

## **Enhanced *Heter Iska* Deed**

### **Definitions**

**"Financial Transaction"** – All types of credits and deposits, including debits, commitments, guarantees, mortgages, savings, issuing of shares and bonds and trading in them, including brokerage, trust and agent activities and transactions performed by the Company, including any other activity to which the Company is a party. **"Terms of the Financial Transaction"** – are not set forth in this Deed but rather in a separate agreement entered into between the two parties to the Financial Transaction.

**"The Receiver"** – A person or entity, including a corporation and company of any kind, and/or their agents which receive money or the equivalent of money as part of a Financial Transaction.

**"The Depositor"** – A person or entity, including a corporation and company of any kind, and/or their agents which give money or the equivalent of money to the Receiver as part of a Financial Transaction.

**"The Company"** – Kimfo Financial Strategies Ltd. In certain transactions the Company may be defined as a Receiver and in others as a Depositor.

**"Interest"** – An amount which the Borrower pays back in addition to the principal amount of the Loan, and without derogating from the generality of the aforesaid, including compound interest.

**"Deposit"** – A part of the "Loan" and a part of the assets and business activities of the Receiver, which according to the terms of this Deed is not owned by the Receiver but rather it is responsible for it as a paid bailee. The Depositor bears the profit or loss incurred on the deposit, where a part of the profit, as agreed between the parties, is given to the Receiver as a fee for its involvement in the investment.

**"Iska"** – A *halachic* term meant to express a type of transaction between the Depositor and the Receiver, and whose purpose is to allow the Depositor to receive profits from its investment without violating the prohibition regarding interest. In this transaction, a part of the "Loan" is defined as a loan which is returned on the repayment date exactly as it was received, irrespective of whether the Company profited or lost. Another part of the "Loan" is defined as a Deposit.

### **Preamble**

**The Preamble** to the Deed and **the Definitions** constitute an integral part thereof. **The Headings** in the Deed are intended to make it easier to read, are not binding and do not constitute an integral part thereof, in any respect.

**Whereas** the Company's management does not want to violate the prohibition against Interest; and

**Whereas** the Company wants all of its business activities, including those in which Interest is mentioned, shall be in accordance with Israeli law; and

**Whereas** the Company authorized the undersigned to decide and to sign on behalf of the Company on the Deed;

**Therefore**, the undersigned hereby declares and undertakes on behalf of the Company, including all of its branches, as follows:

1. **Defining the Loan as an *Iska* and a Deposit**

- a. Any Financial Transaction which contains a hint of interest of any prohibited type, and even if the term interest or compound interest is mentioned therein, shall be held by the Receiver under the *Iska* designation, as defined in the Preamble of the Deed. In addition, it is agreed that the portion of the Receiver shall be half of the profit, and if there will be a loss, the Receiver shall bear 30% of it and the Depositor shall bear 70%. In cases where it is reasonable to assume that the amount that the Receiver will have to pay in accordance with this distribution will be less than the terms of the Loan, the entire Loan will be held by the Receiver as a Deposit, where the portion of the Depositor in the profit is 90% and the portion of the Receiver is 10%.
- b. The Receiver will use the amount of the Financial Transaction funds towards all of its good business activities and assets, which are permissible and of the finest quality, whether in its existing business activities or its future business activities and assets.
- c. In any event, including an instance where the Financial Transaction funds are not taken for the purpose of investment and trade, the Receiver grants to the Depositor a portion of all of its good business activities, which are permissible and of the finest quality, whether those existing or those purchased henceforth, by appraisers whose identity will be determined by the Company. Therefore any profit generated for the Receiver from the above assets and business activities, whether those existing or those that will exist until the return of the funds, shall be deemed as profit from the *Iska* and/or the Deposit. All of the purchases and acquisitions made from the Financial Transactions funds shall be made for the benefit of the Depositor in the most effective manner in accordance with Jewish *halacha*.

2. **The Default Option– The Agreed Upon Terms of the Loan**

- a. In order to fulfill the obligations of the Receiver set forth above (Section 1.a.), the Receiver may pay to the Depositor the amount agreed upon between them as part of the terms of the Financial Transaction, and without derogating from the generality of that set forth, including a proportional rate of the Financial Transaction, including various linkage differentials, subsidies and one-time bonuses.
- b. If the Receiver pays the above amounts to the Depositor, it will be exempt from the proof and oath requirement as set forth below (Section 3) and the balance of the profit will belong to the Receiver alone.

3. **The Required Evidence**

- a. The Receiver must prove that it acted and conducted itself honestly with the Financial Transaction funds, in accordance with the terms of this Deed, and will not be reliable regarding that except by a strict oath in accordance with Jewish law. Likewise, it will not be reliable regarding the profit or absence of profit, except by a strict oath in accordance with Jewish law, and regarding a loss of principal it will not be reliable except with two fit and reliable witnesses in accordance with Jewish law.

- b. If the Receiver does not prove in the manner set forth above that the amount according to the terms of the Financial Transaction (referred to in Section 2.a. above) is different from the amount according to the terms of the *Iska* and/or the Deposit (as set forth in Section 1.a. above), it will be obligated to pay the amount defined according to the terms of the Financial Transaction.

4. **Validity of the Deed**

- a. This Deed applies to every Financial Transaction which the Company enters into with the Depositor or the Receiver.
- b. This Deed is accepted as a final and binding resolution by the Company's management, in accordance with the power and authorization that it has on behalf of the Board of Directors, and this resolution and commitment is valid in the same manner as the other Articles of the Company, and no one is permitted to enter into a Financial Transaction on behalf of the Company which violates the Interest prohibition.
- c. It is explicitly stipulated that even if for some reason the Depositor or the Receiver was not aware of this *heter iska*, or did not even know the meaning of a *heter iska*, the terms of this *heter iska* will apply, since according to a resolution of the Company, it shall not be involved with a Financial Transaction which violates the Interest prohibition, and any party dealing with the Company – does so according to the Company's Articles.
- d. The terms of this Deed shall also apply, as soon as it becomes possible, to Financial Transactions entered into prior to the signing of the Deed, subject to *halacha*, Israeli law and the rules of the Stock Exchange. If it becomes clear that these laws and rules prevent the applicability of the Deed to these Financial Transactions, it shall not derogate from the validity of the Deed in relation to Financial Transactions which will be entered into henceforth.
- e. The Company's management hereby declares that this Deed is binding in any legal proceeding and in any judicial forum.
- f. To remove any doubt, nothing in this Deed is to determine or influence the choice of the judicial forum in which disputes in reference to this Deed will be settled.

And for the purpose of validating all of that set forth above, we write this Deed and make this resolution known to the public.

In Witness Whereof, we have signed in accordance with the authorization which we were granted by the Company's management.

25 Tevet, 5778

DATE

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KIMFO FINANCIAL STRATEGIES LTD.

SIGNATURE AND STAMP

We the undersigned, hereby confirm that the above *Iska* Deed was signed in accordance with the authorization which was granted by the Company's management to the said signatories, and it is valid.

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25 Tevet, 5778

DATE

KETER INSTITUTE FOR ECONOMICS IN ACCORDANCE WITH THE TORAH

Presided over by the Honorable Rabbi Z. N. Goldberg, *Shlita*

SIGNATURE AND STAMP