Users Group and/or the other members in the Users Group and/or the corporation as detailed in the partners agreement. It is clarified that the termination or joining as a member in the Users Group or change in shareholders of the corporation is contingent upon receiving permission to do so from the rest of the members of the Users Group and approval of the Research Committee.

3.13. Reporting Uses After Establishing the Infrastructure Equipment:

Upon starting operation of the infrastructure equipment, and as determined by the Research Committee, every 6 subsequent months and for 5 consecutive years, the approval recipient will submit a usage of the infrastructure equipment report.

The report will be submitted to a designated email address to be specified on the Innovation Authority's website, and will include, *inter alia*, reference to the following sections:

- a) Details of the corporations that have made use of the infrastructure equipment;
- b) Nature of the use made by the corporation of the infrastructure equipment;
- c) The amount collected from the corporations for use of the infrastructure equipment and details whether those amounts were funded in the framework of one or more of the benefit programs of the Innovation Authority (the file No. of the Innovation Authority);
- d) The extent of use of the infrastructure equipment or scope of use thereof (as applicable);
- e) Period of use of the infrastructure equipment.

3.14. Reporting Demands of Users of the Infrastructure:

It is determined in the framework of the RFP that the approval recipient must give a discount to the customers defined by the Innovation Authority, and if the demand of those customers exceeds the capacity as defined that it must provide at a discount during the course of a given period, , the approval recipient will submit once a period (as defined in the RFP) a detailed report on the demands for use of the infrastructure including: names of the customers, identity numbers, names of the requested projects and the total resources requested by them.

The report will be submitted no later than the 5th of the month, for the preceding calendar month, through the personal area in the online membership system at <https://my.innovationisrael.org.il/messages>

4. Commencement and Application

This procedure shall commence on the ___ day of ___, 5784, __, of ___, 2024 (hereinafter: "**The Commencement Day**"). The provisions in this procedure shall apply to applications that are submitted after the Commencement Day.

The Procedure of benefit program number 5, sub program 2 - R&D infrastructures for industry - developing technology infrastructures, commercialization and applied research in academia and in industry, will continue to apply to applications submitted up to the commencement day.

*The above translation is intended solely for the convenience of the reader. This translation has no legal status and although every effort has been made to ensure its accuracy, the National Technological Innovation Authority does not assume any responsibility whatsoever as to its accuracy and is not bound by its contents. **Only the original Hebrew text is binding**, and reader is advised to consult the authoritative Hebrew text in all matters which may affect them.*