



**ISRAEL SECURITIES AUTHORITY**

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TO WHOM IT MAY CONCERN

**Letter of support FET Flagship – FuturICT**

The purpose of this letter is to convey my strong support for the FuturICT flagship project and its candidature for the European Flagship program. As an active Economist, and as the head of the Economics research department of the Israel Securities Authority (ISA), I find this project to be of the utmost importance, both in its scientific and practical implications.

The Israel Securities Authority (ISA) was founded in 1968 and its mandate is to protect the interests of the investing public. While the ISA does not have rule-making authority, it drafts and initiates virtually all primary and secondary legislation pertaining to securities law in Israel. In addition, it cooperates with government industries in formulating policies and laws pertaining to capital market activity.

The Economics Department's job is to give economic advice to the chairman of the Authority and to the various departments of the Authority on matters of an economic nature. The department coordinates the work of the capital market team, and in addition it is a regular partner in discussions and recommendations of the Authority's staff that are presented for the approval of the Stock Exchange Committee and it takes part in various tasks of the Authority's work teams on many subjects including proper trading on the stock exchange, the stock exchange rules, new financial instruments, the Authority's budget, etc.. In addition, the department provides assistance, when needed, for the Investigations Department on matters relating to trading on the stock exchange and advice to the lawyers in the District Attorney's Office on matters related to trading on the stock exchange, including preparing economic opinions that are presented to the court. The department is also involved in the development and maintenance of the databases and computerized indices that are connected with the trading in securities and are used by the Authority for continuous monitoring activity and empirical assessment of the possible ramifications of the Authority's decisions or various events on the Stock Exchange. The department is responsible for the development, operation and supervision of the computerized systems for identifying unusual activity in securities trading, and it is continually inspecting the system in order to examine its effectiveness and its suitability for new financial instruments, new trading technologies, and the sophisticated trading methods of the investors. In addition, one of the important tasks of the

department is practical research focusing on an analysis of developments in the capital market as a whole and the Stock Exchange in particular. The research work is used, inter alia, for supervising the capital market and it forms, on occasions, a basis for legislative initiatives in the field of the capital market and the supervision thereof. It deals with various issues in the capital market and focuses mainly on assessing the effect of various important factors on the proper course of trading on the stock exchange.

As a regulator of the Israeli stock market, it is the mission of the ISA to maintain fair trade to all individuals of such interests. One key concept to achieve such fair-trading is the concepts of **disclosure** and **transparency**. These concepts are crucial to maintain the interests of the traders, and to ensure that the investors are able to make decisions based on reliable information. In the current age of data overflow, new tools are needed to ensure these features are maintained, and that indeed individual traders can find meaningful information in the endless overflow of data. Thus the investing public will maintain its ability to extract information out of data and use it to make meaningful decisions. This is the mission of the Economics department in the framework of the ISA.

The FuturICT project will be the first large-scale ICT project in the world addressing techno-socio-economic challenges. It is aiming for major scientific breakthroughs in the field of quantitative social sciences, and its fruits will greatly benefit policy makers and regulators.

Thus, as the head of Chief the Economist of the ISA, I identify the great importance and potential of the FuturICT project. I find it to be of the outmost need. FuturICT will lead to many important insights on financial markets and risk management that are vital to the interests of the ISA.

I would like to emphasize my strong support for the FuturICT project and am looking forward to being involved in it. The Economic department will be proud to be a partner in the FuturICT project, and am looking forward to contributing to it within the special capacities of the Economic department and the ISA.

Sincerely,

Gitit Gur-Gershgoren, Ph.d  
Chief Economist

