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The EU salutes Israel's financial regulators

The Israeli Securities Authority (ISA) has become the first non-EU regulator to receive full EU recognition. The announcement followed a new framework, recently published by The European Securities and Markets Authority (ESMA), allowing non-EU member country issuers to meet the EU's Prospectus Directive (PD). ESMA has confirmed that "Israeli issuers may list their prospectus for shares on any EU regulated market, on the basis of a prospectus drawn up in accordance with Israeli regulation...enabling EU investors to continue to enjoy equivalent level of protection".

The Chairman of ISA, Prof. Zohar Goshen, said that "the Israeli market has taken an important step forward in facilitating the access to funding for Israeli companies in Europe". In order to help Israeli issuers deal with the practicalities of entering EU markets, The ISA will seek to complete a series of bilateral MoU's with various EU national regulators, beyond the ones already signed. In recognition of remaining differences with the PD regime, the new ESMA framework allows a third country issuer to have a "wrap" added to its initial prospectus, "so that the resulting document meets the requirements of the PD."

The Chinese are coming

The China National Chemical Corporation ("ChemChina") and Israel's Makhteshim-Agan Group have announced a merger. The National Development and Reform Commission of China (NDRC) have added their stamp of approval. Makhteshim-Agan (TASE:MAIN) is the world leader in branded off-patent crop protection solutions. With sales of US\$2.37 billion in 2010, the company ranks seventh in global agrochemical groups and controls a global market share of 5%. ChemChina's assets are worth a net total of 158.6 billion yuan (US\$24.2 billion), with a business income of 130 billion yuan (US\$19.8 billion). ChemChina ranks 19th among the world's Top 100 Chemical Corporations and 28th in the list of China's Top 500 Enterprises.

Fancy buying a port?

The Israeli Government Companies Authority has announced the prequalification stage for bidders who wish to buy its holdings in the Port of Eilat. The government plans to sell its entire stake in the Eilat Port Company Ltd. to a private franchisee for an estimated NIS 100 million. An initial 15 year operating concession is being offered, to be followed by a further 10 year option.

Eilat is the gate for 45% of Israel's vehicle imports and handles much of Israel's export of chemicals to the Far East. It is Israel's only port on the Red Sea, thereby offering access to and from Asia while bypassing the Suez Canal. The Government intends to complete the bidding process by the end of 2011, using a multi-stage process.

Wealthy Israelis seek advice

Another evidence for the expansion of wealth in Israel: The second annual Family Office &

Wealth Management Conference was held in Tel-Aviv earlier this month. This invitation-only event provided a meeting place for the Israeli high net-worth individuals and the fast growing wealth management & family office community. The conference covered such issues as single vs. multi-family offices, building the next generation, philanthropy, investment philosophies, asset allocation models, legal and accounting issues in the life of the family, taxation strategies, etc. Among the presenters were many international players in the asset management industry, including Morgan Stanley, Deutsche Bank, Withers LLP, Schroders, GAM, UBS Wealth Management, and Barclays Wealth.

Property investments in London

On late March the British Ambassador Mr. Matthew Gould hosted an extensive presentation at his residence entitled "Ins and Outs - Real Estate Investments in London and in the regions", co-sponsored by the Israel-Britain Chamber of Commerce. A 100-strong audience has listened to words of wisdom from UK-based firms such as Rhodivs Partners, Greenridge, Salans, DTZ and BDO. The Israeli perspective was provided by Gadi Ben-Haim, head of Real Estate, Harel Insurance. The bottom line: look for growing number of opportunities in the UK for Israeli institutional investors, largely helped by the strength of the Shekel against the Pound. Ben-Tovim Consultant Ltd. cannot agree more; hence our new cooperation agreement with Evans Randall, which arranges finance for, underwrites and directly invests in real estate in the UK and Western Europe.

News in brief

- **Facebook** has acquired the Israeli startup Snaptu, a creator of simple mobile applications for feature phones, for an estimated \$70 million. Snaptu was founded in 2007 as Mobilca and has been funded initially by Sequioa Capital and Carmel Ventures. It maintains offices in Tel-Aviv, London and the Silicon Valley.
- **Paz Oil Group** is about to purchase a Gas turbine from Rolls Royce for an estimated \$60 million. It will serve the second private power station that Paz is expected to complete near Haifa by the end of 2012. The first station, which began producing electricity on 2009, is also powered by a Rolls Royce turbine.

Market Watch: Israeli banks in London

The financial crisis of 2008-9 has left the 5 Israeli banks in London in relatively good shape. They have certainly enjoyed the stability of their parent companies in Israel; and to great extent their involvement in the UK property space was hurtful but not detrimental. Yet they are facing a changing regulatory environment in the UK and find themselves at a crossroad on redefining their target market segments, product mix and organizational structure. A good example is FIBI Bank (UK) plc, a wholly owned subsidiary of the First International Bank of Israel Ltd (FIBI), Israel's fifth largest banking group. They are believed to be struggling whether it makes sense for them to remain a UK regulated bank (like Bank Leumi (UK) plc, or will they be better off by following the other Israeli banks who operate in the UK as branches, thereby exposed to less demanding regulation. Other banks are also expected to go through soul searching as a result of new senior appointments in either their Israeli head offices or London branches.

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- **A Very Happy Passover and Easter season to all my devoted readers**
 - **Greetings to Celia and Ambassador Gould on the occasion of the birth of their daughter**
 - **... and to the new Royal couple – a big Mazel Tov!**
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