



## Letter from the Chairman of the Remuneration Committee

17 December 2018

**Registered Office:**

Matam, Building 25  
Haifa 3190500  
Israel

Dear Shareholders:

### Extraordinary General Meeting of Shareholders

I am pleased to be writing to you with details of the Extraordinary General Meeting of Plus500 Ltd. ("Plus500" or the "Company"), which we are holding at Liberum Capital, Level 12, Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY, on 21 January 2019, at 10.00 a.m., where shareholders are being asked to approve new remuneration arrangements for our Executive Directors and Non-Executive Directors.

The formal notice of the Extraordinary General Meeting is set out on pages 3 and 4 of this document.

The current remuneration arrangements for our Executive Directors were put in place when Plus500 was an AIM listed company and have previously been approved by the Company's shareholders. As a company incorporated in Israel, all changes in director remuneration are pre-approved by shareholders. Following the exceptional growth over recent years and the Company's move up in June 2018 from AIM to the premium list of the Main Market of the London Stock Exchange and the Company's inclusion in the FTSE 250 Index, the Remuneration Committee considered that it is appropriate to change the current remuneration arrangements and move towards a structure more in line with investor remuneration guidelines and developments in best practice. While the Company is incorporated in Israel and subject to local remuneration guidelines, the Remuneration Committee has developed a new remuneration structure which is sensitive to the UK listing environment and associated corporate governance best practice where appropriate.

In order to adapt the remuneration structure to ensure that it meets the needs of Plus500, the Remuneration Committee consulted with PwC's UK based remuneration practice, and have together created a set of remuneration principles to provide a framework from which to develop a robust remuneration structure.

Under this framework, the Remuneration Committee is proposing a structure that will transition executive remuneration at Plus500 to a more UK governance compliant structure but which remains sensitive to the business needs in retaining and motivating an exceptional management team who are resident in Israel.

In developing the new structure, the Remuneration Committee has focused on the following factors:

- changes to the current structure are not intended to increase the overall remuneration opportunity for the Executive Directors but rather to keep it within a comparable range to current levels which the Remuneration Committee believes is sufficient to retain and motivate the Israel based management team;
- a need to re-balance the current remuneration structure by increasing base salaries to a more competitive level, albeit still lower than comparably sized UK companies, and adopting a more conventional approach to the annual bonus by introducing a cap, set by reference to a multiple of salary. A third of these bonuses will be deferred into cash and shares and paid over three years, with shares being held for an additional two years. A deferral of shares for up to five years from the assessment of the annual bonus supports long-term alignment between executives and shareholders;

- a strong desire to retain certain elements of the package (medium term cash incentive) which is a significant contributor to current and future corporate success;
- the ability for the executive management to own equity in the business for the first time; and
- introducing a new long-term equity-based component to the remuneration structure which, coupled with a partially share settled bonus and the Executive Directors committing to maintaining a shareholding in the Company, will further align the interests of management to that of all shareholders. Share awards granted under the new long-term equity arrangements will vest based at the end of three years based on continuity of employment only but will be subject to a two year holding period post vesting in line with UK Corporate Governance.

The new structure features financial and non-financial performance metrics which support the Company's business strategy and contain key terms which are more in line with corporate governance best practice and support the creation of long-term sustainable value. The Remuneration Committee intends to keep the remuneration structure of the directors under review with a view to moving towards full compliance with UK market corporate governance best practice.

The proposals for the Non-Executive Directors reflect the additional time commitments and governance requirements of a FTSE 250 company and are comparable with peers.

The new proposed remuneration arrangements for the Company's Non-Executive Directors and Executive Directors, as recommended by the Remuneration Committee and the Board of Directors, are set out in the attached Notice of Extraordinary General Meeting and the Explanatory Notes that follow.

## **RECOMMENDATION**

The Directors of the Company consider that all the proposals to be considered at the Extraordinary General Meeting are in the best interests of the Company and its shareholders as a whole and are most likely to promote the success of the Company. The Directors recommend that you vote in favour of all the proposed resolutions.

Yours sincerely,

**Daniel King**

Chairman of the Remuneration Committee



## Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of Plus500 Ltd. (the "Company" or "Plus500") will be held at Liberum Capital, Level 12, Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY, on 21 January 2019, at 10.00 a.m. for the following purposes:

As special business to consider, and, if thought fit, pass Resolutions 1 to 7 inclusive below:

1. To approve an increase to the fees payable to Ms. Penelope Judd for her services as the Chairman of the Company's Board of Directors from £90,000 gross per annum to £150,000 gross per annum effective 1 January 2019.
2. To approve an increase to the fees payable to Mr. Charles Fairbairn for his services as senior Non-Executive Director from £75,000 gross per annum to £120,000 gross per annum effective 1 January 2019.
3. To approve an increase to the fees payable to Mr. Steven Baldwin for his services as a Non-Executive Director from £54,500 gross per annum to £65,000 gross per annum effective 1 January 2019.
4. To approve an increase to the fees payable to Mr. Daniel King for his services as a Non-Executive Director from £54,500 gross per annum to £65,000 gross per annum effective 1 January 2019.
5. To approve an increase to the service contract fees payable to Wavesoft Ltd. (a company controlled by Gal Haber, the Managing Director and Director of the Company) for Mr. Haber's services as Managing Director and Executive Director from NIS 1,250,000 (plus VAT) per annum to NIS 1,440,000 (plus VAT) per annum, effective 1 January 2019.
6. As required by Israeli law and in accordance with the recommendation of the Remuneration Committee and the Board of Directors, to approve the following remuneration terms for Mr. Asaf Elimelech, the Chief Executive Officer and an Executive Director of the Company:
  - (a) An increase to the service contract fee payable to Mr. Elimelech for his services as Chief Executive Officer and Executive Director from NIS 1,100,000 per annum to NIS 1,700,000 (approx. USD 460,000) per annum, effective 1 January 2019.
  - (b) The payment to Mr. Elimelech of an annual bonus for the year ending 31 December 2019, as set forth in the explanatory notes.
  - (c) The grant to Mr. Elimelech of a share appreciation right in the amount of NIS 2,500,000 (approx. USD 675,000) vesting after two years from the date of grant, with a maximum payout amount of NIS 10,000,000 (approx. USD 2,700,000). Subject to the approval of this Resolution by the Company's shareholders at the Extraordinary General Meeting, the effective grant date of the share appreciation right shall be 31 December 2018.
  - (d) The grant to Mr. Elimelech of an LTIP award with an aggregate value of NIS 1,000,000 (approx. USD 270,000), as set forth in the explanatory notes.
7. As required by Israeli law and in accordance with the recommendation of the Remuneration Committee and the Board of Directors, to approve the following remuneration terms for Mr. Elad Even-Chen, the Chief Financial Officer and an Executive Director of the Company:
  - (a) An increase to the service contract fee payable to Mr. Even-Chen for his services as Chief Financial Officer and Executive Director from NIS 1,100,000 per annum to NIS 1,700,000 (approx. USD 460,000) per annum, effective 1 January 2019.
  - (b) The payment to Mr. Even-Chen of an annual bonus for the year ending 31 December 2019, as set forth in the explanatory notes.

- (c) The grant to Mr. Even-Chen of a share appreciation right in the amount of NIS 2,500,000 (approx. USD 675,000) vesting after two years from the date of grant, with a maximum payout amount of NIS 10,000,000 (approx. USD 2,700,000). Subject to the approval of this Resolution by the Company's shareholders at the Extraordinary General Meeting, the effective grant date of the share appreciation right shall be 31 December 2018.
- (d) The grant to Mr. Even-Chen of an LTIP award with an aggregate value of NIS 1,000,000 (approx. USD 270,000), as set forth in the explanatory notes.

By order of the Board of Directors

**Penelope Judd**  
Chairman of the Board

**Dana Comber**  
Company Secretary

17 December 2018

**Registered Office:**  
Matam, Building 25  
Haifa 3190500  
Israel  
Registered in Israel number 514142140

## **Explanatory Notes:**

Following the recent move-up to the Main Market of the London Stock Exchange in June 2018 and the Company's inclusion in the FTSE 250 Index, the Remuneration Committee and the Board of Directors of the Company (the "Board") have reviewed the remuneration terms of the Non-Executive Directors and the Executive Directors.

**Resolutions 1, 2, 3, 4 and 5.** In accordance with the recommendation of the Remuneration Committee and the Board, Resolutions 1, 2, 3, 4 and 5 propose to increase the remuneration of each of Ms. Penelope Judd, the Chairman of the Company's Board of Directors, Mr. Charles Fairbairn, the senior Non-Executive Director, of Mr. Steven Baldwin, the Non-Executive Director, Mr. Daniel King, the Non-Executive Director, and Mr. Gal Haber, the Managing Director and Executive Director, with effect from 1 January 2019.

**Resolutions 6 and 7.** In accordance with the recommendation of the Remuneration Committee and the Board, Resolutions 6 and 7 propose to adopt new remuneration terms for Mr. Asaf Elimelech, the Company's Chief Executive Officer and an Executive Director, and Mr. Elad Even-Chen, the Company's Chief Financial Officer and an Executive Director.

1. Following the move-up to the Main Market of the London Stock Exchange and the Company's inclusion in the FTSE 250 Index, the Remuneration Committee and the Board have reviewed the remuneration terms of Mr. Elimelech and Mr. Even-Chen, in consultation with a dedicated external remuneration firm, and approved and recommended new remuneration terms for both Mr. Elimelech and Mr. Even-Chen to reflect their substantial contribution to the Company's significant growth in their executive roles. In making its recommendation, the Remuneration Committee considered several factors, including comparable industry data, remuneration data of executive directors of other FTSE 250 companies, data of peer companies in our industry, the responsibilities and duties performed by each of Mr. Elimelech and Mr. Even-Chen and their substantial contribution to the Company's significant growth in their executive roles, the estimation of Mr. Elimelech and Mr. Even-Chen's expected contributions to the future growth and profitability of the Company, as well as certain other factors prescribed by the Israel Companies Law, 5759-1999 (the "Companies Law"), and the Company's Remuneration Policy for Directors and Executives.
2. In accordance with the Companies Law, the remuneration of a Director (such as Mr. Elimelech and Mr. Even-Chen) requires the approval of the Remuneration Committee, the Board and the Company's shareholders. The Remuneration Committee and the Board have approved, and recommended that the Company's shareholders approve, the remuneration terms for Mr. Elimelech and Mr. Even-Chen as set forth in Resolutions 6 and 7.
3. The 2018 remuneration terms of Mr. Elimelech and Mr. Even-Chen, as agreed at the Extraordinary General Meeting of 16 January 2018, comprised of service contract fees, an annual cash bonus with no deferral and the grant of a share appreciation right.
4. The proposed 2019 remuneration terms are comprised of service contract fees, an annual cash bonus with deferral, the grant of a share appreciation right and the grant of an LTIP award.

## **Service Contract Fees**

5. The service contract fees of Mr. Elimelech and Mr. Even-Chen are proposed to increase from NIS 1,100,000 (plus VAT) per annum to NIS 1,700,000 (approx. USD 460,000) (plus VAT) per annum, effective 1 January 2019. The service contract fees have not changed since 1 January 2017.

## **2019 Annual Bonus**

6. Each of Mr. Elimelech and Mr. Even-Chen shall be entitled to an annual bonus for the year ending 31 December 2019 as determined by the Remuneration Committee, consisting of the following:
  - (a) an annual bonus of up to 240 per cent. of the annual service contract fee (NIS 4,080,000 (approx. USD 1,102,000)) shall be payable subject to compliance with profitability criteria (the "Profitability Bonus");
  - (b) an annual bonus of up to 160 per cent. of the annual service contract fee (NIS 2,720,000 (approx. USD 736,000)) shall be payable subject to compliance with regulatory and operational criteria (the "Regulatory Bonus"); and
  - (c) a discretionary annual bonus, in an amount and on payment terms as determined by the Remuneration Committee.
7. Two-thirds of the actual entitlement to the Profitability Bonus and the Regulatory Bonus shall be paid in cash following the approval and release of the 2019 consolidated annual accounts.
8. One-third of the actual entitlement to the Profitability Bonus and the Regulatory Bonus shall be deferred and paid in three equal instalments on 31 December 2020, 31 December 2021 and 31 December 2022 (each, a "Deferred Payment Date"), with 50 per cent. of the deferred amount paid on each Deferred Payment Date in cash and 50 per cent. paid by way of allotment of Ordinary Shares of the Company. The number of Ordinary Shares allotted on any Deferred Payment Date shall be calculated based on the Ordinary Share price at the beginning of the bonus year (i.e., 1 January 2019), as adjusted for dividends.
9. The Ordinary Shares allotted on any Deferred Payment Date shall be subject to a two year lock-up beginning on the applicable Deferred Payment Date. On each Deferred Payment Date, an amount equal to the tax liability for the locked up Ordinary Shares allotted on such Deferred Payment Date shall not be paid by way of allotment of Ordinary Shares and instead shall be paid to the Consultant in cash to fund the tax liability associated with the locked-up Ordinary Shares.
10. The payment of the deferred amounts and the lock-up periods of any allotted Ordinary Shares shall be accelerated in the event of a change of control of the Company.
11. Each cash portion of the deferred amounts shall bear interest at the rate applied by the Israeli Tax Authority from 1 January 2019 through the applicable Deferred Payment Date. The interest shall accumulate and be paid, together with the applicable cash portion of the deferred amount, on the applicable Deferred Payment Date.

### **Share Appreciation Rights**

12. Each of Mr. Elimelech and Mr. Even-Chen shall be granted a share appreciation right in the amount of NIS 2,500,000 (approx. USD 675,000) (the "Base Amount"). Share appreciation rights are a deferred cash incentive subject to continued employment over a two year period and tied to the long term performance of the Company's Ordinary Shares. The share appreciation rights have been used by the Company very successfully since its initial flotation on the AIM in 2013 in order to remain competitive in the Israeli hi-tech market as its primary measure for staff retention.
13. Subject to the approval of the Resolutions by the Company's shareholders at the Extraordinary General Meeting, the effective grant date of the share appreciation rights shall be 31 December 2018 (the "Grant Date").
14. The vesting date of the share appreciation rights shall be 31 December 2020 (two years after the Grant Date) (the "Vesting Date"). In order to be entitled to the payout of the share appreciation right, Mr. Elimelech or Mr. Even-Chen, as applicable, is required to remain engaged by the Company from the Grant Date through the Vesting Date.
15. Subject to remaining engaged by the Company on the Vesting Date, each of Mr. Elimelech or Mr. Even-Chen, as applicable, shall be entitled on the Vesting Date to a cash payment equal to the product of (i) the Base Amount and (ii) the quotient obtained by dividing (x) the average closing price of the Company's Ordinary Shares on the London Stock Exchange (or other market on which the Ordinary Shares trade or are quoted at such time) during the 60 trading days immediately preceding the Vesting Date (the numerator) by (y) the average closing price of the Company's Ordinary Shares on the London Stock Exchange during the 60 trading days immediately preceding the Grant Date (the denominator).
16. The calculation above shall be adjusted upward for cash dividends that holders of Ordinary Shares between the Grant Date and the Vesting Date are entitled to receive, and the vesting of the share appreciation rights shall be accelerated in the event of a change in control of the Company.
17. Regardless of the actual appreciation in the price of the Ordinary Share between the Grant Date and the Vesting Date, in no event shall the payout amount pursuant to the share appreciation right to each of Mr. Elimelech or Mr. Even-Chen, as applicable, exceed NIS 10,000,000 (approx. USD 2,700,000).
18. In the event of a change of control of the Company, the rights shall fully vest in and be paid out immediately prior to the date of the change of control.

### **LTIP**

19. On the third anniversary of the date of the Extraordinary General Meeting (or, if such date falls within a closed period, the first trading day thereafter that does not fall within a closed period) (the "Vesting Date"), and subject to the Mr. Elimelech's or Mr. Even-Chen's, as applicable, continued engagement by the Company through the Vesting Date, the Company shall allot to each of Mr. Elimelech and Mr. Even-Chen, as applicable, Ordinary Shares with an aggregate value of NIS 1,000,000 (approx. USD 270,000). The number of Ordinary Shares allotted on the Vesting Date shall be calculated at the Ordinary Share price at the beginning of the bonus year (i.e., 1 January 2019), as adjusted for dividends.
20. The Ordinary Shares allotted on the Vesting Date shall be subject to a two year lock-up beginning on the Vesting Date and ending on the fifth anniversary of the date of the Extraordinary General Meeting (or, if such date falls within a closed period, the first trading day thereafter that does not fall within a closed period). On the Vesting Date, an amount equal to the applicable tax liability for the locked up allotted Ordinary Shares shall not be paid by way of allotment of Ordinary Shares and instead shall be paid in cash to fund the tax liability associated with the locked-up Ordinary Shares.
21. The Vesting Date and the lock-up period of the allotted Ordinary Shares shall be accelerated in the event of a change of control of the Company.

### **Other Matters**

22. The Remuneration Committee and the Board believe that it is in the best interest of the Company to allocate a significant portion of the annual remuneration of the executive directors as annual and long-term variable compensation.
23. Shareholders are being asked to approve the 2019 remuneration terms for Mr. Elimelech and Mr. Even-Chen as set forth in Resolutions 6 and 7. The proposed 2019 remuneration terms of the two Executive Directors are identical.
24. The NIS amounts have been translated to USD with the exchange of NIS/USD 0.27.

### **Notes:**

1. Holders of depositary interests in respect of ordinary shares ("DI holder") may only appoint Link Market Services Trustees Limited (the "Depository") as their proxy. DI holders wishing to attend, speak and vote at the meeting should contact the Depository to request a Letter of Representation and this instruction is covered off in the notes on the Form of Direction.
2. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact Link Market Services Limited on +44 (0) 871 664 0300. All forms must be signed and should be returned together in the same envelope.
3. To be valid, any Form of Proxy or other instrument appointing a proxy and any power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must be received by post or (during normal business hours only) by hand at Link Market Services Limited, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 10.00 a.m. on 17 January 2019.
4. In the case of DI holders, a Form of Direction must be completed in order to appoint the Depository whose registered office is at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU to vote on the holder's behalf at the meeting. To be effective, a completed and signed Form of Direction must be deposited at Link Market Services Limited no later than 10.00 a.m. on 16 January 2019.

5. The return of a completed Form of Proxy, Form of Direction, or other such instrument or any CREST Proxy Instruction (as described in paragraph 12 below) will not prevent a shareholder or DI holder attending the Extraordinary General Meeting and voting in person if he/she wishes to do so.
6. Pursuant to Israel's Companies Law, 5759-1999 (the "Companies Law"), to be entitled to attend and vote at the Extraordinary General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of the Company at close of business on 24 December 2018. Changes to the Company's register after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Extraordinary General Meeting.
7. The quorum for the Extraordinary General Meeting shall be two or more shareholders present in person or by proxy and holding shares conferring in the aggregate 25 per cent of the voting power of the Company. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be adjourned to the same day in the next week, at the same time and place, or to such day and at such time and place as the Chairman may determine.
8. Any shareholder attending the Extraordinary General Meeting is entitled pursuant to the Companies Law to ask any question relating to the business being dealt with at the meeting. The Company will answer any such questions unless (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; or (ii) the answer has already been given on a website in the form of any answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
9. As at 14 December 2018 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 114,888,377 ordinary shares of which 1,096,109 were held as treasury shares. Therefore, the total voting rights in the Company as at 14 December 2018 were 113,792,268.
10. The Board recommends that shareholders vote in favour of all items in the Notice.
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
12. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to an instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent ID (RA10) by 10.00 a.m. on 16 January 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
13. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
14. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
15. Under the Companies Law, the proposal to amend the remuneration terms of Mr. Elimelech, the Company's Chief Executive Officer and a Director, as set forth in Resolution 6 of the Notice, requires the affirmative vote of the holders of a majority of the voting power represented and voting on the proposal in person or by proxy. In addition, the shareholders' approval must either include at least a majority of the ordinary shares voted by DI holders who are not controlling shareholders of the Company nor are they shareholders who have a personal interest in the remuneration of Mr. Elimelech, or the total ordinary shares of non-controlling shareholders and non-interested shareholders voted against this proposal must not represent more than two per cent of the outstanding ordinary shares. For this purpose, you are asked to indicate in the Form of Proxy card whether you are a controlling shareholder or have a personal interest in this proposal.
16. The following documents, which are available for inspection during normal business hours at the registered office of the Company and at the offices of Bryan Cave Leighton Paisner LLP, Adelaide House, London Bridge, London United Kingdom EC4R 9HA, on any weekday (Saturdays, Sundays and public holidays excluded), will also be available for inspection at the place of the Extraordinary General Meeting from 9.00 a.m. on the day of the Extraordinary General Meeting until the conclusion of the Extraordinary General Meeting:
  - (i) copies of the letters of appointment (and other related documents) of the Non-Executive Directors;
  - (ii) a copy of the proposed amended service contract of Wavesoft Ltd. (a company controlled by Mr. Haber, the Managing Director and Director of the Company);
  - (iii) copies of the proposed amended service contracts of the Executive Directors, Mr. Elimelech and Mr. Even-Chen, as set forth in Resolutions 6 and 7; and
  - (iv) copies of the proposed share appreciation right agreements to be granted to Mr. Elimelech and Mr. Even-Chen, as set forth in Resolutions 6 and 7.

