

## Models for Estimating the Number of Stocks that Were Damaged in Incidents that Involve Class-action Suits



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While calculating the full damage caused to shareholders due to deception or misrepresentation can be computed in a direct and relatively simple way (such as using an event study methodology), calculating the number of shares entitled to compensation for this damage is a significantly greater challenge. In this article, we present two models: the basic PTM (Proportionate Trading Model) and the advanced ATM (Accelerated Trading Model). While the basic assumption in the PTM model is that each share of the company available for trading on any given trading day has an equal chance of being traded, the basic assumption in the ATM model is that a share that has already been traded in the past has a higher chance of being traded again compared to a share that has not been traded before. Although, seemingly, the ATM model requires more estimates (such as the TLR—Turnover Likelihood Ratio), the PTM model implicitly contains an arbitrary assumption that  $TLR=1$ . Therefore, we believe that the ATM model is more realistic, has higher degrees of freedom, and requires explicit attention to the underlying assumptions—and thus, its use is preferable over the use of the PTM.

## The Effect of Section 9(2) of the Income Tax Ordinance on Investments in Pension and Provident Funds



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In this study, we will examine the potential impact of Section 9(2) of the Income Tax Ordinance, which may subject a portion of a provident fund's (pension fund's) income to taxation, on the funds' investments in specific assets, such as direct investments in real estate or infrastructure. Section 9(2) may result in a situation in which provident funds' income from activities causes them to underinvest in those assets, thereby harming savers and the Israeli economy. In this study, we will compare the effects on provident fund savers to life insurance policyholders (to whom Section 9(2) of the Ordinance does not apply), as well as the Section's impact on the Israeli economy as a result of provident funds' underinvestment in the local market and tendency to invest in foreign assets.