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Recent Amendments to Companies Law Regulations Make Doing Business in Israel More Friendly

As part of a trend to make it easier to do business in Israel, the Israeli government recently adopted amendments to regulations under the Israeli Companies Law.

Israeli companies whose shares are listed for trading on Nasdaq or the NYSE can now, subject to certain conditions, opt out from the Israeli Companies Law requirements to appoint “external directors” and the rules regarding the composition of its audit committee and compensation committee. Opting out would also relieve the company from the Israeli Companies Law restrictions regarding who can participate in meetings of the audit committee and compensation committee, limitations on directors’ compensation and other matters. In order to opt out, the company cannot have a controlling shareholder, as defined under Israeli law, and must comply with U.S. rules (including NYSE/Nasdaq rules) applicable to domestic U.S. companies with respect to the appointment of independent directors and the composition of the audit and compensation committees. The amendment is based upon the principle that Israeli public companies should not be subject to additional burdens if the laws of the country where its securities are listed for trading provide adequate protections to investors.

In addition, commencing May 17, 2016, companies will be permitted to file their articles of association and documents creating security interests in English with the Israeli Registrar of Companies. The English document must be accompanied by a convenience translation in Hebrew.

**For further information on these developments,
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