



NO ACT

PC
3-308

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

March 3, 2008

Act 1934

Section _____

Rule 14d-7(a)(1) & 14e-1(c)

Via Facsimile (917) 777-3688 and U.S. Mail

Public Availability March 3, 2008

Daniel E. Wolf
Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, NY 10036-6522

Received SEC
MAR 03 2008
Washington, DC 20549



Re: Offer by Clal Industries and Investments Ltd. for ordinary shares of Fundtech Ltd.

Dear Mr. Wolf:

We are responding to your letter dated February 29, 2008 to Mauri L. Osheroff, Christina E. Chalk and Daniel F. Duchovny, as supplemented by conversations with the staff. We attach a copy of your letter to avoid having to repeat or summarize the facts you presented there. The defined terms used here have the same meaning as in your letter, unless otherwise noted.

You have requested exemptive and no-action relief on behalf of the Bidder so that it may extend the period of its tender offer to conduct a four-calendar day additional offering period during which withdrawal rights will not be available, as mandated by applicable Israeli law, and to pay for securities tendered within four business days of the termination of the additional offering period. Without necessarily concurring in your analysis, and based on your oral and written representations and the facts presented in your letter, the Securities and Exchange Commission hereby grants exemptive and no-action relief from Rules 14d-7(a)(1) and 14e-1(c) under the Exchange Act, respectively. The exemption from Rule 14d-7(a)(1) of the Exchange Act permits the Bidder to eliminate withdrawal rights before the end of the offer during the additional offering period of no more than four calendar days, as mandated by Israeli law. The no-action relief from Rule 14e-1(c) of the Exchange Act permits the Bidder to pay for securities tendered within four business days of the termination of the additional offering period. In granting this exemptive and no-action relief, we note that:

- the initial offer period will be open for at least 20 U.S. business days;
- all conditions to the Offer will be satisfied or waived before commencement of additional offer period;
- the Bidder intends to conduct a single offer and extend the Offer immediately following completion of the initial offering period to provide for an additional offering period; and

PROCESSED

MAR 17 2008

THOMSON FINANCIAL

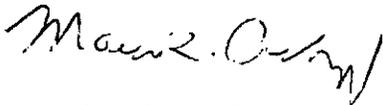
Daniel E. Wolf
Skadden, Arps, Slate, Meagher & Flom LLP
March 3, 2008
Page 2

- the Bidder intends to pay for all of the securities tendered in both the initial and additional offering period promptly after expiration of the additional offering period, in accordance with Israeli law and payment practices in Israel and the U.S.

The foregoing exemption is based solely on the representations and the facts presented in your February 29, 2008 letter, as supplemented by telephone conversations with the Commission staff. In particular, we note your representations that the additional offering period and its structure are required by Section 328 of the Israeli Companies Law, from which no exemptive relief by Israeli authorities is available for the Offer. The relief is strictly limited to the application of the rule listed above to this transaction. You should discontinue this transaction pending further consultations with the staff if any of the facts or representations set forth in your letter change.

In addition, your attention is directed to the anti-fraud and anti-manipulation provisions of the federal securities laws, including Sections 10(b) and 14(e) of the Exchange Act, and Rule 10b-5 thereunder. Responsibility for compliance with these and any other applicable provisions of the federal securities laws must rest with the participants in the Offer. The Division of Corporation Finance expresses no view with respect to any other questions that the proposed transaction may raise, including, but not limited to, the adequacy of disclosure concerning, and the applicability of any other federal or state laws to, the proposed transaction.

For the Commission,
by the Division of Corporation Finance,
pursuant to delegated authority,



Mauri L. Osheroff
Associate Director
Division of Corporation Finance

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

FOUR TIMES SQUARE
NEW YORK 10036-6522

(212) 735-3000
Fax: (212) 735-2000
<http://www.skadden.com>

FIRM/AFFILIATE OFFICES

BOSTON
CHICAGO
HOUSTON
LOS ANGELES
PALO ALTO
SAN FRANCISCO
WASHINGTON, D.C.
WILMINGTON
BEIJING
BRUSSELS
FRANKFURT
HONG KONG
LONDON
MOSCOW
PARIS
SINGAPORE
SYDNEY
TOKYO
TORONTO

DIRECT DIAL
(212) 735-3688
DIRECT FAX
(917) 777-3688
EMAIL ADDRESS
DWOLF@SKADDEN.COM

February 29, 2008

Securities and Exchange Commission
Division of Corporation Finance
Office of Mergers and Acquisitions
450 Fifth Avenue
Washington, D.C. 20549
Attention: Christina E. Chalk
Daniel F. Duchovny

Re: Request for exemptive relief from the provisions of Rule 14d-7(a)(1) and no-action relief under the provisions of Rule 14e-1(c) promulgated under the Securities Exchange Act of 1934, as amended

Ladies and Gentlemen:

We are submitting this request for exemptive and no-action relief on behalf of our client, Clal Industries and Investments Ltd., a company organized under the laws of the State of Israel (the "Bidder"). The Bidder intends to commence a tender offer (the "Offer") to purchase ordinary shares, par value NIS 0.01 per share (the "Ordinary Shares"), of Fundtech Ltd. (the "Company"), so as to increase its ownership percentage therein from approximately 41.93%¹ to between

¹ All ownership percentages used throughout this letter, unless otherwise indicated herein, are based on 15,962,210 issued and outstanding Ordinary Shares as of January 22, 2008, based on a

approximately 46.93% and 56.93%, or, when taken together with the Ordinary Shares beneficially owned by IDB Development Corporation Ltd., the majority stockholder of the Bidder (the "Bidder's Parent"), from approximately 42.55% to between approximately 47.55% and 57.55%² (the exact number of Ordinary Shares sought to be purchased in the Offer will be determined prior to the commencement of the Offer and will be disclosed in the offer to purchase relating thereto). The Bidder hereby requests that the Securities and Exchange Commission (the "Commission") grant exemptive relief from the provisions of Rule 14d-7(a)(1) ("Rule 14d-7(a)(1)") and no-action relief from the provisions of Rule 14e-1(c) ("Rule 14e-1(c)"), in each case, under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), set forth herein to allow the Bidder to extend its tender offer and conduct a four-calendar day additional offering period as mandated by applicable Israeli law.

I. Background

A. The Parties

The Company

The Company is a "foreign private issuer" as defined in Rule 3b-4(c) under the Exchange Act. The Company is incorporated under the laws of the State of Israel and is headquartered in Israel. The Company is a provider of end-to-end financial transaction processing software solutions for financial institutions.

The Ordinary Shares are traded under the ticker symbol "FNDD" in the United States on the Nasdaq Global Market and in Israel on the Tel Aviv Stock Exchange (the "TASE"). In the United States, the Ordinary Shares are registered

report, dated as of January 22, 2008, by the American Stock Transfer & Trust Company, the Company's stock transfer agent.

² As of February 24, 2008, the Bidder's Parent beneficially owned 98,498 Ordinary Shares (excluding any shares beneficially owned by the Bidder) held by subsidiaries of Clal Insurance Enterprises Holdings Ltd. ("CIEH"), a subsidiary of the Bidder's Parent, for their own account. Any reference to shares owned by the Bidder's Parent does not include (i) 208,095 Ordinary Shares held for members of the public through, among others, provident funds, mutual funds, pension funds, exchange traded funds and insurance policies, which are managed by subsidiaries of CIEH, and (ii) 400 Ordinary Shares held for members of the public through mutual funds which are managed by a company controlled by Epsilon Investment House Ltd., an indirect subsidiary of the Bidder's Parent.

Securities and Exchange Commission
Division of Corporation Finance
Office of Mergers and Acquisitions
February 29, 2008

pursuant to Section 12(b) of the Exchange Act. Based on a report, dated as of January 22, 2008 (the "Report"), by the American Stock Transfer & Trust Company, the Company's stock transfer agent (the "Transfer Agent"), 15,962,210 Ordinary Shares were issued and outstanding as of January 22, 2008. Approximately 93% of the issued and outstanding Ordinary Shares were held by shareholders of record with addresses in the United States as of such date (based on the information in the Report); however, such percentage does not accurately represent the number of non-U.S. beneficial owners of Ordinary Shares, nor does it accurately represent the residences of such beneficial owners, since most Ordinary Shares are held of record by brokers or other nominees with addresses in the United States (including Cede & Co., which held approximately 90% of the issued and outstanding Ordinary Shares as of such date).

On February 28, 2008, the Company's last reported sale price on the Nasdaq Global Market was \$12.61 and, on February 28, 2008, the Company's last reported sale price on the TASE was NIS 45.24 (\$12.43 based on a representative exchange rate of NIS 3.64 per U.S. dollar on February 28, 2008).

The Bidder

The Bidder is a public company headquartered in Israel and listed on the TASE under the symbol "CII." The Bidder's address is 3 Azrieli Center, Triangle Tower, Tel Aviv 67023, Israel, and its telephone number in Israel is 972-3-607-5795. The Bidder is a majority owned subsidiary of the Bidder's Parent, an investment company organized under the laws of the State of Israel, whose shares are listed on the TASE under the symbol "IDBD." The Bidder beneficially owns, as of February 24, 2008, an aggregate of 6,692,678 Ordinary Shares, which represent approximately 41.93% of the issued and outstanding Ordinary Shares or, when taken together with the Ordinary Shares beneficially owned by the Bidder's Parent, an aggregate of 6,791,176 Ordinary Shares, which represent approximately 42.55% of the issued and outstanding Ordinary Shares.³

The Company's Shareholders

In the manner described below, the Bidder has attempted to determine the maximum percentage of the Company's beneficial shareholders who are U.S.

³ See Schedule 13D/A filed by the Bidder, the Bidder's Parent and the other reporting persons therein, with the Commission on December 4, 2007, for additional information.

Securities and Exchange Commission
Division of Corporation Finance
Office of Mergers and Acquisitions
February 29, 2008

holders (as defined in Instruction 2 to paragraphs (c) and (d) of Rule 14d-1 under the Exchange Act (the "Instruction")) and the percentage of the Company's beneficial shareholders who are non-U.S. holders. Based on the Report and general information received to date from, among others, the Company, a NOBO request and the TASE, the Bidder estimates that U.S. holders beneficially own a maximum of approximately 64.5% of the issued and outstanding Ordinary Shares and non-U.S. holders beneficially own the remaining approximately 35.5%, in each case, excluding Ordinary Shares held by the Bidder, the Bidder's Parent and Cannell Capital LLC.^{4,5} The Bidder is continuing to seek additional information with respect to determining the level of U.S. ownership of its Ordinary Shares and currently expects that the final number will be somewhat lower than the maximum percentage described above. It should be noted that a substantial number of Ordinary Shares are held of record by brokers and other nominees located in the United States who did not, in response to the NOBO request, disclose the addresses of customers for whom they hold Ordinary Shares. As a result, pursuant to the Instruction, the Bidder was required to assume that such Ordinary Shares are beneficially owned by customers residing in the United States notwithstanding its belief that a portion of such Ordinary Shares are likely held for the account of non-U.S. holders. As such, subject to the relief requested herein, the Bidder intends to comply with applicable U.S. law.

⁴ As of December 31, 2007, J. Carlo Cannell, the sole managing member of Cannell Capital LLC, beneficially owned 2,056,597 Ordinary Shares, which represents approximately 12.9% of the issued and outstanding Ordinary Shares. Anegada Master Fund Limited ("Anegada"), The Cuttyhunk Fund Limited ("Cuttyhunk"), TE Cannell Portfolio, Ltd. ("TEC"), and Tonga Partners, L.P. ("Tonga" and collectively with Anegada, Cuttyhunk, and TEC, the "Funds") owned in the aggregate 2,056,597 Ordinary Shares. Cannell Capital LLC acts as the investment adviser to Anegada and TEC, the sub-adviser to Cuttyhunk and is the general partner of and investment adviser to Tonga. Mr. J. Carlo Cannell is the sole managing member of Cannell Capital LLC. As a result, Mr. Cannell possesses the sole power to vote and to direct the disposition of the securities held by the Funds. See the Schedule 13G/A filed February 15, 2008 by J. Carlo Cannell, for additional information.

⁵ According to the Company's Annual Report on Form 20-F filed with the Commission on June 29, 2007, its Current Report on Form 6-K filed with the Commission on August 9, 2007 and its Current Report on Form 6-K filed with the Commission on October 29, 2007, and following a search of filings of Schedules 13D/G filed thereafter, the Bidder believes that there are no other beneficial owners of Ordinary Shares holding 10% or more of the issued and outstanding Ordinary Shares.

B. Applicable Israeli Law

Since the Company is organized under the laws of the State of Israel and its Ordinary Shares are traded on the TASE, the Bidder's transactions in the Ordinary Shares are governed by the Israeli Companies Law, 5759-1999 (as amended, the "Israeli Companies Law"), the Israeli Securities Law, 5728-1968 (as amended, the "Israeli Securities Law") and the Israeli Securities Regulations (Tender Offer), 5760-2000 (the "Israeli Securities Regulations"). The Israeli Companies Law primarily specifies requirements for matters such as corporate formation, corporate governance and related substantive matters. The Israeli Securities Law and the Israeli Securities Regulations primarily provide the disclosure requirements for public companies that are subject to their provisions.

Section 328(a) of the Israeli Companies Law specifies, *inter alia*, that a purchase of the shares of a public company may not be made other than by means of a tender offer in accordance with Part VIII, Chapter 2 of the Israeli Companies Law ("Special Tender Offer") if:

- the result of the purchase would be that the purchaser will own more than 45% of the voting power of the company (in general, when computing the ownership percentage of the purchaser, the holdings of the purchaser's affiliates are aggregated); and
- no other person owns in excess of 45% of the voting power of the company.

If the Offer were fully subscribed, the Bidder's ownership percentage of the Company's voting power would increase from approximately 41.93% to between approximately 46.93% and 56.93%, or, when taken together with the Ordinary Shares beneficially owned by the Bidder's Parent, from approximately 42.55% to between approximately 47.55% and 57.55%. Therefore, the Bidder is required to conduct a Special Tender Offer pursuant to the requirements and proceedings set forth under Israeli law. Once a purchase is made pursuant to a Special Tender Offer that results in a purchaser acquiring over 45% of the voting power of a company, it is not required to conduct a Special Tender Offer to further increase its ownership thereafter, and thus may acquire additional shares in the open market (although a purchaser is again required to conduct a tender offer under Israeli law if it desires to increase its ownership above 90%). As a result of the foregoing, the Bidder determined to conduct the Offer for an aggregate number of Ordinary Shares such that it (together with the Bidder's Parent) would beneficially own, following the completion of the Offer, a number of Ordinary Shares representing

Securities and Exchange Commission
Division of Corporation Finance
Office of Mergers and Acquisitions
February 29, 2008

more than 45% of the Company's voting power, so as not to be subject to the Special Tender Offer requirements following the Offer.

Based on the Israeli Companies Law, the Israeli Securities Law and the Israeli Securities Regulations, a Special Tender Offer must meet specified conditions which are applicable to all of the Company's shareholders, wherever located, including the following:

- the Special Tender Offer must be made available to all of the Company's shareholders under Section 331(a) of the Israeli Companies Law and Section 5(a) of the Israeli Securities Regulations;
- the Special Tender Offer must result in a purchase of shares representing no less than five percent (5%) of the voting power of the Company under Section 332 of the Israeli Companies Law;
- the offer to, and the manner of acceptance by, each of the Company's shareholders must be identical under Section 5(b) of the Israeli Securities Regulations;
- the payment of the purchase price must be secured by a guarantee issued by the Bidder to a member of the TASE (the "TASE Member") to the satisfaction of the TASE Member under Section 5(d) of the Israeli Securities Regulations, who in turn is required to guarantee such payment under Section 5(e) of the Israeli Securities Regulations;
- as a condition to the completion of the Special Tender Offer, the aggregate number of shares tendered in the Special Tender Offer must exceed the number of shares represented by objections to the Special Tender Offer (under Israeli law, shareholders may accept the offer, not respond to the offer or object to the offer) under Section 331(b) of the Israeli Companies Law;⁶ and
- upon satisfaction (or, subject to applicable law, waiver by the Bidder) of all of the conditions to the Special Tender Offer, the Special Tender Offer is deemed completed and the Bidder is irrevocably required to purchase the

⁶ Pursuant to Section 331(c) of the Israeli Companies Law, in making this calculation, shares held by (i) the Bidder, (ii) any party controlling, controlled by, or under common control with the Bidder, (iii) anyone acting on behalf of any of the foregoing, and (iv) their respective family members and any entities controlled by these family members, are generally excluded.

shares tendered during the initial offer period (subject to proration as described below), except that the Bidder must provide a four-calendar day additional offering period, without withdrawal rights for shares tendered during the initial offering period, to allow all other shareholders who have not tendered their shares an opportunity to tender in accordance with Section 331(d) of the Israeli Companies Law and Sections 5(i)(1) and 7(b) of the Israeli Securities Regulations. Upon completion of the four-calendar day additional offering period, the Special Tender Offer is completed and the Bidder must purchase all of (i) the shares tendered (and not properly withdrawn) prior to the completion of the initial offering period and (ii) the shares tendered prior to the completion of the four-calendar day additional offering period, subject to proration,⁷ if applicable, based on the maximum number of shares sought in the Special Tender Offer.

The Bidder is attempting to structure the Offer in the United States and Israel such that it complies with the requirements of the Exchange Act as well as the requirements of the Israeli Companies Law, the Israeli Securities Law and the Israeli Securities Regulations. The Bidder's Israeli counsel has approached the Israel Securities Authority (the "ISA") to apply for exemptions from certain aspects of the Israeli Securities Law to enable the Offer to be conducted simultaneously in the United States and Israel. The ISA was asked to grant relief in a number of areas, including that the Offer be conducted as a unified tender offer in both the United States and Israel and that the Bidder will be permitted to distribute an English language offer to purchase in both the United States and Israel in the manner described in Section C "Proposed Offer Structure" below. Based on prior experience and conversations Israeli counsel has had with the ISA, Israeli counsel believes that the ISA will grant these exemptions. We, on behalf of the Bidder, have consulted with the Staff of the Commission's Office of Mergers and Acquisitions.

C. Proposed Offer Structure

The Bidder proposes to offer to purchase an aggregate of between approximately 5.0% and 15.0% of the issued and outstanding Ordinary Shares that it and the Bidder's Parent do not already beneficially own in a tender offer to be

⁷ The proration factor, if any, is calculated by dividing (x) the maximum number of shares that the Bidder is offering to purchase, by (y) the aggregate number of shares validly tendered (and not properly withdrawn during the initial offering period) in the Special Tender Offer during both the initial offering period and the additional offering period.

Securities and Exchange Commission
Division of Corporation Finance
Office of Mergers and Acquisitions
February 29, 2008

conducted in both the United States and Israel. The Offer would be conditioned on there being a number of Ordinary Shares tendered representing no less than five percent (5%) of the voting power of the Company, such that the Bidder (together with the Bidder's Parent), following the completion of the Offer, would beneficially own no less than an aggregate number of Ordinary Shares representing approximately 47.55% of the issued and outstanding Ordinary Shares. If a number of Ordinary Shares are tendered such that, if accepted for payment, the Bidder would purchase more than the Ordinary Shares sought in the Offer, the Bidder would purchase a *pro rata* number of Ordinary Shares from all tendering shareholders.

The Offer would be open for an initial offering period of not less than 20 U.S. business days (and, pursuant to Israeli law, not less than 21 calendar days). Under Israeli law, if the applicable conditions to a Special Tender Offer have been satisfied at the completion of the initial offering period, the shareholders who have not yet responded to the Offer and/or who have objected to the Offer must be provided a four-calendar day additional offering period during which they may tender their Ordinary Shares. By 9:00 a.m. Eastern time on the business day following completion of the initial offering period, the Bidder would announce to the shareholders (i) the results of the initial offering period, including whether or not the conditions to the Offer have been satisfied and the approximate number and percentage of Ordinary Shares tendered to date and (ii) if the conditions to the Offer have been satisfied, that it is extending the offering period following the completion of the initial offering period for a four-calendar day additional offering period. There would be no withdrawal rights during such four-calendar day additional offering period for Ordinary Shares previously tendered in the Offer. The Bidder would disclose in the offer to purchase that there would be an extension of the initial offering period to provide for an additional offering period of four calendar days following the completion of the initial offering period. The Bidder would pay for Ordinary Shares that are tendered in the initial offering period and the additional offering period promptly following the expiration of the additional offering period, subject to proration, if any. Such proration would be determined promptly following the expiration of the additional offering period. This information would be prominently disclosed in the offer to purchase distributed to the Company's shareholders. Because of the potential effects of the application of a proration factor based on the combined results of the Offer during the initial offering period and the additional offering period, payments cannot be made for shares tendered during the initial offering period until the results of the additional offering period are available.

Prior to the commencement of the Offer, the Bidder would engage a TASE Member to act as escrow agent and would deposit cash in an escrow account

Securities and Exchange Commission
Division of Corporation Finance
Office of Mergers and Acquisitions
February 29, 2008

in an amount sufficient to pay for the Ordinary Shares assuming the maximum number of Ordinary Shares tendered for is tendered. Promptly following the completion of the additional offering period, the Bidder would determine the appropriate proration factor, if any. The escrow agent would, promptly following this determination, pay the Israeli and U.S. depositories for the Ordinary Shares tendered and accepted by the Bidder without further involvement by the Bidder, with such depositories to make appropriate payments to tendering shareholders. We have been advised by the Bidder's Israeli counsel, that under Israeli law, the Bidder would be required to make payments to shareholders who have tendered their Ordinary Shares in the Offer promptly following the expiration of the four-calendar day additional offering period. While the practice in Israel for Special Tender Offers for shares of Israeli public companies listed on the TASE is to make payments to Israeli shareholders who have tendered their shares in such Special Tender Offer on the first Israeli business day following the expiration of the four-calendar day additional offering period, such schedule would not be feasible in the Offer, primarily due to the procedures required in the United States for calculating the number of Ordinary Shares tendered and facilitating the payment through the U.S. depository. Based on the experience of the Bidder's Israeli counsel and its previous conversations with the likely U.S. depository and Israeli depository for the Offer, the Bidder estimates that shareholders (both in Israel and the U.S.) would be paid within no more than four business days following the expiration of the additional offering period.

As described above, subject to the exemptive and no-action relief requested herein, it is intended that the Offer will be structured as a single offer made in both the United States and in Israel. The Offer would be made in the United States and in Israel pursuant to an English language offer to purchase. In addition, Israeli shareholders would also receive a Hebrew language cover page complying with the Israeli regulations. A translation to English of the Israeli cover page would be filed as an exhibit to the Schedule TO. The consideration offered, and all other terms of the Offer, would be identical for all holders of Ordinary Shares.

II. Withdrawal Rights and Prompt Payment

A. Conflict Between U.S. Law and Israeli Law

Israeli law

We have been advised by the Bidder's Israeli counsel as follows: under Section 331(d) of the Israeli Companies Law and Section 5(i)(1) of the Israeli Securities Regulations, if a Special Tender Offer has been accepted (*i.e.*, all the

conditions to such Special Tender Offer, including the minimum condition, have been satisfied) at the end of the initial offering period, a bidder is required to publicly announce, by 10:00 a.m. Israel time on the following business day (i) the results of the initial offering period and (ii) that all of the shareholders that have not responded to the Special Tender Offer or have objected to the Special Tender Offer will be provided with a four-calendar day additional offering period (counted from the end of the initial offering period) during which they may tender their shares. In accordance with the prevailing interpretation (as recently confirmed to the Bidder's Israeli counsel by the ISA) of Section 331(d) and pursuant to the provisions of the Israeli Securities Regulations, during the four-calendar day additional offering period, no withdrawal rights are applicable to shares previously tendered. Further, once a bidder has announced at the end of the initial offering period that the Special Tender Offer has been accepted, no further conditions to the Special Tender Offer apply and such bidder becomes irrevocably bound to purchase, subject to proration, the shares tendered in the Special Tender Offer (*i.e.*, in both the initial offering period and the four-calendar day additional offering period). The purpose of this requirement under Israeli law is to provide shareholders with additional protection. It appears that the Israeli legislature's rationale in mandating this additional offering period was to address the so-called "prisoner's dilemma" by allowing the shareholders the opportunity to wait and see if the Special Tender Offer is indeed accepted (*i.e.*, all of the conditions to the Special Tender Offer have been satisfied) and only then decide whether to tender their shares. It also enables shareholders who initially objected to the Special Tender Offer during the initial offering period to tender their shares during the additional offering period once it is clear that the Special Tender Offer will be successfully completed. If withdrawal rights were to be permitted, withdrawals during the additional offering period of shares previously tendered could cause the minimum condition to become unsatisfied (despite previously having been satisfied upon the completion of the initial offering period). In the experience of the Bidder's Israeli counsel, all Special Tender Offers subject to the Israeli Securities Regulations are structured without withdrawal rights during the four-calendar day additional offering period with respect to shares previously tendered.

We have also been informed by the Bidder's Israeli counsel that under the Israeli Companies Law, the Minister of Justice may adopt regulations, including regulations which provide general exemptions from provisions of the Israeli Companies Law. The Israeli Companies Law does not, however, grant the Minister of Justice or any other governmental body the authority to grant exemptive relief on

Securities and Exchange Commission
Division of Corporation Finance
Office of Mergers and Acquisitions
February 29, 2008

a case-by-case basis. While the Minister of Justice has adopted certain regulations under the Israeli Companies Law, none of them are applicable to the Offer.

The foregoing differs from the Israeli Securities Law and the regulations promulgated thereunder. The Israeli Securities Law empowers the ISA or its Chairman to grant exemptions and other relief with respect to disclosure matters relating to tender offers and the related offering materials, but not with respect to the provisions of the Israeli Companies Law. Recently, the staff of the ISA orally informed the Bidder's Israeli counsel that the correct interpretation of Section 331(d) of the Israeli Companies Law is that no withdrawal rights are applicable to the previously tendered shares during the four-calendar day additional offering period and that, consequently, the staff of the ISA will not recommend to the ISA to grant the Bidder exemptive relief from the Israeli Securities Regulations on this matter. Moreover, even if the ISA were willing to grant exemptive relief from the requirement under the Israeli Securities Regulations that the four-calendar day additional offering period be conducted without withdrawal rights, the ISA's exemptive authority (as the ISA previously noted) does not extend to matters governed by the Israeli Companies Law. In fact, there is no Israeli regulatory body or other governmental body that has statutory authority to grant such exemptions on a case-by-case basis.

U.S. law

Extension of Offering Period. Pursuant to Rule 14d-7(a)(1) under the Exchange Act, a bidder is required to permit securities tendered pursuant to an offer to be withdrawn at any time during the period such tender offer remains open.

In order to permit the Bidder to conduct the four-calendar day additional offering period in accordance with Israeli law, the Bidder must extend the offering period following the completion of the initial offering period for a four-calendar day additional offering period. In accordance with the prevailing interpretation (as confirmed to the Bidder's Israeli counsel by the ISA) of Section 331(d) of the Israeli Companies Law and pursuant to the provisions of the Israeli Securities Regulations, during such four-calendar day additional offering period, no withdrawal rights are available to such holders who have previously tendered their shares during the initial offering period. Accordingly, the Bidder is requesting an exemption from the provisions of Rule 14d-7(a)(1) in order to permit the Bidder to extend the offering period following the completion of the initial offering period by the four-calendar day additional offering period as required by Israeli law without

Securities and Exchange Commission
Division of Corporation Finance
Office of Mergers and Acquisitions
February 29, 2008

offering withdrawal rights during such four-calendar day additional offering period to shareholders who have previously tendered their Ordinary Shares in the Offer.

Subject to the relief requested herein, the extension of the initial offering period to provide for the four-calendar day additional offering period will constitute an extension of the initial offering period and not a separate tender offer in respect of which a new offering period with a minimum duration of 20 business days must be provided in accordance with Rule 14e-1(a) under the Exchange Act.

Prompt Payment. Pursuant to Rule 14e-1(c) under the Exchange Act, a bidder making a tender offer is required to pay the consideration offered promptly after the termination of the offer. As explained above, as a result of the requirement of Israeli law to provide the four-calendar day additional offering period, the Bidder expects the proration, if any, to be determined, and the payment for the tendered Ordinary Shares to be made, within no more than four business days following the completion of the additional offering period. The Bidder is requesting no-action relief from the provisions of Rule 14e-1(c) to the extent that the above contemplated payment schedule does not satisfy the requirement of prompt payment. In seeking this relief, we note that (i) an amount sufficient to pay for the maximum number of shares tendered for in the Offer will be deposited in an escrow account with a TASE Member prior to commencement of the Offer and the offer price for shares that are validly tendered will be paid as soon as practicable following the four-calendar day additional offering period, subject to proration, and (ii) the payment for the shares tendered in the Offer will be made as promptly as practical following the expiration of the additional offering period taking account of the applicable Israeli law and payment practices in Israel and the U.S.

B. Importance of Requested Relief to the Bidder

Requiring a four-calendar day additional offering period without withdrawal rights for shares previously tendered, is a critical protective feature provided to shareholders under Israeli law, for which no Israeli exemptive relief is available under the Israeli Companies Law. In order for the Bidder to purchase any Ordinary Shares in a transaction that may result in the Bidder (together with the Bidder's Parent) owning more than 45% of the Company's voting power, the Bidder must conduct a tender offer that complies with this requirement. Based on the above, there is a direct conflict between the requirements of Israeli law and the requirements of U.S. law. Without obtaining the exemptive and no-action relief requested herein, conducting the Offer in a manner that would allow withdrawal rights during the four-calendar day additional offering period for shares previously

Securities and Exchange Commission
Division of Corporation Finance
Office of Mergers and Acquisitions
February 29, 2008

tendered in the Offer (as would otherwise be required by U.S. law) may run afoul of Israeli law.

C. Granting of Requested Relief will not Compromise Protection of U.S. Shareholders

The additional offering period under Israeli law is designed to provide additional protection to shareholders. Shareholders would be afforded the right to wait and see if all conditions to the Offer have been satisfied prior to tendering their Ordinary Shares or to seek to defeat the Special Tender Offer by objecting to the Offer during the initial offering period with the knowledge that they will be able to tender during the additional offering period if the Offer is nonetheless successful. The Bidder would disclose its intention to extend the initial offering period by disclosing its intention to provide an additional offering period in the offer to purchase related to the Offer. U.S. holders of the Ordinary Shares who are concerned about tendering their Ordinary Shares in a manner that will leave them without withdrawal rights during any part of the Offer can wait until the initial offering period has ended before tendering their Ordinary Shares in the additional offering period.

As described above, (i) the Bidder will deposit an amount sufficient to pay the maximum number of Ordinary Shares tendered for in the Offer (subject to proration) in an escrow account with a TASE Member prior to commencement of the Offer, (ii) once the Bidder has announced at the end of the initial offering period that the Offer has been accepted, no further conditions to the Offer apply and the Bidder becomes irrevocably bound to purchase, subject to proration, the Ordinary Shares tendered in the Offer, and (iii) the offer price for Ordinary Shares that are validly tendered (subject to proration) will be paid as soon as practicable following the four-calendar day additional offering period without further involvement from the Bidder. Such payment procedures, coupled with the irrevocability of the Offer following its acceptance at the end of the initial offering period, ensure that the Bidder will not be able to capitalize at the expense of the Company's shareholders on market information that becomes available following the completion of the initial offering period. Because all of the conditions to the Offer are irrevocably satisfied prior to the commencement of the additional offering period, the Bidder is not able to exercise any discretion that would allow it to shift the economic risk of ownership of the Ordinary Shares (by either waiving conditions or deeming conditions to not be fulfilled) to shareholders who may have tendered their the Ordinary Shares in the Offer.

Securities and Exchange Commission
Division of Corporation Finance
Office of Mergers and Acquisitions
February 29, 2008

Further, we submit that the direct conflict between Israeli law and U.S. law is not otherwise resolvable absent a grant of the requested relief from the Commission. As discussed above, no Israeli regulatory body or other governmental body has statutory authority to grant exemptive relief on a case-by-case basis from the requirement of the Israeli Companies Law to provide the four-calendar day additional offering period without withdrawal rights.

In light of the foregoing, we believe that the relief requested herein is consistent with the guidance contained in the Commission's release: *Cross-Border Tender and Exchange Offers, Business Combinations and Rights Offerings, Securities Act Release No. 33-7759 (October 26, 1999) (the "Cross-Border Release")*.⁸ The Cross-Border Release provides that "[w]hen U.S. ownership is greater than 40 percent, the staff will consider relief on a case-by-case basis only when there is a direct conflict between the U.S. laws and practice and those of the home jurisdiction. Any relief would be limited to what is necessary to accommodate conflicts between the regulatory schemes and practices."⁹ As described above, a direct conflict between U.S. and Israeli law does exist and the relief sought is limited to what is necessary to accommodate conflicts between the U.S. and Israeli regulatory schemes and practices.

We also believe that the requested relief under Rule 14d-7(a)(1) is consistent with the relief granted in a number of instances by the Commission with respect to an additional offering period (without withdrawal rights) that was conducted in connection with a third party tender offer following the time that such tender offer became irrevocable as to acceptance of shares tendered in such offer¹⁰,

⁸ See fn 41 to the Cross-Border Release and accompanying text.

⁹ Fn 41 to the Cross-Border Release.

¹⁰ See, e.g., Re: Exchange offer by Barclays PLC for all outstanding Shares and ADSs of ABN AMRO Holding N.V. (dated August 7, 2007); Re: Tender offer for ABN AMRO Holding NV by The Royal Bank of Scotland Group plc, Banco Santander Central Hispano, S.A., Fortis SA/NV and Fortis N.V. (dated July 23, 2007); Re: Enel Energy Europe Societá a Responsibilitá Limitata and Acciona, S.A. offer for Endesa, S.A. (dated July 3, 2007); Re: E.ON Aktiengesellschaft's ("E.ON") offer for Endesa, S.A. ("Endesa") (dated December 6, 2006); Re: Offer by the Bayer Entities for all ordinary shares of Schering AG SEC File No. 5-59757 (dated April 28, 2006); Re: Tender Offer by Madison Dearborn Partners, LLC for Jefferson Smurfit Group PLC (dated July 9, 2002); Re: Amerada Hess Corporation Offer for Shares and ADSs of LASMO plc (dated December 13, 2000); Order of Exemption In the Matter of Global TeleSystems Group, Inc. Offer to Purchase the Ordinary Shares and American Depositary Shares of Esprit Telecom Group plc (dated February 2, 1999; Exchange Act Release No. 34-41013, International Series Release No. 1181); and Order of Exemption In the Matter of Bell Cablemedia

Securities and Exchange Commission
Division of Corporation Finance
Office of Mergers and Acquisitions
February 29, 2008

including prior relief granted by the Commission with respect to the same conflict between U.S. and Israeli law described herein.¹¹

In addition to the foregoing and to the intent behind the Israeli Special Tender Offer statutory provisions being to provide additional protection to shareholders, compliance with such procedure also arguably further benefits U.S. holders in the form of additional disclosure and processes as, but for the Israeli requirement to conduct the transaction by means of Special Tender Offer, the Bidder, were the Company a U.S. company, would likely be able to effect the ownership increase contemplated by the Offer by means of open market purchases or a block purchase, without being subject to the disclosure and process requirements of a formal tender offer.

III. Requested Exemptive and No-Action Relief

Based on the foregoing, the Bidder respectfully requests exemptive relief for the Offer from Rule 14d-7(a)(1) -- which requires that any person who has deposited securities pursuant to a tender offer will have the right to withdraw any such securities during the period such offer remains open -- and no action relief for the Offer from Rule 14e-1(c) -- which requires that a bidder making a tender offer is required to pay the consideration offered promptly after the termination of the offer -- to allow the Bidder to conduct a four-calendar day additional offering period following the completion of the initial offering period during which no withdrawal rights will be available and to pay for Ordinary Shares tendered during the initial offering period and additional offering period, subject to proration if any, within four business days of the expiration of the additional offering period.

Please note that the factual representations and conclusions in this letter, as well as the representations as to Israeli law, regulation and practice

Plc ("BCM") Offer to Purchase all outstanding shares of Videotron Holdings Plc; and Newco (a subsidiary of Cable & Wireless Public Limited Company) Offer to Purchase, respectively, all outstanding Ordinary Shares and ADSs of BCM, and all outstanding stapled units of NYNEX CableComms Group PLC and NYNEX CableComms Group Inc. (dated December 9, 1996; Exchange Act Release No. 34-38030, International Series Release No. 1035).

¹¹ See Re: Offer by Discount Investment Corporation Ltd. for ordinary shares of Elron Electronic Industries Ltd. (dated June 14, 2004). See also Re: Issuer Tender Offer by Scitex Corporation Ltd. (dated May 14, 2004), which addressed the same conflict between U.S. and Israeli law in the context of an issuer tender offer, seeking exemptive relief from Rule 13e-4(f)(2)(i) under the Exchange Act.

Securities and Exchange Commission
Division of Corporation Finance
Office of Mergers and Acquisitions
February 29, 2008

contained herein, have been provided to us by other parties and we have not undertaken any independent investigation of these matters. The representations in this letter as to Israeli law, regulation and practice applicable to the Offer are based upon discussions with Goldfarb, Levy, Eran, Meiri & Co., outside Israeli counsel to the Bidder. We have attached a letter from such firm confirming their view as to the accuracy and completeness of this information.

In light of the Bidder's short timetable, we respectfully request that the Commission issue the requested exemptive and no-action relief as soon as practicable. If you require any further information or have any questions or comments with respect to this matter, please call me at (212) 735-3688. If for any reason you do not concur with any of the views expressed in this letter, we respectfully request an opportunity to confer with you prior to any written response.

Sincerely,

/s/ Daniel E. Wolf



GOLDFARB

GOLDFARB, LEVY, ERAN, MEIRI & CO.
LAW OFFICES

Europe-Israel Tower
2 Weizmann Street
Tel Aviv 64239, Israel
Tel +972 (3) 608-9999
Fax +972 (3) 608-9909

3 Azrieli Center
Triangle Tower (43rd Floor)
Tel Aviv 67023, Israel
Tel +972 (3) 608-1800
Fax +972 (3) 608-1802

info@goldfarb.com
www.goldfarb.com

February 29, 2008

Securities and Exchange Commission
Division of Corporation Finance
Office of Mergers and Acquisitions
450 Fifth Avenue
Washington, D.C. 20549
Attention: Christina E. Chalk
Daniel F. Duchovny

Yehuda M. Levy	Zvi Hauser
Oded Eran	Erez Altit
Aran Meiri	Ofer Ravid
Amir Tzafrir	Omri Kaufman
Levy Amitay	Ariel Rosenberg
Ashok J. Chandrasekhar	Ido Zemach
Avi Arad	Dubi Zoltak
Rami Sofer	Nell Nachum Stowe
Tamar Migdal	Gabi Drucker
Marc A. Rabin	Jeremy Benjamin
Nechama Brin	Vered Gitterman
Tal Atsmon	Hadar Udler
Hagit Blalberg	Limor Oron-Abraham
Ilan Sofer	Doron Segal
Adam M. Klein	Noam Natv
Michael A. Heller	Merav Kainan-Wagner
Limor Shofman	Yaron Sever
Ido Gonen	

Re: Request for Exemptive and No-Action Relief - Letter dated February 29, 2008

Inga Bricker	Yoav Kook
Ravit Arbel	Annon Cohen
Keren Be'er	Yitzchak Kovos
Oma Verhovsky	

Ladies and Gentlemen:

We refer to the letter, dated February 29, 2008 (the "Letter"), from Daniel E. Wolf, a partner of the firm Skadden, Arps, Slate, Meagher & Flom LLP, New York office ("Skadden"), writing to you on behalf of our client, Clal Industries and Investments Ltd., a company organized under the laws of the State of Israel (the "Bidder"), with respect to the tender offer described therein (the "Offer").

Limor Kessler-Davidor	Eitan Haimovich
Sharon Azulay	Nati (Tal) Gilad
Avi Netanel	Avishay Shwalb
Daphna Tsarfaty	Nir Golan
Sagit Shoval-Moked	Yoav Ingber
Amir Levy	Meir Vaknin
Einat Ovadya-Rotman	Guy Shalev
Liora Tzur	Etti Attar
Nurit Dessau	Kevin Wassermuhl
Rachel Alkouché	Shai Levy
Sharon Aloni	Tomer Magid
Eleonore Arad	Avi Zanco
Limor Neeman-Preminger	Yitzchak Raviv
Ran Dlugi	Naama Gilis
Guy Levian	Rotem Yadlin
Naama Shmulevich	Florence Limor
Shira Schrieber	Lior Gutwirt
Nurit Heinrich-Asher	Eran Argov
Karin Tucker	Michal Ofarim
Inbal Perchik	Ido Greenberg
Netanel Derovan	Elisha Kesner
Assaf Levine	Liran Eshed
Limor Attar Rozenbuch	Batia Rosenberg
Merav Land-Viner	Sefi Zilberstein
Shirley Dloomy	Inna Eltsin
Gil Barack	Hillel Artzi
Michal Groffit	Refael Kriman
Limor Shkrit-Kami	Liron Richtman
Ido Gavish	Avidan Romm
Oren Wolpin	Naama Ben-Bassat
Ronit Barzilay	Yasmin Rubin
Idit Amir	Iris Polshuk
Liat Varozlavsky	Etti Friedman-Charash
Oren Reif	Keren Or Gilday
Danny Dilbary	Moran Arava
Sebastian Popper	Michal Adler
Nir Katzour	Ofer Hacmon
Orly Schlossberg Katz	Agada Danielle Nameri
Lior Hod	Assaf Zbeda
Shuki Wagman	
Tamir Livschitz	<u>Of Counsel</u>
Cristina Kornhauser	William B. Goldfarb
Zohar Gerstel-Shmerling	Prof. Moti Mironi
Eyal Flashen	Lionel Kestenbaum
Saglv Hanin	Reuven Reif

In the Letter, the Bidder requested that the Staff grant exemptive and no-action relief to the Bidder from certain provisions of Rule 14d-7(a)(1) and Rule 14e-1(c) promulgated under the Securities Exchange Act of 1934, as amended. The Letter also made reference to discussions held between Skadden and Israeli counsel to the Bidder and between Israeli counsel to the Bidder and the Israeli Securities Authority regarding Israeli law relating to the Offer (the "Discussions").

At your request, we confirm that we are acting as Israeli counsel to the Bidder in connection with the Offer and confirm that the descriptions of the Discussions in the Letter and the descriptions of Israeli law, regulation and practice relating to the Offer described in the Letter are accurate and complete.

We are members of the Bar of the State of Israel and, in rendering this letter, we do not pass (expressly or by implication) on the laws of any jurisdiction other than the State of Israel. This letter is

limited to matters of Israeli law, regulation and practice related to the Offer.

Sincerely,

/s/ Ido Zemach, Adv.

END