# General regulation of the AMF into force from 21/07/2018 to 28/10/2018

Information boxes have been inserted within the General Regulation. They allow for a direct access to the relevant European regulations on the subject matter.

The user will be redirected to the European regulations as initially published in the Official Journal of the European Union and to the subsequent corrigenda, if any. The AMF does not guarantee the completeness of the redirections to these European regulations and corrigenda.

The boxes are located at the most relevant level of the GRAMF depending on the provision of the EU regulations to which they refer (Book, Title, Chapter, Section, etc.).

This additional material is provided for information purposes only and does not constitute a regulatory instrument. The AMF shall not be held liable or responsible for any harm resulting directly or indirectly from the provision or the use of these information boxes.

## Book I - The Autorité des marchés financiers

The provisions of the Title I of the Book I have been removed and are now available in the internal rules of the Autorité des marches financiers at the following address: https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000035317699.

### Title II - The ruling procedure of the Autorité des marchés financiers (Articles 121-1 à 123-1)

#### Chapter 1er - Request for ruling (Articles 121-1 à 121-5)

Article 121-1

When queried in writing ahead of a transaction about an interpretation of this General Regulation, the AMF issues an opinion in the form of a written ruling (rescrit). This opinion stipulates whether, in light of the elements submitted by the interested party, the transaction contravenes this General Regulation.

Article 121-2

All persons referred to in Article L. 621-7 of the Monetary and Financial Code who initiate a transaction are entitled to submit a request for a ruling to the AMF.

Article 121-3

A request for a ruling is made in good faith and applies to a specific transaction.

The request shall be made by a person party to the transaction. It shall be submitted by registered letter with return receipt and shall be clearly marked "Ruling Request" (demande de rescrit).

Article 121-4

The request shall specify the provisions in this General Regulation for which the interpretation is requested and shall set forth the relevant aspects of the planned transaction.

The request shall be accompanied by a separate document giving the names of the persons concerned by the transaction and, where appropriate, any other elements needed for the AMF's assessment. The AMF shall ensure the confidentiality of this document.

Article 121-5

The AMF will dismiss without examination any request that does not meet the conditions set out hereabove. The petitioner will be informed of such dismissal.

### Chapter 2 - Examination of the request (Articles 122-1 à 122-3)

Article 122-1

The ruling is issued by the AMF within thirty working days of receipt of the request and is conveyed to the petitioner. If the request is imprecise or incomplete, the petitioner may be asked to provide supplemental information. In this case, the thirty-day deadline is suspended until the AMF has received that information.

Article 122-2

Where it is unable to assess the true nature of the transaction, or where it considers that the request has not been made in good faith, the AMF duly informs the petitioner, within the time period specified in Article 122-1, of its refusal to issue a ruling.

Article 122-3

A ruling is valid solely in respect of the petitioner.

Provided the petitioner complies with the ruling in good faith, the AMF shall not take any enforcement action or inform the judicial authorities as regards the aspects of the transaction addressed by the ruling.

### Chapter 3 - Publication of the ruling (Article 123-1)

Article 123-1

The ruling and the request are both published in full in the next edition of the AMF's monthly review and on its website.

At the petitioner's request or on its own initiative, however, the AMF may postpone publication for a period of no more than 180 days starting from day the ruling was issued. If the transaction has not been completed by that date, the time period can be extended until the end of the transaction.

## Title III - Certification of standard agreements for transactions in financial instruments (Article 131-1)

Article 131-1

Pursuant to Article L. 621-18-1 of the Monetary and Financial Code, the AMF can certify standard agreements for transactions in

financial instruments, at the reasoned request of one or more investment services providers or a trade association of investment service providers. To that end, it ensures that the provisions of the standard agreement in question are consistent with this General Regulation.

## Title IV - Inspections and investigations by the Autorité des marchés financiers (Articles 142-1 à 144-4)

### Chapter 2 - Informing the AMF about the net asset values of collective investment schemes (Article 142-1)

Article 142-1
The AMF must be informed of the net asset values of collective investment schemes if such values are calculated by the management company or open-ended investment company (SICAV) referred to in Point 7, Section II of the Article L. 621-9 of the Monetary and Financial Code that is responsible for such calculation.

### Chapter 3 - Supervision of persons referred to in section II of article L. 621-9 of the Monetary and Financial code (Articles 143-1 à 143-6)

Article 143-1
To ensure that the market operates in an orderly manner and that the activity of the entities and persons referred to in Section II of Article L. 621-9 of the Monetary and Financial Code complies with the professional obligations arising from laws and regulations or from the professional rules it has approved, the AMF carries out off-site examinations of records and on-site inspections at the business premises of such entities or persons.

Article 143-2
To ensure the proper performance of its supervisory duties, the inspectors may order any of the persons referred to in Section II of Article L. 621-9 of the Monetary and Financial Code to retain information, regardless of the storage medium. Such a measure is confirmed in writing, with details of its duration and the conditions in which it may be renewed.

Article 143-3
The Secretary General issues an inspection order to the persons he has placed in charge.

The inspection order indicates, inter alia, the name of the entity or body corporate to be inspected, the identity of the inspector and the purpose of the inspection.

Persons subject to inspection shall cooperate diligently and honestly.

Article 143-4
Where the proper performance of an AMF inspection has been hindered, this fact is mentioned in the inspection report or in a special report setting out these difficulties.

Article 143-5
Post-inspection reports are transmitted to the inspected entity or body corporate. Transmittal does not take place, however, if the Board, alerted by the Chief Executive, observes that a report describes facts which are capable of being characterised as criminal and deems that such transmittal could interfere with legal proceedings. The entity or body corporate to which a report has been transmitted is requested to submit its observations to the Secretary General of the AMF within a specified period, which cannot be less than ten days. These observations are forwarded to the Board if it when it examines the report in accordance with Section I of Article L. 621-15 of the Monetary and Financial Code.

Article 143-6
Having due regard for the conclusions of an inspection report and for any observations that may be submitted, the inspected entity or body corporate is informed by registered letter with return receipt or by hand delivery against receipt of the measures it

is required to put in place. The entity or body is requested to forward the report and the aforementioned letter to its board of directors, or executive board and supervisory board, or the equivalent decision-making body, as well as to the statutory auditors.

Where the inspected entity or person is affiliated with a central body, as per Article L. 511-30 of the Monetary and Financial Code, a copy of the report and the letter shall also be sent to that body.

### Chapter 4 - Investigations (Articles 144-1 à 144-4)

Article 144-1
The General Secretariat of the AMF keeps a register of the authorizations provided for in Article L. 621-9-1 of the Monetary and Financial Code.

If, for the purposes of an investigation, the Secretary General wishes to call on a person that is not authorised to carry out investigations, he issues an authorization that is restricted to the investigation in question.

Article 144-2
To ensure that investigations proceed smoothly, investigators may order the retention of information, regardless of the storage medium. Such a measure is confirmed in writing, with details of its duration and the conditions in which it may be renewed.

Article 144-2-1
Before the final investigation report is written up, a detailed letter relating the points of fact and of law noted by the investigators is submitted to the persons likely to be charged subsequently. These persons may submit written observations within a period of no more than one month. These observations are forwarded to the Board when it examines the investigation report in accordance with Section I of Article L. 621-15 of the Monetary and Financial Code.

Article 144-3
Where the proper performance of an AMF investigation has been hindered, this fact is mentioned in the investigation report or in a special report setting out these difficulties.

Article 144-4
The Board examines the investigation report pursuant to Article L. 621-15 of the Monetary and Financial Code.

## Title V - The establishment of procedures to report the failings referred to in article L. 634-1 of the monetary and financial code (Articles 145-1 à 145-4)

Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC

Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012

Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs)

Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012

Article 145-1
The AMF General Secretary designates the members of his or her staff, specialised in dealing with reports of the failings referred to in Article L. 634-1 of the Monetary and Financial Code, responsible for receiving and monitoring of such reports and relations with the whistleblower. Specialist staff are trained for this purpose.

Article 145-2
In a distinct and easily identifiable section of its website, the AMF publishes information concerning the receipt of reports of failings referredto inArticle L. 634-1 of the Monetary and Financial Code.

Article 145-3
Independent, autonomous and secure communication channels that guarantee confidentiality are established within the AMF for receiving and monitoring reports of failings referred to in Article L. 634-1 of the Monetary and Financial Code.

Article 145-4
The AMF maintains a register of all reports of failings referred to in Article L. 634-1 of the Monetary and Financial Code. The register is kept within a secure and confidential system, and the data contained in it shall be accessible only to specialist AMF staff.

The receipt of reports is acknowledged immediately, except upon express request to the contrary from the whistleblower or if there is reason to believe that acknowledgement of receipt could compromise the confidentiality of the whistleblower's identity.

# Book II - Issuers and financial disclosure

## Title I - Offer of securities to the public or admission of securities to trading on a regulated market (Articles 211-1 à 217-2)

### Chapter I - Scope (Articles 211-1 à 211-3)

Article 211-1
I. - Persons or entities making a public offer of securities, within the meaning of Article L. 411-1 of the Monetary and Financial Code, or seeking admission to trading on a regulated market of financial securities or equivalent instruments issued under foreign law, shall be subject to Chapter II of this Title.

II. - The provisions of this title shall not apply to the offer or admission to trading on a regulated market of financial securities referred to in point 6 of Article L. 411-3 of the Monetary and Financial Code, the total amount of which in the Union is less than EUR 75,000,000, with this amount being calculated over a twelve-month period.

Article 211-2
I. - Within the meaning of Article L. 411-2, I of the Monetary and Financial Code, an offering of financial securities does not constitute a public offer if it presents one of the following characteristics:

1 • The total amount in France and in the Union is less than EUR 8,000,000 or the foreign currency equivalent thereof;

2 • *[empty];*

3 • It is intended for investors acquiring at least EUR 100,000 worth, or the foreign currency equivalent thereof, per investor and per transaction, of the relevant financial securities;

4 • It concerns financial securities with a minimum par value of at least EUR 100,000 or the foreign currency equivalent thereof.

II. - The total amount of the offer referred to in points I, 1 and the amount referred to in Article L. 411-2 I bis of the Monetary and Financial Code are calculated over a twelve-month period from the date of the first offer. The total amount of these offers is less than EUR 8,000,000 calculated on a twelve-month period.

### Article 211-3

The person or entity making an offer of the kind specified in Article L. 411-2 of the Monetary and Financial Code shall inform investors participating in the offer that:

1 • The offer does not require a prospectus to be submitted for approval to the AMF;

2 • Persons or entities referred to in Point 2°, Section II of Article L. 411-2 of the Monetary and Financial Code may take part in the offer solely for their own account, as provided in Articles D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the Monetary and Financial Code;

3 • The financial instruments thus acquired cannot be distributed directly or indirectly to the public otherwise than in accordance with Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the Monetary and Financial Code.

## Chapter II - Information to be disseminated when financial securities are offered to the public or admitted to trading on a regulated market (Articles 212-1 à 212-42)

### Section 1 - Prospectus (Articles 212-1 à 212-5)

Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

### Article 212-1

Before conducting a public offer of securities or seeking admission of securities to trading on a regulated market within the European Economic Area (EEA), persons or entities referred to in Article 211-1 shall prepare a draft prospectus and submit it for approval by the AMF or the competent supervisory authority of another Member State of the European Union or a State party to the EEA agreement.

#### Sub-section 1 - Competent authority

### Article 212-2

The draft prospectus shall be submitted to the AMF for prior approval in the following cases:

1 • the issuer has its registered office in France and the public offer or admission to trading on a regulated market involves:

a • Financial securities referred to in Section I of Article L. 621-8 of the Monetary and Financial Code; or

b • Financial securities referred to in Section II of the above article, where the issuer has chosen the AMF to approve its prospectus;

2 • The public offer or admission to trading on a regulated market is to be carried out in France and involves:

a • Financial securities referred to in Section II of the above article, where the issuer has chosen the AMF to approve its prospectus; or

b • Financial securities referred to in Section IV of the above article;

3 • The issuer has its registered office outside the EEA and the public offer or admission to trading on a regulated market involves financial securities referred to in Section I of the above article, provided that:

a • The first public offer or admission to trading on a regulated market was carried out in France after 31 December 2003, subject to a subsequent election by the issuer where the offer was not effected by the issuer;

b • The first public offer was made in a Member State of the European Union or a State party to the EEA agreement, other than France, after 31 December 2003 at the decision of an initiator other than the issuer and the issuer decides to carry out in France its first public offer as initiator.

4 • In cases other than those mentioned in Points 1° to 3°, the AMF may agree to approve the draft prospectus at the request of the competent authority of another Member State of the European Union or a State party to the EEA agreement.

Article 212-3

Where the AMF is not the competent authority to approve the prospectus, the supervisory authority that approved the prospectus shall send the AMF, at the request of the persons or entities seeking to offer securities to the public or have securities admitted to trading on a regulated market in France, as provided for in Articles 212-40 to 212-42, the certificate of approval and a copy of the prospectus, together with a French translation of the summary note, where appropriate.

Sub-section 2 - Exemptions

Article 212-4

The obligation to publish a prospectus does not apply to public offers of the following financial securities:

1 • Shares issued in substitution for shares of the same class already issued, if the issuing of such new shares does not involve an increase in the issuer's capital;

2 • Financial securities offered in connection with an offre publique d'échange or an equivalent exchange procedure under foreign law, provided that a document, subject to AMF scrutiny and containing information equivalent to that of the prospectus, is made available by the issuer;

3 • Financial securities offered, allotted or to be allotted in connection with a merger, demerger or spin-off, provided that a document, subject to AMF scrutiny and containing information equivalent to that of the prospectus, is made available by the issuer;

4 • Dividends paid out to existing shareholders in the form of shares of the same class as the shares in respect of which such dividends are paid, provided that a document containing information on the number and nature of the financial securities and the reasons for and details of the transaction is made available by the issuer;

5 • Financial securities offered, allotted or to be allotted to directors, to company officers referred to in II of Article L. 225-197-1 of the Commercial Code, or to existing or former employees by their employer or by an affiliate, provided that a document containing information on the number and nature of the securities and the reasons for and details of the offer is made available by the issuer and provided that:

a • The issuer has its head office or registered office in a European Union Member State;

b • Or the issuer, if its head office or registered office is in a non-Member State of the European Union, has its financial securities admitted to trading:

— either on a regulated market;

— or on the market of a third country, provided that adequate information, particularly the aforementioned document, is available in at least one language customary in the sphere of finance and provided that the European Commission has adopted an equivalent decision in relation to the market of the third country in question.

6 • Financial securities for which an approved prospectus is valid under the conditions set out in Article 212-24 and provided that the issuer or the person responsible for preparing said prospectus gives written consent to its use.

Where appropriate, an AMF instruction shall stipulate the nature of the information referred to in this article.

Article 212-5

In addition to the first three exemptions from the obligation to publish a prospectus for an admission to trading on a regulated market set out in the first sub-paragraph of Article 1(5) of Regulation (EU) No. 2017/1129 of 14 June 2017, the obligation to publish a prospectus does not apply when the following categories of financial securities are admitted to trading on a regulated market:

1 • *[removed by the decree of 14 November 2017]*;

2 • Shares issued in substitution for shares of the same class already admitted to trading on the same regulated market, if the issuing of the new shares does not involve an increase in the issuer's capital;

3 • Financial securities offered in connection with an offre publique d'échange or an equivalent exchange procedure under foreign law, if a document, subject to AMF scrutiny and containing information equivalent to that of the prospectus, is made available by the issuer;

4 • Financial securities offered, allotted or to be allotted in connection with a merger, demerger or spin-off that has been subject to the procedure in Article 212-34;

5 • Shares offered, allotted or to be allotted free of charge to existing shareholders, and dividends paid out in the form of shares of the same class as the shares in respect of which such dividends are paid, provided that these shares are of the same class as the shares already admitted to trading on the same regulated market and that a document containing information on the number and nature of the securities and the reasons for and details of the admission to trading is made available by the issuer;

6 • Financial securities offered, allotted or to be allotted to directors, to company officers referred to in II of Article L. 225-197-1 of the Commercial Code, or to existing or former employees by their employer or by an affiliate, if these securities are of the same class as those already admitted to trading on the same regulated market, and provided that a document containing information on the number and nature of the securities and the reasons for and details of the admission to trading is made available by the issuer;

7 • Shares resulting from the conversion or exchange of other financial securities or from the exercise of rights conferred by other financial securities, provided that these shares are of the same class as those already admitted to trading on a regulated market and the securities giving access to the shares were issued before 20 July 2017.

8 • Financial securities already admitted to trading on another regulated market, on the following conditions:

a) These financial securities or other financial securities of the same class have been admitted to trading on that other regulated market for more than 18 months;

b) For financial securities first admitted to trading on a regulated market after the date of entry into force of this Chapter, the admission to trading on that other regulated market was associated with the approval of a prospectus made available to the public in accordance with Article 14 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003;

c) For financial securities not mentioned in b) and first admitted to trading after 30 June 1983 but before the entry into force of this Chapter, a prospectus has been approved in accordance with the requirements of Directive 80/390/EEC or Directive 2001/34/EC;

d) The issuer has fulfilled all periodic and ongoing disclosure obligations on that other regulated market;

e) The person applying for admission prepares a summary note in French that is published and circulated in accordance with Article 212-27. The French translation of the summary note is not needed if the admission concerns the compartment referred to in Article 516-5 or when the prospectus is drafted in a language other than French that is usual for financial matters in accordance with Article 212-12. The summary must also state where the most recent prospectus can be obtained and where the financial information published by the issuer pursuant to d is available.

Where appropriate, an AMF instruction shall stipulate the nature of the information referred to in this article.

## Section 2 - Filing, approval and circulation of prospectuses (Articles 212-6 à 212-30)

### Sub-section 1 - Filing and approval of the prospectus

Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

Commission Delegated Regulation (EU) 2016/301 of 30 November 2015 supplementing Directive 2003/71/EC of the European Parliament and of the Council with regard to regulatory technical standards for approval and publication of the prospectus and dissemination of advertisements and amending Commission Regulation (EC) No 809/2004.

#### Paragraph 1 - Filing

Article 212-6

Persons or entities mentioned in Article 211-1, or any person or entity acting on their behalf, shall file a draft prospectus with AMF in the format specified in the delegated regulation (EU) 2016/301 of 30 November 2015 relating to the approval and publication of the prospectus and dissemination of advertisements and in an AMF instruction.

Documentation needed to scrutinise the dossier shall be submitted to the AMF when the draft prospectus is filed. The content and submission procedure for such documentation are specified in the delegated regulation (EU) 2016/301 of 30 November 2015 relating to the approval and publication of the prospectus and dissemination of advertisements and in an AMF instruction.

When filing the draft prospectus, the persons or entities referred to in the first paragraph shall specify whether the financial securities concerned are admitted to trading on a regulated market having its registered office in a Member State of the European Union or a State party to the EEA agreement or are admitted to the official list of a foreign exchange and whether a listing application or an issue is pending or planned for other exchanges.

#### Paragraph 2 - Prospectus content

Article 212-7

The prospectus shall contain all the information which is necessary, depending on the particular nature of the issuer, particularly if it is a company with a small market capitalisation or a small or medium-sized business, and of the financial securities being offered to the public or for which admission to trading on a regulated market is sought, to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses, and prospects of the issuer and of any guarantor of the financial securities being offered to the public or for which admission to trading on a regulated market is sought, as well as the rights attaching to such financial securities and the conditions in which the securities are issued. For companies with a small market capitalisation and small or medium-sized businesses, this information shall be adapted to suit their size and, if necessary, their background.

This information shall be presented in an easily analysable and comprehensible form.

The prospectus shall be drawn up in accordance with one of the formats and modules in Regulation (EC) 809/2004 of

29 April 2004 or one of the combinations provided for the different categories of financial securities. The prospectus shall contain the information specified in the Annexes to the aforementioned Regulation, depending on the type of issuer and the category of financial securities concerned.

Article 212-7-1

Within the meaning of Article 212-7:

1 • Small or medium-sized businesses are those which, according to their most recently published annual or consolidated financial statements, present at least two of the following three characteristics:

a • An average of fewer than 250 employees for the entire financial year;

b • A balance sheet total of not more than EUR 43,000,000;

c • Annual net turnover of not more than EUR 50,000,000;

2 • A company with a small market capitalisation is a company whose financial securities are admitted to trading on a regulated market whose average market capitalisation has been lower than EUR 100,000,000 based on the year-end share prices for the previous three calendar years.

Article 212-8

I. - The prospectus shall include a summary note, except where the application for admission to trading on a regulated market concerns debt securities with a minimum denomination of EUR 100,000 or the foreign currency equivalent thereof.

II. - The summary note shall present, in a concise manner and in non-technical language, the key data which, together with the prospectus, provides adequate information on the essential characteristics of the financial securities concerned, in order to help investors considering investing in the said securities. It shall be drawn up in a standard form to make it easier to compare summary notes relating to similar financial securities. The summary note shall be constructed on a modular basis in line with the annexes to Regulation (EC) n° 809/2004 of 29 April 2004.

III. - The summary note shall also contain a warning that:

1 • It should be read as an introduction to the prospectus;

2 • Any decision to invest in the relevant financial securities should be based on consideration of the prospectus as a whole by the investor;

3 • Where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the European Union or States party to the EEA agreement, have to bear the costs of translating the prospectus before the legal proceedings are initiated;

4 • Civil liability attaches to the persons who presented the summary note, and any translation thereof, and who requested notification within the meaning of Article 212-41 only if the summary note is misleading, inaccurate or inconsistent when read with other parts of the prospectus or if it does not provide, when read together with the other parts of the prospectus, the essential information to help investors considering investing in the said financial securities.

Article 212-8-1

Within the meaning of Article 212-8, the key information is the essential, appropriately structured information that must be provided to investors in order to enable them to understand the nature of and risks associated with the issuer, the guarantor and the financial securities being offered or being admitted to trading on a regulated market and in order to determine which offers of financial securities it is appropriate to continue considering, without prejudice to an exhaustive examination of the prospectus by investors.

In light of the offer and the financial securities concerned, the key information includes the following elements:

1 • A brief description of the risks associated with the issuer and any guarantors, as well as the essential characteristics of the issuer and of said guarantors, including assets and liabilities and financial position;

2 • A brief description of the risks associated with investment in the financial securities concerned and the essential characteristics of said investment, including any rights attached to the securities;

3 • The general conditions of the offer, particularly an estimate of the expenses borne by the issuer or offeror on the investor's behalf;

4 • The procedure for admission to trading;

5 • The reasons for the offer and the planned use of the funds raised.

Article 212-9

I. - The prospectus may be drawn up as a single document or as separate documents.

II. - A prospectus composed of separate documents shall include:

1 • A registration document or, for the first admission to trading of equity securities, a base document containing information about the issuer;

2 • A securities note containing information on the financial instruments being offered to the public or for which admission to trading on a regulated market is sought;

3 • The summary note (summary of the prospectus) mentioned in Article 212-8.

Article 212-10

For a public offer of securities or an admission to trading on a regulated market, an issuer that has a registration document registered with or approved by the AMF is required to draw up only a securities note and a summary prospectus for the relevant financial securities.

If there has been a material change or recent development which could affect investors' assessments since the approval of the latest updated registration document or any supplemental note to the prospectus that has been prepared in accordance with

Article 212-25, the securities note shall provide information that would normally be provided in the registration document.

The securities note and the summary note shall be submitted for approval by the AMF.

Where an issuer has filed only a registration document without having it approved by the AMF, the entire documentation, including updated information, shall be subject to AMF approval.

Article 212-11

In the format specified in the delegated regulation (EU) 2016/301 of 30 November 2015 relating to the approval and publication of the prospectus and dissemination of advertisements, information may be incorporated in the prospectus by reference to one or more previously or simultaneously published documents, referred to in Article 28 of Regulation (EC) no. 809/2004 of 29 April 2004 or in Directive 2004/109/CE, approved by or filed with the AMF. This information shall be the latest available to the issuer. The summary note shall not incorporate information by reference.

When information is incorporated by reference, a cross-reference list must be provided in order to enable investors to easily identify specific items of information.

### Paragraph 3 - Language Used For The Prospectus

Article 212-12

I. - Where a public offer of financial securities referred to in Sections I and IV of Article L. 621-8 of the Monetary and Financial Code is made only in France or in one or more other Member States of the European Union or States party to the EEA agreement, including France, the prospectus approved by the AMF shall be drawn up in French.

By way of derogation, the prospectus may be drawn up in a language other than French that is customary in the sphere of finance in the following cases:

1 • The public offer of financial securities referred to in Sections I and IV of the aforementioned article L. 621-8 is conducted only in France or in one or more other Member States of the European Union, including in France, when these shares are first admitted for trading on a regulated market or on a multilateral trading facility only in France or in one or more other Member States of the European Union or parties to the European Economic Area agreement, including France.

1a The public offer of financial securities referred to in Sections I and IV of the aforementioned article L. 621-8 is conducted only in France or in one or more other Member States of the European Union or parties to the European Economic Area agreement, including France, by an issuer whose prospectus, prepared when these shares are first admitted for trading on a regulated market or on a multilateral trading facility only in France or in one or more other Member States of the European Union or parties to the European Economic Area agreement, including France, shall be written in a language that is customary in the sphere of finance, other than French.

1b The public offer involves debt securities referred to in Sections I and II of Article L. 621-8 and takes place only in France or in one or more other Member States of the European Union or States party to the EEA agreement, including France;

2 • The issuer has its registered office in a non-EEA State and the prospectus is drawn up for an offer of securities to employees working for affiliates or establishments of the issuer in France.

Where the prospectus is drawn up in a language other than French that is customary in the sphere of finance, the summary note shall be translated into French.

II. - Where admission to trading on a regulated market is planned solely in France or in one or more other Member States of the European Union or States party to the EEA agreement, including France, the prospectus approved by the AMF shall be drawn up in French or in another language customary in the sphere of finance. In the latter case, the summary must be translated into French except when applying for admission to trading on the compartment referred to Article 516-5.

Where admission to trading on a regulated market is planned in France for non-equity securities with a minimum denomination of EUR 100,000 or the foreign currency equivalent thereof, the prospectus approved by the AMF shall be drawn up in French or in another language customary in the sphere of finance.

III. - Where a public offer or admission of securities to trading on a regulated market is planned in one or more Member States of the European Union or States party to the EEA agreement, excluding France, the prospectus approved by the AMF shall be drawn up in French or in another language customary in the sphere of finance.

IV. - Where the AMF is not the competent authority to approve the prospectus and where a public offer or admission to trading on a regulated market is planned solely in France or in one or more other Member States of the European Union or States party to the EEA agreement, including France, the prospectus shall be drawn up and published in French or in another language customary in the sphere of finance. In the latter case, the summary must be translated into French except when applying for admission to trading on the compartment referred to Article 516-5.

### Paragraph 4 - Registration document

#### Article 212-13

I. - All issuers of financial instruments admitted for trading on a regulated market or on an organised multilateral trading facility within the meaning of Article 524-1 may prepare a registration document every year, as specified in an AMF instruction.

This registration document can take the form of an annual report to shareholders. In this case, a table showing the concordance between the headings in the instruction mentioned in the first paragraph and the corresponding headings in the annual report shall be provided.

II. - The registration document shall be filed with the AMF. If the issuer has not previously submitted three consecutive registration documents to the AMF, this document shall be registered by the AMF before it is published.

III. - The registration document shall be made available to the public free of charge on the day after filing, or registration where such is the case. Any person who so requests may view the document at any time at the registered office of the issuer or the offices of the paying agent. A copy of the document must be sent free of charge to any person who requests one.

The electronic version of the registration document shall be sent to the AMF for posting on its website.

IV. - Once the registration document has been filed or recorded, the issuer can make regular updates, which are filed with the AMF in accordance with Point 2°, concerning published accounting data and new factors relating to its organisation, business, risks, financial condition and results.

These successive updates are made available to the public in accordance with Point 3°.

IV *bis*. - Where an issuer files or registers a registration document with the AMF in French, it may also file or register the document in a language that is customary in the sphere of finance, in accordance with the terms of the instruction. In this case, the successive updates shall be drafted both in French and in the same language customary in the sphere of finance.

V. - Where, in connection with its supervisory duties, the AMF finds an omission or a material inaccuracy in the registration document, it shall inform the issuer, which must amend the document and file the corrections with the AMF.

These corrections shall be made available to the public as soon as possible, in accordance with Point 3°.

Any omission or inaccuracy, with regard to this General Regulation or to AMF instructions, that could manifestly distort an investor's assessment of the organisation, business, risks, financial condition or results of the issuer shall be considered as material.

Any other observations made by the AMF shall be brought to the attention of the issuer, which shall take them into account in the subsequent registration document.

VI. - Where the registration document filed with or registered by the AMF is published within four months of the financial year-end and contains information referred to in a of point 1° of Article 221-1, the issuer is not required to publish this information separately.

VII. - Where an updated registration document is filed within three months of the end of the first half-year and contains the information referred to in b of point 1° of Article 221-1, the issuer is not required to publish this information separately.

VIII. - To qualify for the publication waivers referred to in VI and VII, the issuer shall publish a news release, in accordance with Article 221-3, explaining how the registration document and its updates are to be made available.

### Paragraph 5 - Responsibility Attaching To Participants: Issuers, Statutory Auditors And Investment Services Providers

#### Article 212-14

The persons responsible shall be clearly identified in the prospectus by their names and functions or, in the case of legal persons, their business names and registered offices.

The signature of the persons or entities responsible for the prospectus or registration document and for the updates and corrections thereto shall be preceded by a declaration confirming that, to the best of their knowledge, the information contained therein is in accordance with the facts and makes no omission likely to affect its import.

This declaration shall also state that the issuer has obtained a completion letter from its statutory auditors confirming that they have applied their professional standard for checking prospectuses, which consists in examining the entire document. Where appropriate, the issuer shall mention any material observations made by the statutory auditors.

The provisions of the third paragraph of this article shall not apply to prospectuses prepared for a public offering or admission of debt securities to trading on a regulated market, provided that the securities do not give holders access to equity, or for admission of financial securities to the compartment referred to in Article 516-5.

#### Article 212-15

I. - The statutory auditors shall state whether the interim, consolidated or annual financial statements that have undergone an audit or a limited review and that are presented in a prospectus, a registration document or, where such is the case, the updates or corrections thereto, give a true and fair view of the issuer. Where the interim financial statements are summary versions, the statutory auditors shall give their opinion on whether those statements comply with generally accepted accounting principles.

They shall declare that any forward-looking information, whether estimated or pro forma, presented in a prospectus, registration document or, where such is the case, the updates or corrections thereto, has been properly prepared in accordance with the indicated basis and that the accounting basis is consistent with the issuer's accounting policies.

II. - They shall examine all the other information in a prospectus, registration document or, where such is the case, the updates or corrections thereto. This overall examination and any special verifications shall be carried out in accordance with a standard issued by the national institute of statutory auditors (Compagnie Nationale des Commissaires aux Comptes) on prospectus verification.

They shall draw up a completion letter for their work on the prospectus, in which they inform the issuer about the reports appearing in the prospectus, registration document or, where such is the case, the updates or corrections thereto. Upon completion of their overall examination and any special verifications that may have been made in accordance with the aforementioned professional standard, they shall state their observations, if any. The issue date of this completion letter must coincide as closely as possible with the date of the expected AMF approval.

The issuer shall forward a copy of the completion letter to the AMF before the AMF issues its approval or before the registration

document or the updates and corrections thereto are filed or registered. If the letter contains observations, the AMF shall take appropriate action when scrutinising the prospectus.

In case of difficulty, the statutory auditors of a French issuer can approach the AMF with any questions about financial information in a prospectus, a registration document or, where such is the case, the updates or corrections thereto.

III. - The provisions of Section II shall not apply to prospectuses prepared for a public offering or admission of debt securities to trading on a regulated market, provided that the securities do not give holders access to equity, or for admission of financial securities to the compartment referred to in Article 516-5.

Article 212-16

I. - Where one or more investment service providers take part in the first admission to trading on a regulated market of equity securities, or in any public offer or admission of such securities during the first three years after the first admission of equity securities, such investment service provider(s) shall certify to the AMF that they have exercised customary professional diligence and found no inaccuracies or material omissions likely to mislead investors or affect their judgement.

During the three years following the first admission to trading of an issuer's securities, where the prospectus prepared for the public offer or admission comprises a registration document or a recent prospectus and a securities note, the investment service provider(s) shall certify only the information in the securities note, provided the information in the registration document or recent prospectus has been certified by such provider(s) or another investment service provider, exercising customary professional diligence, before the offer or admission.

After three years, the investment service provider(s) shall certify only the details of the offer or admission and the characteristics of the relevant securities, as described in the prospectus or the securities note, as the case may be.

II. - Where one or more investment service providers take part in any public offer of equity securities that are not admitted to trading on a regulated market, such investment service provider(s) shall certify to the AMF that they have exercised customary professional diligence and found no inaccuracies or material omissions likely to mislead investors or affect their judgement.

III. - Where one or more entities, whether investment service providers or not, are authorised by a market operator or an investment service provider that operates an organised multilateral trading facility (MTF) within the meaning of Article 524-1, take part through that MTF in a public offer of equity securities, such entities shall certify to the AMF that they have exercised customary professional diligence and found no inaccuracies or material omissions likely to mislead investors or affect their judgement.

In the case referred to in the above paragraph, where customary professional diligence is exercised by persons or entities that are not accredited as investment service providers, the investment service providers that are likely to take part in the public offer are not required to certify to the AMF that such diligence has been exercised.

The certification shall be submitted to the AMF before its issues its approval.

IV. - This article does not apply to prospectuses prepared for admission of financial instruments to the compartment referred to Article 516-5.

Paragraph 6 - Adapting the contents of the prospectus

Article 212-17

Where the final offer price and the final quantity of financial securities being offered cannot be included in the prospectus, the issuer shall mention in the prospectus:

1 • The criteria or the conditions in accordance with which the above elements will be established; or

2 • The maximum offer price.

The final offer price and quantity of securities offered shall be filed with the AMF and published in accordance with Article 212-27.

Where one of the elements mentioned in Point 1° or Point 2° is not mentioned in the prospectus, investors must be entitled to withdraw their acceptance of the acquisition or subscription terms for the securities during at least two trading days following the publication of the final price and quantity of the securities concerned.

Article 212-18

Under AMF supervision, certain information may be omitted from the prospectus in the following cases:

1 • Disclosure of such information would be contrary to the public interest;

2 • Disclosure of such information would be seriously detrimental to the issuer, provided that the omission would not be likely to mislead the public;

3 • Such information is of minor importance for the offer or admission envisaged and is not such as will influence the assessment of the financial condition and prospects of the issuer of the guarantor, if any, of the financial securities being offered to the public or admitted to trading on a regulated market.

4 • Such information concerns a European Union Member State as the guarantor of the offer of financial securities.

Article 212-19

Without prejudice to adequate information of investors, the contents of the prospectus may be adapted, in exceptional circumstances and under AMF supervision, and subject to the inclusion of equivalent information, if some of the items prove to be inappropriate to the nature of the financial securities concerned, to the business or legal form of issuer or to a person or entity that proceeds with a public offer in accordance with the Monetary and Financial Code or that Article L. 411-1 obliges admission to trading on a regulated market. In the absence of equivalent information, the issuer, person or entity that proceeds with a public offer in accordance with the Monetary and Financial Code or admission to trading on a regulated market shall be authorised, under AMF supervision, to omit the items in question from the prospectus.

Article 212-19 bis

The list of items of information not included in the prospectus in accordance with Articles 212-18 and 212-19 forms part of the documentation required to scrutinise the dossier mentioned in Article 212-6. The content of this list and the procedure for submitting it to the AMF are determined by delegated regulation (EU) 2016/301 of 30 November 2015 relating to the approval and publication of the prospectus and dissemination of advertisements and by an AMF instruction.

### Paragraph 7 - Conditions For Issuance Of Approval

#### Sub-paragraph 1 - General provisions

Article 212-20

Where the requirements of this Chapter have been met, and particularly where the AMF has received the declarations referred to in Articles 212-14 to 212-16, the AMF shall issue its approval of the prospectus.

Before issuing its approval, the AMF may request additional investigations from the statutory auditors or ask for an audit to be carried out by an external specialist, appointed with its agreement, if it considers that the statutory auditors have not exercised due care.

Article 212-21

The documentation needed to scrutinise the dossier shall be submitted to the AMF when the draft prospectus is filed. The content and submission procedure for such documentation are specified in the delegated regulation (EU) 2016/301 of 30 November 2015

relating to the approval and publication of the prospectus and dissemination of advertisements and in an AMF instruction.

The AMF shall acknowledge receipt of the draft prospectus within the period and according to the procedure specified in the delegated regulation (EU) 2016/301 of 30 November 2015 relating to the approval and publication of the prospectus and dissemination of advertisements and in an AMF instruction.

If the dossier is incomplete, the AMF shall so inform the person that filed the draft prospectus within the ten trading days following the date on which the draft prospectus was filed.

The AMF shall announce its approval within ten trading days following the filing date.

For a public offer or admission of financial securities to trading on a regulated market, where the issuer has drawn up a registration document and registered it in accordance with Article 212-13:

1 • Either it shall file a securities note in accordance with an AMF instruction no later than five trading days before the proposed date for obtaining approval for the offer or admission;

2 • Or it may benefit from a simplified authorisation procedure, at the end of which the AMF issues its authorisation within the three trading days following the filing date on condition that:

a • the authorisation request does not fall within the scope of Book VI of the Commercial Code in respect of companies in difficulty or equivalent provisions in foreign law; and

b • that the issuer has filed a note relating to financial securities and a summary in accordance with the corresponding securities note template (including the summary) produced by the Association Française des Marchés Financiers (AMAFI) and approved by the AMF.

The filing of a draft prospectus under the simplified authorisation procedure must be accompanied by the submission to the AMF of the supplementary documentation needed for scrutinising the dossier, whose content and submission procedure are specified in the delegated regulation (EU) 2016/301 of 30 November 2015 relating to the approval and publication of the prospectus and dissemination of advertisements and in an AMF instruction.

The AMF shall indicate to the issuer and the investment services provider whether the issuer's request for a simplified authorisation procedure is accepted or refused within two trading days following the filing date. The failure of the AMF to respond within this period may be taken as acceptance of the issuer's request. In the event of refusal, the ten trading days' scrutiny period includes these two trading days.

If, when scrutinising the dossier, the AMF states that the documents are incomplete or that additional information must be incorporated, the ten, five or three trading days mentioned in the fourth and fifth paragraphs shall commence only when the AMF has received the missing or additional information.

Sub-paragraph 2 - Provisions applicable to a first public offer or first admission to trading on a regulated market

Article 212-22

Article 212-21 shall not apply to a first public offer or first admission to trading on a regulated market.

The documentation needed to scrutinise the dossier shall be submitted to the AMF when the draft prospectus is filed. The content and submission procedure for such documentation are specified in the delegated regulation (EU) 2016/301 of 30 November 2015 relating to the approval and publication of the prospectus and dissemination of advertisements and in an AMF instruction.

The AMF shall acknowledge receipt of the initial filing of the prospectus within the period and according to the procedure described in an AMF instruction and the delegated regulation (EU) 2016/301 of 30 November 2015 relating to the approval and

publication of the prospectus and dissemination of advertisements.

If the dossier is incomplete, the AMF shall so inform the person that filed the draft prospectus, at the earliest opportunity. If the dossier if complete, the AMF shall send the issuer a notice of filing.

The AMF shall announce its approval within twenty trading days of the filing date.

If, when scrutinising the dossier, the AMF states that the documents are incomplete or that additional information must be incorporated, the time limit mentioned in the fifth paragraph shall commence only when the AMF has received the missing or additional information.

Article 212-23

1 • For the first admission of equity securities to trading on a regulated market or organised multilateral trading facility referred to in Article 524-1, the issuer shall be authorised to draw up a base document.

2 • The issuer or any person or entity acting on its behalf shall file the draft base document with the AMF at least twenty trading days before the proposed date for obtaining approval for this transaction.

3 • The filing shall be accompanied by the documentation specified in an AMF instruction. If the dossier is incomplete, the AMF shall so inform the issuer at the earliest opportunity. If the dossier if complete, the AMF shall send the issuer a notice of filing.

4 • The AMF shall register the base document, as specified in an AMF instruction. It shall send the issuer a registration notice, which it shall also post on its website.

5 • The issuer shall disseminate the base document as soon as it has been notified of the registration notice as specified in Article 212-27. It may, however, take it upon itself to delay dissemination provided it refrains from disclosing any material information in the base document to persons not subject to a confidentiality or secrecy obligation. Accordingly, online publication of the registration notice, as provided for in Point 4°, shall be delayed for as long as confidentiality is maintained.

In any case, the base document shall be disseminated no later than five trading days before the proposed date for obtaining approval for the offer or admission.

6 • For the admission to trading of financial securities, the issuer shall file a draft securities note no later than five trading days before the proposed date for obtaining approval for the transaction.

If there has been a material change or recent development that could affect investors' assessments since the registration of the base document, the securities note shall provide the information that would normally be provided in the base document.

### Paragraph 8 - Existence of a recent prospectus

Article 212-24

I. - The prospectus shall be valid for other public offers or admissions to trading on a regulated market for a period of twelve months after approval by the AMF provided it has been completed by the supplements required by Article 212-25.

II. - A previously filed or recorded registration document shall be valid for a period of twelve months provided it has been updated in accordance with Article 212-13.

The registration document accompanied by the securities note, updated as necessary in accordance with Article 212-10, and the summary of the prospectus shall be considered to constitute a valid prospectus.

### Paragraph 9 - Supplement To The Prospectus

Commission Delegated Regulation (EU) No 382/2014 of 7 March 2014 supplementing Directive 2003/71/EC of the European Parliament and of the Council with regard to regulatory technical standards for publication of supplements to the prospectus

Article 212-25

I. - Every significant new factor, material mistake or inaccuracy relating to the information included in the prospectus that could materially affect the assessment of the financial securities and arises or is noted between the time that approval is obtained and the closing of the offer or, as the case may be, the start of trading on a regulated market, should that event occur later, shall be mentioned on a supplement to the prospectus, which shall be subject to AMF approval.

A non-exhaustive list of situations in which a supplementary note is required is provided in delegated regulation (EU) no. 382/2014 of 7 March 2014 relating to the publication of supplements to the prospectus.

Advertising shall be adapted in accordance with Article 212-29-1.

The AMF shall issue its approval within seven trading days, as specified in Articles 212-20 to 212-23.

The document shall be published and disseminated with the same arrangements as were applied when the initial prospectus was published.

The summary note, and any translation thereof, shall also be supplemented if necessary to take into account the new information included in the supplement.

II. - Investors who have already agreed to purchase or subscribe for financial securities before the supplement is published shall have the right, exercisable within a time limit that shall be no shorter than two trading days after publication of the supplement, to withdraw their acceptance, provided that the new factor, material mistake or inaccuracy referred to in Paragraph I was prior to the final closing of the public offer and delivery of the financial securities. This time limit may be extended by the issuer or the offeror. The date on which this right to withdraw expires must be specified in the supplement.

### Sub-section 2 - Dissemination of the prospectus and advertisements

Commission Delegated Regulation (EU) 2016/301 of 30 November 2015 supplementing Directive 2003/71/EC of the European Parliament and of the Council with regard to regulatory technical standards for approval and publication of the prospectus and dissemination of advertisements and amending Commission Regulation (EC) No 809/2004.

#### Paragraph 1 - Dissemination of the prospectus

Article 212-26

Once approval has been issued, the prospectus shall be filed with the AMF and made available to the public by the issuer or the person or entity seeking admission to trading on a regulated market.

The prospectus shall be disseminated to the public as soon as practicable and, in any case, at a reasonable time in advance of and, at the latest, at the beginning of the public offer or the admission to trading on a regulated market.

In the case of a first admission to trading on a regulated market, the prospectus shall be disseminated to the public at least six trading days before the close of the offer.

Article 212-27

I. - In practice, the prospectus shall be disseminated in one of the following ways:

1 • By publication in one or more newspapers with nationwide or other wide circulation;

2 • By being made available free of charge in printed form from the issuer at its registered office, from the undertaking that operates the market on which the financial securities are admitted to trading, and from the financial intermediaries placing or trading the securities concerned, including the securities paying agents;

3 • By posting on the website of the issuer and, if applicable, on websites of the financial intermediaries placing or trading the securities concerned, including the securities paying agents:

4 • By posting on the website of the regulated market where the admission to trading is sought.

II. - Issuers that publish their prospectus in accordance with Point 1° or Point 2° of Section I shall also publish it accordance with Point 3° of Section I.

Issuers that publish their prospectus in accordance with Point 2° to Point 4° of Section I shall also publish the summary of the prospectus in accordance with Point 1° of Section I or a news release disseminated in accordance with Article 221-3 that specifies how the prospectus is to be made available.

III. - Where the prospectus is disseminated in accordance with Point 3° or Point 4° of Section I, a copy of the prospectus shall be sent free of charge to any person who requests one.

IV. - The electronic version of the prospectus shall be sent to the AMF for posting on its website.

Article 212-27-1

The prospectus and the supplement published and made available to the public shall always be identical to the original versions approved by the AMF.

### Paragraph 2 - Advertisements And Information Disseminated For Non-Advertising Purposes

Article 212-28

I. – Any promotional marketing materials relating to a public offering or an admission to trading on a regulated market shall be communicated to the AMF before being disseminated.

Such promotional marketing materials shall:

1 • State that a prospectus has been or will be published and indicate where investors are or will be able to obtain it;

2 • Be clearly recognisable as such;

3 • Contain no false or misleading statements;

4 • Contain information that is consistent with the information in the prospectus, if already published, or with information required to be in the prospectus, if the prospectus is to be published at a later time;

5 • Contain a notice drawing the reader's attention to the section of the prospectus on risk factors;

6 • *[Removed by the decree of 11 July 2018];*

7 • Comply with Delegated Regulation (EU) no. 2016/301 relating to the approval and publication of the prospectus and dissemination of advertisements, and notably with the principles stated in points (c) and (d) of Article 12 regarding, respectively, the need for balanced information and the absence of alternative performance indicators concerning the issuer, unless these indicators appear in the prospectus itself.

The AMF may require that promotional marketing materials contain a warning about certain exceptional characteristics of the issuer or the guarantors, if any, or the financial securities being offered to the public or admitted to trading on a regulated market.

II. – Where the public offering or request for admission to a regulated market has not given rise to the production of a prospectus in accordance with Articles 212-4 and 212-5, any promotional marketing materials shall contain the warning mentioned in Article 211-3 (1°).

Article 212-29

All information other than advertising information about a public offering or an admission of financial securities to trading on a regulated market shall be consistent with the information in the prospectus, regardless of its form and method of dissemination, and shall comply with the requirements of Commission Delegated Regulation (EU) 2016/301 of 30 November 2015 relating to the approval and publication of the prospectus and dissemination of advertisements and notably with the principles stated in points (c) and (d) of Article 12 regarding, respectively, the need for balanced information and the absence of alternative performance indicators concerning the issuer, unless these indicators appear in the prospectus itself.

Article 212-29-1

In the event that a supplement to the prospectus is published after an advertisement has been disseminated, an amended version of the advertising material shall be disseminated according to the format, period and conditions stated in delegated regulation (EU) 2016/301 of 30 November 2015 relating to the approval and publication of the prospectus and dissemination of advertisements. It shall be submitted to the AMF before dissemination and before the authorisation for the supplement is given.

Article 212-30

When no prospectus is required pursuant to this Title, material information provided by an issuer and addressed to qualified investors, as defined by Articles D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the Monetary and Financial Code, or to special categories of investors, including information disclosed in the context of meetings relating to the disposal or issuance of financial instruments, shall be disclosed to all qualified investors of special categories of investors to whom the offer is addressed.

Where a prospectus is required to be published, such information shall be included in the prospectus or in a supplement to the prospectus in accordance with Article 212-25.

## Section 3 - Special Cases (Articles 212-31 à 212-38-2)

### Paragraph 1 - Base prospectus

Article 212-31

An offering programme means a programme that permits the issuance of non-equity securities, including warrants in any form and having a similar category, in a continuous or repeated manner during a specified issuing period.

Article 212-32

For the types of financial securities listed below, the prospectus may consist of a base prospectus containing all relevant information about the issuer and the securities being offered to the public or admitted to trading on a regulated market:

1 • Debt securities, including debt warrants in any form, issued under an offering programme;

2 • Debt securities issued on a continuous or repeated basis by credit institutions:

a • where the sums received from issue of the securities are placed in assets that provide sufficient coverage of the liabilities deriving from securities until their maturity date;

b • where, in the event that the related credit institution is unable to meet its current liabilities, the sums referred to in a) are intended to repay the principal and interest falling due, without prejudice to the provisions of Articles L613-25 to L. 613-31-10 of the Monetary and Financial Code.

The information given in the base prospectus shall be supplemented, if necessary, with updated information on the issuer and on the securities being offered to the public or admitted to trading on a regulated market, in accordance with Article 212-25.

If they are neither included in the base prospectus, nor in a supplement, the final terms of the offer shall be made available to investors and filed with the AMF which communicates them to the competent authority of the host Member State or host Member States at the earliest opportunity following the announcement of the offer and, if possible, before the offer is launched. The AMF shall communicate those final terms to the ESMA. In such case, the provisions of paragraph 1 of Article 212-17 shall apply.

The final terms may only contain information concerning the securities note and may not serve as a supplement to the base prospectus.

The definitive conditions relating to a base prospectus need not necessarily be published in the same way as the prospectus, but the publication method must be one of those listed in Article 212-27.

Article 212-33

In the case of an offering programme, the previously filed base prospectus shall be valid for 12 months.

In the case of the financial securities referred to in Point 2° of Article 212-32, the base prospectus shall be valid until no further securities of the same type are being issued on a continuous or repeated basis.

Paragraph 2 - Merger, demerger, partial merger

Article 212-34

Commission Delegated Regulation (EU) 2016/301 of 30 November 2015 supplementing Directive 2003/71/EC of the European Parliament and of the Council with regard to regulatory technical standards for approval and publication of the prospectus and dissemination of advertisements and amending Commission Regulation (EC) No 809/2004.

1 • Two months before the scheduled date of an extraordinary general meeting called to authorise an issue of financial securities relating to a merger, demerger or partial merger, the issuer may file with the AMF the document prepared for that meeting. Where the document contains information equivalent to that specified in an AMF instruction, it is registered by the AMF.

2 • The document provided for in Point 1° shall be published and distributed in accordance with Articles 212-26 and 212-27 fifteen days for partial mergers, or one month for mergers and demergers, before the date of the extraordinary general meetings called to authorise the transaction.

3 • Where an application for admission to trading is made more than one year after a merger, demerger or partial merger that entailed the preparation of a document registered by the AMF, the issuer that is to prepare a listing prospectus may refer to the registered document for the description of the merger, demerger or partial merger.

4 • Documents pertaining to a merger, demerger or partial merger are made available free of charge to any person who so

requests for viewing at the registered office of the issuer and at the offices of the financial institutions serving as paying agents for the issuer's securities. They shall also be made available on the issuer's website. The electronic version of these documents shall comply with the provisions of delegated regulation (EU) 2016/301 of 30 November 2015 relating to the approval and publication of the prospectus and dissemination of advertisements.

### Paragraph 3 - Issuers having their registered office outside the european economic area

#### Article 212-36

Issuers having their registered office in a State not party to the EEA agreement may draw up a prospectus meeting the standards of the International Organisation of Securities Commissions and containing information equivalent to that required under this Title.

#### Article 212-37

*[Removed by the decree of 25 August 2016]*

#### Article 212-38

In preparation for the first admission to trading on a regulated market of securities from an issuer having its registered office in a State not party to the European Economic Area Agreement, the draft prospectus should be submitted to the AMF with a document containing all of the relevant information that the issuer published or made available to the public over the preceding 12 months in the State where its registered office is located, along with a timetable of upcoming publications and the topics of the issuer's communications over the two months following the draft prospectus submission date.

### Paragraph 4 - Public offers unrelated to financial securities

#### Article 212-38-1

The provisions of this Title apply to public offerings of shares in mutual and cooperative banks. These offerings shall be the subject of a prospectus that describes the characteristics of the issue and of the shares and that includes, inter alia, a presentation of the bank and the mutual network to which it belongs.

The details and content of the prospectus are set forth in an AMF instruction. The formats and modules referred to in the third paragraph of Article 212-7 are optional.

Where information equivalent to that in the registration document referred to in Article 212-13 has been filed with the AMF and posted on the website of the mutual or cooperative bank, it may be incorporated into the prospectus by reference.

Such offerings shall not be the subject of a prospectus if the shares are subscribed or acquired in connection with a product or service supplied by the mutual or cooperative bank.

Pursuant to Point 1° of Article 211-2, the amount of the offering shall be assessed for each calendar year at the level of the mutual bank or regional cooperative.

#### Article 212-38-2

Public offerings of *Certificats mutualistes* as mentioned in Article L. 322-26-8 of the French insurance code are subject to the provisions of this title. They are subject to a prospectus describing the characteristics of the issue and of the *Certificats mutualistes*, including notably a presentation of the issuing company and, where necessary, the group to which it belongs.

The process and content of the prospectus are specified in an instruction of the *Autorité des Marchés Financiers*. The use of the schedules and modules mentioned in the third paragraph of Article 212-7 is optional.

When information equivalent to that included in the reference document mentioned in Article 212-13 has been submitted to the *Autorité des Marchés Financiers* and published on the website of the issuing company or group to which it belongs, the prospectus can include it by way of reference.

These offerings do not require a prospectus to be produced when the subscription of *Certificats mutualistes* is conducted at the time of supplying a product or service by the issuing company or the group to which it belongs.

### Section 4 - Offers in several member states of the European Union or states party to the European Economic Area agreement (Articles 212-39 à 212-42)

#### Sub-section 1 - Issuance by the AMF of an approval certificate

Article 212-39

> Commission Delegated Regulation (EU) 2016/301 of 30 November 2015 supplementing Directive 2003/71/EC of the European Parliament and of the Council with regard to regulatory technical standards for approval and publication of the prospectus and dissemination of advertisements and amending Commission Regulation (EC) No 809/2004

At the request of the issuer or the person responsible for preparing the prospectus, the AMF shall issue the supervisory authorities of the other Member States of the European Union or States party to the EEA agreement with an approval certificate declaring that the prospectus has been drawn up in accordance with Directive 2003/71/EC of 4 November 2003, along with a copy of the said prospectus. This shall be done within three trading days of that request or, if the request is submitted with the draft prospectus and in the format specified in delegated regulation (EU) 2016/301 of 30 November 2015 relating to the approval and publication of the prospectus and dissemination of advertisements, within one trading day of issuance of approval.

The same procedure shall apply to any supplemental note to the prospectus. The approval certificate shall be provided to the issuer or to the person responsible for preparing the prospectus at the same time as it is provided to the competent authority in the host Member State.

Where such is the case, the certificate shall mention and justify the application of Articles 212-18 and 212-19.

#### Sub-section 2 - Validity of the prospectus approved by the competent supervisory authority of another member state of the European Union or a state party to the European Economic Area agreement

Article 212-40

Without prejudice to Article L. 621-8-3 of the Monetary and Financial Code, when a public offer of financial instruments is planned in one or more Member States of the European Union or States party to the EEA agreement, including France, the prospectus approved by the competent supervisory authority of another Member State of the European Union or a State party to the EEA agreement shall be valid for a public offer of securities in France, provided the AMF receives the notification provided for in Article 212-41.

Article 212-41

Where the AMF receives notification of a prospectus approved by the competent supervisory authority of another Member State of the European Union or a State party to the EEA agreement, it shall ensure that the prospectus is drawn up in French or another language customary in the sphere of finance and the issuer produces the French translation of the summary note.

Article 212-42

If significant new factors, material mistakes or inaccuracies arise after the approval of the prospectus by the competent supervisory authority of another Member State of the European Union or a State party to the EEA agreement, the AMF may draw that authority's attention to the need for new information.

## Chapter II bis - Summary information to be disseminated in the case of a public offering of financial securities not subject to a prospectus approved by the AMF (Articles 212-43 à 212-47)

Article 212-43

I. – Person or entities making an offer of financial securities referred to in Article L. 411-2 (1) of the Monetary and Financial Code shall be subject to the provisions of this Chapter if the offer:

1 • is not exclusively conducted on a crowdfunding website in accordance with Article 325-32; or

2 • concerns financial securities that are not admitted to trading on a regulated market, a multilateral trading facility organised as defined in Article 525-1 or a multilateral trading facility; or

3 • concerns financial securities whose admission for trading on these markets is not requested.

II. – Any person or entity making an offer of the kind specified in Article L. 411-2 (1) of the Monetary and Financial Code concerning financial securities whose admission to trading on a multilateral trading facility organised as defined in Article 525-1 is requested for the first time, shall publish and make available to any interested person, prior to any subscription or purchase, an offering document drawn up under its responsibility in accordance with the rules of the relevant market and subject to the prior control of the market operator.

III. – In the case of offers made via a crowdfunding website on the terms set out in Article 325-32 and which are not subject to a prospectus approved by the AMF, the issuer shall provide, via said website and prior to any subscription, a document whose content is stipulated in Article 217-1.

Article 212-44

Any person or entity mentioned in Article 212-43 (I) shall publish and provide to any interested person, prior to any subscription or purchase acquisition, a summary information document comprising:

1 • a presentation of the issuer and a description of its activity, its project and the use of the funds raised, accompanied in particular by its most recent accounts, if any exist, information on activity forecasts, its fundraising activities, financing and cash position, as well as organisation chart of its management team and shareholders;

2 • information on the level of participation to which the management of the issuer have personally committed within the framework of the proposed offer;

3 • exhaustive information on all the rights attached to the securities offered within the framework of the proposed offer (voting, financial and disclosure rights);

4 • exhaustive information on all the rights (voting, financial and disclosure rights) attached to securities and categories of securities not being offered within the framework of the proposed offer, and the categories of beneficiaries of such securities;

5 • a description of any provisions contained in the articles of association or an agreement and organising the liquidity of the securities, or an explicit statement that no such provisions exist;

6 • the conditions under which copies of the entries in the individual accounts of the investors in the records of the issuer, evidencing ownership of their investment, shall be delivered;

7 • a description of the risks specific to the activity and project of the issuer;

8 • If they exist, a copy of the reports of the corporate bodies to the general meetings of the most recent financial year and the current financial year and, where applicable, of copy of the report(s) of the statutory auditor(s) drawn up in the course of the most recent financial year and the current financial year.

9 • the date of the version of the summary information document.

The issuer is responsible for ensuring that the information provided is complete, accurate and balanced.

An AMF instruction shall stipulate the conditions for applying the provisions of this Article.

Article 212-45

The summary information document shall be filed with the AMF as provided for in an AMF instruction, prior to conducting the securities offering.

The persons or entities mention in Article 212-43 (I) may not publicly claim that this document has been reviewed or checked by the AMF.

Article 212-46

I. – Any promotional marketing materials relating to a public offering of financial securities referred to in point 1 of Article L. 411-2 (I) of the Monetary and Financial Code, regardless of their form and method of dissemination, shall be forwarded to the AMF before being disseminated.

Such promotional marketing materials shall:

1 • state that a summary information document has been or will be published and indicate where investors are or will be able to obtain it;

2 • be clearly recognisable as such;

3 • contain no false or misleading statements;

4 • contain information that is consistent with and does not contradict the information in the summary information document, if already published, or with information which should be in the information document, if the latter is to be published subsequently;

5 • contain balanced information and not mention any alternative performance indicators concerning the issuer, unless these indicators appear in the summary information document itself.

The AMF may require that promotional marketing materials contain a warning about certain exceptional characteristics of the issuer or the guarantors, if any, or the financial securities which are the subject of a financial securities offering referred to in point 1 of Article L. 411-2 (I) of the Monetary and Financial Code.

II. – Any promotional marketing materials shall contain the warning mentioned in Article 211-3 (1°).

III. – All information other than promotional information about a financial securities offering referred to in point A of Article L. 411-2 of the Monetary and Financial Code, shall be consistent with the information in the summary information document, regardless of its form and method of dissemination.

IV. – In the event that a supplement to the summary information document is published after promotional marketing materials have been published, an amended version of the promotional marketing materials shall be published and submitted to the AMF before being disseminated.

Article 212-47

Any significant new fact, material mistake or inaccuracy relating to the information included in the summary information document that is likely to materially affect the valuation of the financial securities and which arises or is noted between the filing of the document with the AMF and the closing of the offering shall be mentioned in a supplement to the information document.
The content of the information document as well as the order of the information appearing in must comply with the template

provided in an AMF instruction.

This document shall be transmitted and consultable in the same conditions as the initial summary information document and shall be marked with the words "amended summary information document". It shall bear the date of the amendment.

This document shall indicate, in its introduction, by what means investors may request the cancellation of their investment decision and the full repayment of the corresponding amount. Where applicable, this document shall clearly state that, in the absence of such a request within a reasonable time period indicated in the document, investment decisions transmitted prior to the publication of the amended document will be deemed to have been confirmed.

## Chapter III - Right of the AMF to suspend or prohibit a public offer or admission of securities to trading on a regulated market and to be informed prior to such admission (Articles 213-1 à 213-3)

### Article 213-1

The AMF can suspend a public offer or admission to trading on a regulated market for no more than ten consecutive trading days each time that it has reasonable grounds to suspect that the transaction would contravene applicable laws and regulations.

### Article 213-2

The AMF may prohibit a public offer or admission to trading on a regulated market where:

1 • It has reasonable grounds to suspect that a public offer would contravene applicable laws and regulations;

2 • It observes that a proposed admission to trading on a regulated market would contravene applicable laws and regulations.

### Article 213-3

*[Removed by the decree of 14 September 2016]*

## Chapter IV - Appointment of a correspondent by persons or entities having their registered office outside France (Article 214-1)

### Article 214-1

Persons or entities having their registered office outside France and whose financial securities are admitted to trading on a French regulated market shall appoint and elect domicile with a correspondent in France. The correspondent shall be authorised to:

1 • Receive any and all correspondence from the AMF;

2 • Forward to the AMF all documents and information provided for in laws and regulations, or in response to requests for information from the AMF under the powers granted to it by laws and regulations.

This article shall not apply to issuers whose securities are admitted to trading in the compartment referred to Article 516-5.

## Chapter V - Designating the AMF as the competent authority to supervise an offer (Article 215-1)

### Article 215-1

Any company mentioned in Part II of Article L. 433-1 of the Monetary and Financial Code that designates the AMF as the competent authority to supervise a takeover bid must send the AMF a statement to be posted on the AMF's website. This statement must reach the AMF no later than the first day on which the company's securities are admitted to trading on a regulated market.

The statement must follow the standard format set out in an AMF instruction.

## Chapter VI - Sounding out the market for financial offerings (Article 216-1)

### Article 216-1

*[Removed by the decree of 14 September 2016]*

## Chapter VII - Offers made via a website and not subject to a prospectus approved by the AMF (Articles 217-1 à 217-2)

### Article 217-1

In the case of offer made via a website on the terms set out in Article 325-48 and which are not subject to a prospectus approved by the AMF, the issuer shall provide, via said website and prior to any subscription:

1. A description of its activity and its project, accompanied in particular by its most recent accounts, information on activity forecasts and an organisation chart of its management team and shareholders;

2. Information on the level of the holding to which the management of the issuer have personally committed within the framework of the proposed offer;

3. Exhaustive information on all the rights attached to the securities offered within the framework of the proposed offer (voting, financial and disclosure rights);

4. Exhaustive information on all the rights (voting, financial and disclosure rights) attached to securities and categories of securities not being offered within the framework of the proposed offer, and the categories of beneficiaries of such securities;

5. A description of any provisions contained in the articles of association or an agreement and organising the liquidity of the securities, or an explicit statement that no such provisions exist;

6. The conditions under which copies of the entries in the individual accounts of the investors in the records of the issuer, evidencing ownership of their investment, shall be delivered;

7. A description of the risks specific to the activity and project of the issuer;

8. A copy of the reports of the corporate bodies to the general meetings of the most recent financial year and the current financial year and, where applicable, of copy of the report(s) of the statutory auditor(s) drawn up in the course of the most recent financial year and the current financial year.

The issuer is responsible for ensuring that the information provided is complete, accurate and balanced. An AMF instruction shall stipulate the conditions for applying the provisions of this Article.

### Article 217-2

Any new fact, material mistake or inaccuracy relating to the information included in the information document presenting the information mentioned in Article 217-1, that is likely to have a significant influence on the investment decisions and which arises or is noted between the beginning of the offering and the closing of the offering shall give rise to the drawing up of an amended information document. The content of the information document as well as the order of the information appearing in must comply with the templates provided in an AMF instruction.

This document shall be transmitted and be downloadable in the same conditions as the original information document.

The amended information document shall also be sent by electronic mail to the investors who paid the amount of their subscription before receiving the amended information document. This document shall indicate, in its introduction, by what means investors may request the cancellation of their decision to subscribe and the full repayment of the corresponding amount.

Where applicable, this document shall clearly state that, in the absence of such a request within a reasonable time period indicated in the document, subscriptions received prior to the publication of the amended document will be deemed to have been confirmed.

An instruction shall set out the conditions of application of the present article.

## Title II - Periodic and ongoing disclosure obligations (Articles 221-1 à 223-38)

### Chapter I - Common provisions and dissemination of regulated information (Articles 221-1 à 221-6)

Commission Implementing Regulation (EU) 2016/1055 of 29 June 2016 laying down implementing technical standards with regard to the technical means for appropriate public disclosure of inside information and for delaying the public disclosure of inside information in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council.

Article 221-1
For the purposes of this title:

1 • Where the issuer's financial securities are admitted to trading on a regulated market, "regulated information" means the following documents and information:

- **a** • The annual financial report referred to in Article 222-3;
- **b** • The half-yearly financial report referred to in Article 222-4;
- **c** • The report on payments to governments, provided for in Article L. 225-102-3 of the Commercial Code;
- **d** • The infomation and reports referred to in Article 222-9 concerning corporate governance;
- **e** • [Removed by the decree of 27 February 2017];
- **f** • Information on the total number of voting rights and the number of shares making up the share capital referred to in Article 223-16;
- **g** • The description of buyback programmes referred to in Article 241-2;
- **h** • The news release setting out the arrangements for supplying the prospectus referred to in Article 212-27;
- **i** • The information published pursuant to Article 17 of the market abuse regulation (Regulation (EU) No. 596/2014);
- **j** • A news release specifying how the information referred to in Article R. 225-83 of the Commercial Code is being made available or may be consulted;
- **k** • The information published pursuant to Article 223-21.
- **l** • The statement concerning the competent authority pursuant to Article 222-1;

m • Information on the crossing of shareholding thresholds to be provided to the AMF pursuant to Article L. 233-7-II of the Commercial Code and the first sub-paragraph of Article 223-14-I.

Where the issuer has requested or approved trading of its financial securities on a multilateral trading facility operating within French territory in the case of a financial security traded exclusively on a multilateral trading facility, or where the issuer has approved trading of its financial securities on an organised trading facility operating within French territory in the case of a financial security traded exclusively on an organised trading facility, "regulated information" means the documents and information referred to in g), h) and i).

2 • The term "person" means an individual or body corporate.

The provisions of this title also apply to the senior managers of the issuer, legal entity or corporate body concerned.

Article 221-2

I. - Where the AMF is the competent authority for monitoring compliance with the disclosure requirements provided for in point 1° of Article 221-1, the requisite information shall be drafted in French or in another language customary in the sphere of finance if the financial securities are admitted to trading on a regulated market in France or in a State, other than France, that is party to the European Economic Area agreement.

II. - Where the AMF is not the competent authority for monitoring the information referred to in paragraph I and where the financial securities are admitted to trading on a French regulated market, the information shall be in French or another language customary in the sphere of finance.

Article 221-3

I. - The issuer shall ensure that the regulated information defined in Article 221-1 is disseminated effectively and in full, except for the information referred to in m of point 1° of Article 221-1, which is disseminated effectively and in full by the AMF on its website.

II. - The issuer shall post the regulated information on its website as soon as it has been disseminated, except for the information referred to in m of point 1° of Article 221-1, which is disseminated effectively and in full by the AMF on its website.

Article 221-4

I. - This article applies to issuers whose financial securities are admitted to trading on a regulated market, issuers who have requested or approved trading of their financial securities on a multilateral trading facility operating within French territory in the case of a security traded exclusively on a multilateral trading facility, and issuers who have approved trading of their financial securities on an organised trading facility operating within French territory in the case of a financial security traded exclusively on an organised trading facility and for which the AMF is the competent authority for controlling regulated information.

II. - Dissemination of regulated information is considered full and effective if it makes it possible to reach the widest possible audience in the shortest possible period of time between its being distributed in France and in the other Member States of the European Union or other States party to the European Economic Area (EEA) agreement.

Where the issuer has requested or approved trading of its financial securities on a multilateral trading facility operating within French territory in the case of a financial security traded exclusively on a multilateral trading facility, or where the issuer has approved trading of its financial securities on an organised trading facility operating within French territory in the case of a financial security traded exclusively on an organised trading facility, the issuer must ensure the full and effective distribution of regulated information as defined in Article 221-1, or of privileged information under the conditions set forth by the market abuse regulation (Regulation (EU) No. 596/2014). The issuer is deemed to have fulfilled this requirement and the AMF filing requirement referred to in Article 221-5 when it transmits regulated information electronically to a primary information provider that follows the dissemination procedures described in the market abuse regulation (Regulation (EU) No. 596/2014) and that is registered on a list published by the AMF.

Regulated information shall be transmitted in full to the media in a way that ensures secure transmission, minimises the risk of data corruption and unauthorised access, and allows total certainty as to the source of the transmitted information.

Regulated information shall be transmitted to the media in a way that clearly identifies the issuer concerned, the purpose of the regulated information and the date and time at which the issuer transmitted it.

The issuer shall rectify as quickly as possible any shortcomings or disruptions in the transmission of regulated information.

The issuer shall not be held liable for systemic defects or malfunctions affecting the media to which the regulated information has been transmitted.

III. - The issuer shall provide the AMF, on request, with the following:

1 • The name of the person that transmitted the regulated information to the media;

2 • Details of the security measures taken;

3 • The date and time at which the information was transmitted to the media;

4 • The means by which the information was transmitted;

5° Details of any embargo placed on the information by the issuer, where such is the case.

IV. - The issuer is deemed to have fulfilled the requirement referred to in paragraph I of Article 221-3 and the AMF filing requirement referred to in Article 221-5 when it transmits regulated information electronically to a primary information provider that follows the transmission procedures described in paragraph II and that is registered on a list published by the AMF.

V. - For the reports and information referred to in a, b, c and d of point 1° of Article 221-1, the issuer may distribute a news release, in accordance with the procedures provided for in this article, describing how such reports and information are to be made available. In this case, the provisions of paragraph I of Article 221-3 are waived.

VI. - The issuer shall also make a financial disclosure through the print media, at a frequency and in a presentation format that it considers appropriate given the type of financial securities issued, its size and shareholder base, and the circumstances in which its financial securities were admitted to trading in the compartment referred to Article 516-5. This disclosure must not be misleading and must be consistent with the information referred to in paragraph I of Article 221-3.

Article 221-5
The regulated information is filed electronically with the AMF by the issuer at the same time as specified in an AMF instruction.

Article 221-6
The provisions of Articles 221-3 and 221-4 apply to issuers having financial instruments, as referred to in paragraphs I and II of Article L. 451-1-2 of the Monetary and Financial Code, that are admitted to trading solely on a regulated market, even if the issuer has its registered office outside France and is not subject to the requirements of the above article.

## Chapter II - Periodic information (Articles 222-1 à 222-15)

### Section 1 - Financial and accounting information (Articles 222-1 à 222-6)

#### Sub-section 1 - General provisions

Article 222-1

The provisions of this section apply to issuers having their registered office in France and referred to in section I of Article L 451-1-2 of the Monetary and Financial Code.

They also apply to issuers referred to in section II of Article L. 451-1-2 ibid if they have chosen the AMF as the competent authority for monitoring compliance with the disclosure requirements stipulated therein. This choice is valid for at least three years for issuers referred to in point 2° of section II of the aforementioned Article L. 451-1-2, unless:

1 • The financial securities are no longer admitted to trading on any market of a Member State of the European Union or a state party to the European Economic Area agreement

2 • The financial securities are no longer admitted to trading on the French regulated market but are admitted to trading in one or more other European Union Member States or states party to the European Economic Area agreement.

This choice takes the form of a statement published in accordance with Article 221-3 and filed with the AMF in accordance with Article 221-5.

Where an issuer chooses the AMF as the competent authority, its choice is made public and disclosed to the competent authority of the Member State of the issuer's registered office and, where appropriate, to the competent authorities of all Member States in the territory where its financial securities are admitted to trading on a regulated market.

Where the issuer's financial securities are no longer admitted to trading on a regulated market of a Member State of the European Union or a state party to the European Economic Area agreement, or where the issuer chooses another competent authority to monitor compliance with the disclosure requirements provided for in Article L. 451-1-2 ibid, it informs the AMF thereof in accordance with the conditions and procedures described in the above sub-paragraph.

If the issuer fails to make public the name of the competent authority chosen to monitor compliance with disclosure requirements within three months of the date on which its financial securities were first admitted to trading on a regulated market, the home Member State shall be the Member State in which the issuer's financial securities are admitted to trading on a regulated market. Where the issuer's financial securities are admitted to trading on a regulated market in several Member States, such States shall be considered as the competent Member States for the issuer until a subsequent choice of a single home Member State has been made and disclosed by the issuer.

For an issuer having financial securities already admitted to trading on a regulated market and failing to publish its choice of competent Member State before 27 November 2015, the three-month deadline shall begin on 27 November 2015.

An issuer having chosen a competent Member State to monitor compliance with its disclosure obligations and having informed the competent authorities concerned before 27 November 2015 shall be exempted from the requirement to publish its choice of competent Member State, unless such issuer chooses another competent Member State after 27 November 2015.

### Sub-section 2 - Annual financial reports

Article 222-3

I. - The annual financial report referred to in paragraph I of Article L. 451-1-2 of the Monetary and Financial Code shall include:

1 • The annual accounts;

2 • Where applicable, the consolidated accounts prepared in accordance with Regulation (EC) 1606/2002 of 19 July 2002 on the application of international accounting standards;

3 • A management report containing at least the information referred to in I of Article L. 225-100-1 and in the second sub-paragraph of Article L. 225-211 of the Commercial Code and, if the issuer is required to prepare consolidated accounts, in II of

Article L. 225-100-1 of that Code;

4 • A statement made by the natural persons taking responsibility for the annual financial report, whose names and functions are clearly indicated, to the effect that, to the best of their knowledge, the accounts are prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities financial position and profit or loss of the issuer and the undertakings in the consolidation taken as a whole, and that the management report includes a fair review of the development and performance of the business, profit or loss and financial position of the issuer and the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face;

5 • The report of the statutory auditors on the annual accounts and, where applicable, the consolidated accounts.

II. - The issuer may include in the annual financial report referred to in paragraph I the news release concerning the information and reports referred to in Article 222-9. In this case, they are not required to publish this information separately.

### Sub-section 3 - Half-yearly financial reports

#### Article 222-4

The half-yearly financial report referred to in paragraph III of Article L. 451-1-2 of the Monetary and Financial Code shall include:

1 • Complete or condensed accounts for the past half-year, in consolidated form where necessary, prepared either under IAS 34 or in accordance with Article 222-5;

2 • An interim management report;

3 • A statement made by the natural persons taking responsibility for the half-yearly financial report, whose names and functions are clearly indicated, to the effect that, to the best of their knowledge, the accounts are prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities financial position and profit or loss of the issuer and the undertakings in the consolidation taken as a whole, and that the interim management report includes a fair review of the information referred to in Article 222-6;

4 • The statutory auditors' report on the limited review of the aforementioned accounts. Where the legal provisions applicable to the issuer do not require a report from the statutory or regulatory auditors on the interim accounts, the issuer shall mention this in its report.

#### Article 222-5

I. - Where the issuer is not required to prepare consolidated accounts or apply international accounting standards, the interim accounts shall contain at least the following:

1 • Balance sheet;

2 • Income statement;

3 • Statement of changes in equity;

4 • Cash flow statement;

5 • Accounting policies and explanatory notes.

These accounts may be in condensed form and the explanatory notes may contain only a selection of the most material notes.

The condensed balance sheet and the condensed income statement shall show each of the headings and subtotals included in the most recent annual accounts of the issuer. Additional line items shall be included if, as a result of their omission, the half- yearly accounts would give a misleading view of the assets, liabilities, financial position and profit or loss of the issuer.

The explanatory notes shall include at least enough information to ensure the comparability of the condensed half-yearly accounts with the annual accounts, as well as sufficient information and explanations to ensure a reader's proper understanding of any material changes in amounts and of any developments in the half-year period concerned, which are reflected in the balance sheet and the income statement.

II. - For comparability, interim accounts shall contain the following:

1 • The balance sheet as of the end of the interim period in question and the comparative balance sheet as of the end of the immediately preceding financial year;

2 • The income statement cumulatively for the first six months of the current financial year, with a comparative income statement for the comparable period of the immediately previous financial year and the income statement of the immediately previous financial year;

3 • The statement of changes in equity cumulatively for the first six months of the current financial year, with a comparative statement of changes in equity for the immediately preceding financial year;

4 • The cash flow statement cumulatively for the first six months of the current financial year, with a comparative cash flow statement for the immediately preceding financial year.

III. - The interim accounts shall be prepared on a consolidated basis if the accounts for the company's most recent financial were consolidated accounts.

IV. - If the earnings per share amount is published in the accounts for the financial year, it shall also be published in the interim accounts.

Article 222-6

I. - As a minimum requirement, the interim management report shall describe the material events that occurred in the first six months of the financial year and their impact on the interim accounts. It shall describe the principal risks and uncertainties for the remaining six months of the year.

II. - For issuers of shares, the half-yearly report shall also disclose, as major related parties' transactions, as a minimum, the following:

1 • Related parties' transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the issuer during that period;

2 • Any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the issuer in the first six months of the current financial year.

Where the issuer of shares is not required to prepare consolidated accounts, it shall disclose, as a minimum, the related parties transactions referred to in Point 10 of Article R. 233-14 of the Commercial Code.

Section 2 - Other information (Articles 222-8 à 222-9)

Article 222-8

*[Removed by the decree of 27 February 2017]*

Article 222-9

Public limited companies (*sociétés anonymes*) whose securities are admitted to trading on a regulated market shall publicly disclose, in accordance with Article 221-3, the information and reports mentioned in Articles L. 225-37, L. 225-68 and L. 225-235 of the Commercial Code no later than the day of filing of the report with the clerk of the commercial court mentioned in Article L. 225-100 of the Commercial Code.

Companies organised as partnerships limited by shares (sociétés en commandite par actions) admitted to a regulated market shall publicly disclose the information mentioned in Article L. 226-10-1 of the Commercial Code on the same conditions.

Other French legal persons shall publicly disclose information about the matters mentioned in the first paragraph under the same conditions set forth in the preceding sentence, if they are required to file their financial statements with the clerk of the commercial court. If they are not required to file, they shall make such disclosure once their financial statements for the preceding financial year have been approved.

Whenever an issuer prepares a registration document pursuant to Article 212-13, that document shall include the reports and disclosures mentioned in paragraph I. In such case, the dissemination requirements of that paragraph do not apply.

## Section 3 - Equivalence criteria for periodic information for issuers having their registered office outside the European Economic Area (Articles 222-10 à 222-15)

Article 222-10

Where the AMF exempts an issuer from the obligations set forth in Article L. 451-1-2, pursuant to Section VIII of Article L. 451-1-2 of the Monetary and Financial Code and Articles 222-11 to 222-16 herein, such issuer shall disseminate, keep and file the information deemed equivalent by the AMF, using the procedures defined in Articles 221-3 to 221-5.

The AMF then informs the European Securities and Markets Authority of the waiver it has granted.

Article 222-11

A State that is not party to the European Economic Area (EEA) agreement shall be regarded as setting requirements equivalent to those in Point 3 of I of Article 222-3 where, under the law of that State, the management report is required to include at least the following information:

1 • a fair review of the development and performance of the business and of the position of the issuer, together with a description of the principal risks and uncertainties that it faces, so as to present a balanced and comprehensive analysis consistent with the size and complexity of the business;

2 • An indication of the important events that have occurred since the end of the financial year;

3 • Indications of the issuer's likely future development.

The analysis referred to in Point 1° shall, to the extent necessary for an understanding of the issuer's development, performance or position, include both financial and, where appropriate, non-financial key performance indicators relevant to the issuer's particular business.

Article 222-12

A State that is not party to the European Economic Area Agreement shall be regarded as setting requirements equivalent to those in Point 2° of I of Article 222-3 where, under the law of that State, the issuer:

1 • Is not required to provide individual accounts for the parent company;

2 • Is required to provide consolidated financial statements including:

a • for issuers of shares, dividends computation and ability to pay dividends;

b • for all issuers, where applicable, minimum capital and equity requirements and liquidity issues.

3 • Must provide the AMF, at its request, with additional audited disclosures giving information on the individual accounts of the issuer as a standalone, relevant to the elements of information referred to under points (a) and (b) of 2°. This information may be drawn up under the accounting standards of the issuer's home country.

Article 222-13

A State that is not party to the European Economic Area Agreement shall be regarded as setting requirements equivalent to those in 2° of I of Article 222-3 with regard to individual accounts where, under the law of that State, the issuer is not required to provide consolidated financial statements under international accounting standards deemed to be applicable in the European Union under the terms of Article 3 of Regulation (EC) 1606/2002 and the national accounting standards of the country concerned which are equivalent to such standards.

If such financial information is not in line with those standards, it must be presented in the form of restated financial statements. The individual accounts must be audited independently.

Article 222-14

A State that is not party to the European Economic Area Agreement shall be regarded as setting requirements equivalent to those in Article 222-6 where, under the law of that State, the issuer must provide a set of condensed financial statements and an interim management report that includes as a minimum:

1 • A review of the period covered;

2 • Indications of the issuer's likely future development for the remaining six months of the financial year;

3 • For issuers of shares and if already not disclosed on an ongoing basis, major related parties' transactions.

Article 222-15

A State that is not party to the European Economic Area agreement shall be regarded as setting requirements equivalent to those in Point 4° of I of Article 222-3 and in Point 3° of Article 222-4 where, under the law of that State, one or more persons within the issuer take responsibility for the annual and half-yearly financial information, and in particular for the following:

1 • 1° The compliance of the financial statements with the applicable reporting framework or set of accounting standards ;

2 • 2° The fairness of the management review included in the management report.

## Chapter III - Ongoing disclosure (Articles 223-1-A à 223-38)

### Section 1 - Obligation to inform the public (Articles 223-1-A à 223-10-1)

Article 223-1-A

For the purposes of this section, “issuer” means (i) any issuer who has requested or approved admission of its financial securities to trading on a regulated market operating within French territory, (ii) any issuer who has requested or approved trading of its financial securities on a multilateral trading facility operating within French territory in the case of a financial security traded exclusively on a multilateral trading facility, and (iii) any issuer who has requested trading of its financial securities on an organised trading facility operating within French territory in the case of a financial security traded exclusively on an organised trading facility.

Article 223-1

Information provided to the public must be accurate, precise and fairly presented.

Article 223-2

Commission Delegated Regulation (EU) 2016/522 of 17 December 2015 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council as regards an exemption for certain third countries public bodies and central banks, the indicators of market manipulation, the disclosure thresholds, the competent authority for notifications of delays, the permission for trading during closed periods and types of notifiable managers' transactions

Commission Implementing Regulation (EU) 2016/1055 of 29 June 2016 laying down implementing technical standards with regard to the technical means for appropriate public disclosure of inside information and for delaying the public disclosure of inside information in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council

When an issuer or a participant in the market for emissions allowances defers publication of privileged information under the conditions set out in Article 17 of the market abuse regulation (Regulation (EU) No. 596/2014), the Autorité des marchés financiers may require explanations for this deferred publication. These explanations must be provided without further delay.

Article 223-3

*[Removed by the decree of 14 September 2016]*

Article 223-4

*[Removed by the decree of 14 September 2016]*

Article 223-5

Any material change concerning privileged information already made public shall be disclosed promptly, by the same means used for the initial disclosure.

Article 223-6

Any person that is preparing a financial transaction liable to have a significant impact in the market price of a financial instrument, or on the financial position and rights of holders of that financial instrument, must disclose the characteristics of the transaction to the public as soon as possible.

If confidentiality is temporarily necessary to carry out the transaction and if the person mentioned in the preceding sentence is able to ensure such confidentiality, he may assume responsibility for deferring disclosure of those characteristics.

Article 223-7

Where a person has publicly disclosed his intentions and subsequently his intentions no longer conform to his initial declaration, he is required to inform the public promptly of his new intentions.

Article 223-8

All issuers must ensure that the same information disclosed abroad is disclosed simultaneously in France in accordance with the provisions of Article 223-1.

Article 223-9

All the information mentioned in Articles 223-2 to 223-8 must be disclosed to the public in the form of a news release distributed in accordance with Article 221-3.

Article 223-10

The AMF may request that issuers and persons mentioned in Articles 223-2 to 223-8 publicly disclose, in a timely fashion, information that the AMF deems necessary for investor protection and orderly markets. Failing such publication, the AMF itself may disclose the information.

Article 223-10-1

Issuers must ensure equal and simultaneous access in France to the information sources and channels that the issuer or its advisers make available specifically to investment analysts, particularly with regard to corporate finance transactions.

Notwithstanding the provisions of the first paragraph, when the transaction involves capital securities submitted for the first time to trading on a regulated market or organised multilateral trading facility, the financial analysts appointed by member institutions of the syndicate in charge of performing the transaction, or by the group to which these institutions belong, may receive information prior to its public dissemination subject to compliance with the provisions of article 315-1.

## Section 2 - Crossing of shareholding thresholds, declarations of intent and changes of intent (Articles 223-11 à 223-17)

Commission Delegated Regulation (EU) 2015/761 of 17 December 2014 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to certain regulatory technical standards on major holdings

### Sub-section 1 - Major shareholdings

#### Paragraph 1 - Common provisions

Article 223-11

I. - The participation thresholds referred to in Article L. 233-7 of the Commercial Code shall be calculated on the basis of the shares and voting rights owned, plus, even if the person concerned does not itself hold shares or voting rights elsewhere, the shares and voting rights treated as if they were owned pursuant to Article L. 233-9 of said code. These are calculated in relation to the total number of shares making up the capital of the company and the total number of voting rights attached to these shares.

The total number of voting rights is calculated on the basis of all the equities to which voting rights are attached, including equities whose voting rights have been suspended.

II. - Pursuant to Point 4°, Section I of Article L. 233-9 of the Commercial Code, the person required to make the notification referred to in Part I shall take account of the maximum number of issued shares that it is entitled to acquire on its own initiative alone, immediately or at the end of a maturity period, under an agreement or a financial instrument, without set-off against the number of shares that said person is entitled to sell under an another agreement or financial instrument. The financial instruments referred to in Point 4°, Section I of said article are, inter alia:

1 • Bonds that are exchangeable or redeemable in shares;

2 • Futures and forward contracts;

3 • Options, whether exercisable immediately or at the end of a maturity period, and regardless of the level of the share price relative to the option strike price.

Where the option can be exercised only if the share price reaches a threshold stipulated in the contract, it shall be treated in the same way as a share once this threshold is reached; if not, it is subject to the information requirement mentioned in the third paragraph of Section I of Article L. 233-7 of the Commercial Code.

III. - Pursuant to Point 4° bis of Section I of Article L. 233-9 of the Commercial Code, the person required to make the notification referred to in Part I shall take account of issued shares covered by an agreement or cash-settled financial instrument and having an economic effect for said person that is equivalent to owning said shares, irrespective of whether said agreement or financial instrument carries the right to physical settlement or cash settlement.

This applies in particular to:

1 • Bonds that are exchangeable or redeemable in shares;

2 • Futures and forward contracts;

3 • Options, whether exercisable immediately or at the end of a maturity period, and regardless of the level of the share price relative to the option strike price;

4 • Warrants;

5 • Securities repurchase agreements;

6 • Securities financing agreements;

7 • Contracts for difference;

8 • Equity swaps;

9 • Any financial instrument exposed to a basket of shares or an index. The number of shares or voting rights to be taken into account by the reporting person in the case of financial instruments referenced to a basket of shares or an index shall be calculated based on the relative importance of the share in the basket or the index if one of the following conditions is fulfilled:

— the shares represent 1% or more of the same class of shares issued by the issuer;

— the shares represent 20% or more of the total value of the securities in the basket or index.

Where a financial instrument is referenced to a series of baskets of shares or indices, the shares and voting rights held through the individual baskets of shares or indices shall not be accumulated for the purpose of calculating the thresholds set out in paragraph 1.

The number of shares or voting rights to be taken into account by the reporting person having an agreement or a financial instrument carrying the right to cash settlement shall be calculated by multiplying the maximum number of shares and voting rights covered by the agreement or financial instrument by the delta of the agreement or instrument.

The delta shall be calculated using a generally accepted standard pricing model. A generally accepted standard pricing model shall be a model that is generally used in the finance industry for that financial instrument and that is sufficiently robust to take into account the elements that are relevant to the valuation of the instrument. The elements that are relevant to the valuation shall include at least all of the following:

— interest rate;

— dividend payments;

— time to maturity;

— volatility;

— price of underlying share.

When determining delta, the holder of the financial instrument shall ensure all of the following:

— that the model used covers the complexity and risk of each financial instrument;

— that the same model is used in a consistent manner for the calculation of the number of voting rights to be taken into account by the reporting person.

Information technology systems used to carry out the calculation of delta shall ensure consistent, accurate and timely compliance with the time period stipulated in Article 223-14.

The number of voting rights shall be calculated daily based on the last closing price of the underlying share.

There shall be no set-off with any short position held by the reporting person as a result of another agreement or cash-settled financial instrument.

Article 223-11-1

I. - Where the holder of the agreements or financial instruments referred to in Points 4° or 4° bis of Section I of Article L. 233-9 of the Commercial Code comes into possession of shares covered by said agreements or instruments and in doing so exceeds one of the thresholds referred to in Section I of Article L. 233-7 of said code, whether alone or in concert, these shares shall be subject to a new disclosure, as provided in Article L. 233-7 of the code. The same applies to the voting rights attached to these shares.

II. - Where the same shares and voting rights can be aggregated in accordance with several of the cases referred to in Section I of Article L. 233-9 of the Commercial Code, the person required to make the disclosure provided for in Section I of Article L. 233-7 of the code shall aggregate them only once.

Article 223-12

I. - Pursuant to Point 2° of Part II of Article L. 233-9 of the Commercial Code, the following shall not be treated as shares or voting rights held by the person required to provide the notification provided for in Part I of Article L. 233-7 of the aforementioned code: equities held in a portfolio managed by an investment service provider controlled by that person within the meaning of Article L. 233-3 of the Commercial Code in connection with an asset management service, if the provider is able to exercise the voting rights attached to these equities only on the instructions of its client or if it provides assurance that the asset management business is conducted separately from all other activities.

II. - Application of Part I of this Article and Point 1° of Part II of Article L. 233-9 of the Commercial Code shall be subject to the immediate submission of the following information to the AMF by the person required to provide the notification:

1 • The list of the management companies or investment service providers, citing their competent supervisory authorities or, failing that, that no authority is responsible for their supervision, but without mentioning the issuers concerned;

2 • A statement to the effect that the person required to provide the notification complies with the requirements of this article for each management company or investment service provider concerned.

Said person shall keep the list mentioned in Point 1° up to date.

III. - The person mentioned in Part II must be able to prove to the AMF at its demand that:

1 • The person's organisational structures, along with those of the management company or the investment service provider, are set up in such a way that the provider exercises the voting rights independently and that the provider and the person required to provide the notification have established procedures and rules of conduct aimed at preventing the disclosure of information about the exercise of voting rights between said person and the management company or investment service provider;

2 • The persons who set the procedures for exercising voting rights shall act independently;

3 • If the person mentioned in Part II is a customer of the management company or the provider or if said person holds a share of the assets managed by the provider, there shall be a written agency agreement clearly establishing a mutually independent relationship between said person and the management company or the investment service provider.

IV. - The provisions of Article L. 233-9 of the Commercial Code shall not apply if the management company or the investment service provider is able to exercise voting rights only on the direct or indirect instructions of the person required to provide the notification mentioned in Point I the aforementioned Article L. 233-7 or of any other person controlled by that person within the meaning of the aforementioned Article L. 233-3.

For the purposes of this paragraph:

1 • "Direct instruction" shall mean any instruction given by the person required to provide the notification or any person controlled by that person within the meaning of Article L. 233-3 of the Commercial Code, stipulating how the management company or the investment service provider should exercise the voting rights under given circumstances;

2 • "Indirect instruction" shall mean any general or specific instruction given in any form by the person required to provide the notification or any person controlled by that person within the meaning of Article L. 233-3 of the Commercial Code that limits the discretion of the management company or the investment service provider in the exercise of the voting rights in order to serve the commercial interests of the person required to provide the notification or the controlled person.

Article 223-12-1

Point II of Article L. 233-9 of the Commercial Code shall apply to investment providers whose registered offices are not located in States party to the European Economic Area Agreement and which would have been authorised under the terms of Article 5, paragraph 1 of Directive 85/611/EEC, or in the case of asset management, under the terms of Section A, Point 4 of Annex I to Directive 2004/39/EC if their registered offices, or in the case of investment service providers only, their central offices, were located in States party to the European Economic Area Agreement, when under the legislation of those States:

1 • The management company or the investment service provider must be free, under all circumstances, to exercise the voting rights attaching to the assets under its management, independently of the person controlling it;

2 • The management company or the investment service provider must not take into consideration the interest of the person controlling it or any person controlled by that person in the event of a conflict of interest;

3 • The person required to provide the notification shall comply with the provisions of Point 1° of the last paragraph of Part II of Article 223-12 and file a statement with the AMF to the effect that it complies with the requirements stipulated in Points 1° and 2° for each management company or investment service provider concerned.

The person required to provide the notification shall be subject to the provisions of Part III of Article 223-12.

Article 223-13

I. - The notification requirements provided for in Parts I, II and III of Article L. 233-7 of the Commercial Code do not apply to equities:

1 • 1° Acquired solely for the clearing, settlement or delivery of financial instruments under the short-term settlement cycle

lasting no more than three trading days after the transaction;

2 • 2° Held by an investment services provider in its trading book within the meaning of Directive 2006/49/EC of the Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions, provided that:

a • These equities represent 5% or less of the share capital or voting rights of the issuer;

b • The voting rights attached to these equities are not exercised nor otherwise used to intervene in the management of the issuer;

The threshold referred to in the previous paragraph shall be calculated on the basis of the shares and voting rights owned, plus the shares and voting rights treated as if they were owned pursuant to Article L. 233-9 of the Commercial Code. These are calculated in relation to the total number of shares making up the capital of the company and the total number of voting rights attached to these shares.

II. - The notification requirements provided for in Parts I, II and III of Article L. 233-7 of the Commercial Code shall not apply to any market maker whose shareholding breaches the threshold of 5% of the share capital or voting rights in connection with market-making activities, provided:

1 • That it does not intervene in the issuer's management;

2 • That it does not exert any influence on the issuer to buy such equities or to support the price of such equities.

III. - A market maker shall notify the AMF within five trading days of starting its activity that it is making or intends to make a market for a given issuer. It shall also notify the AMF within the same period when its stops making a market for the issuer concerned.

This notification shall be made using a standard form to be defined by an AMF Instruction.

IV. - A market maker shall submit to the AMF at its request:

1 • Means of identifying the equities or financial instruments concerned. The market maker shall register them in a separate account, if it cannot identify them by any other means;

2 • Where applicable, any agreements between the market maker and the market undertaking, or the issuer.

Article 223-14

I. - The persons required to make the notification referred to in Section I of Article L. 233-7 of the Commercial Code shall file it with the AMF no later than the close of trading on the fourth trading day after the shareholding threshold has been crossed.

For the purposes of the preceding paragraph, the AMF shall post the calendar of trading days on the different regulated markets established or operating in France to its website.

II. - The information mentioned in Part I must include:

1 • The identity of the reporting person;

2 • Where applicable, the identity of the natural person or legal entity entitled to exercise voting rights on behalf of the reporting person;

3 • The date on which the threshold was breached;

4 • The reason why the threshold was breached;

5 • The resulting situation in terms of shares and voting rights;

6 • Where applicable, the type of aggregation with shares and voting rights held by the reporting person under Article L. 233-9 of the Commercial Code and, where appropriate, the main points of the agreement mentioned in Points 4° and 4° bis of Section I of Article L. 233-9 of the aforementioned code;

7 • Where applicable, the chain of undertakings controlled within the meaning of Article L. 233-3 of the Commercial Code through which the shares and voting rights are held;

8 • Where applicable, the number of shares acquired further to a securities financing transaction;

9 • The signature of the person required to provide the notification.

III. - The notification shall also indicate:

1 • The number of securities giving future access to shares to be issued and to the voting rights attached thereto, notably normal warrants and covered warrants, bonds convertible into shares, and bonds convertible into or exchangeable for new or existing shares;

2 • If the conditions set in Point 4°, Section I of Article L. 233-9 of the Commercial Code are not satisfied, the issued shares that the reporting person is entitled to acquire under an agreement or a financial instrument, notably the options referred to in the last paragraph of Section II of Article 223-11, in the cases stipulated therein;

IV. - Where Point 4° of Section I of Article L. 233-9 of the Commercial Code applies or in the cases provided for in Section III, the notification shall also include a description of each type of financial instrument or the agreement, with the following details:

1 • The expiry or maturity date of the instrument or agreement;

2 • Where applicable, the date or the period at which the shares will or can be acquired;

3 • The name of the issuer of the share concerned;

4 • The principal characteristics of this instrument or agreement, in particular:

- The conditions in which the instrument or agreement carries the right to acquire shares;

- The maximum number of shares to which the instrument or the agreement carries the right or which the holder or beneficiary can acquire, without set-off against the number of shares that this person is entitled to sell pursuant to another financial instrument or another agreement;

V. - Where Point 4° bis of Section I of Article L. 233-9 of the Commercial Code applies, the declaration shall also include a description of each type of agreement or physically settled financial instrument, in accordance with Section IV, as well as a description of each type of agreement or cash-settled financial instrument, with the following details:

1 • The expiry or maturity date of the instrument or agreement;

2 • The name of the issuer of the share concerned;

3 • The principal characteristics of this instrument or agreement, in particular the maximum number of shares to which it is indexed or referenced, without set-off against the number of shares on which the person subject to the notification requirement holds a short position as a result of an agreement or cash-settled financial instrument;

4 • The delta of the instrument or the agreement, which is used to determine the number of shares and voting rights aggregated by the reporting person.

VI. - The notification takes the form of the standard notification provided in an AMF instruction. It is filed with the AMF in accordance with an AMF instruction. It is disclosed to the public by the AMF within three trading days from receipt of the full notification. It shall be drafted in French or another language that is customary in the sphere of finance.

Article 223-15

In the case provided for in Point 8° of Part I of Article L. 233-9 of the Commercial Code, the notification mentioned in Article 223-14 may take the form of a single notification, provided that it clearly explains what the situation will be with regard to voting rights when the proxy holder is no longer able to exercise them after the proxy expires. In this case, the proxy holder is no longer required to give notice when its shareholding goes under the thresholds stipulated in Article L. 233-7 of the Commercial Code after the proxy expires.

### Paragraph 2 - Provisions applicable to organised multilateral trading facilities

Article 223-15-1

The provisions of paragraph 1 of this sub-section shall apply to the organised multilateral trading facilities referred to in Article 524-1 when a person comes into possession, under the conditions set forth in Articles L. 233-7 et seq. of the Commercial Code, of more than one-half or nineteen-twentieths of the capital or voting rights.

Article 223-15-2

The provisions of this sub-section shall apply to issuers of financial instruments that have been moved from trading on a regulated market to trading on an organised multilateral trading facility within the meaning of Article 524-1, for a period of three years starting from the admission date, under the terms of Article L. 233-7-1 of the Commercial Code.

## Sub-section 2 - Information about the total number of voting rightsand shares making up the share capital

Article 223-16

Each month, companies whose shares are admitted to trading on a regulated market in a State party to the European Economic Area Agreement or on an organised multilateral trading facility within the meaning of Article 524-1 shall disclose, in accordance with the procedures set out in Article 221-3, the total number of voting rights, determined according to the stipulations of the second paragraph of Article 223-11, and the number of shares making up their share capital, if these figures have changed relative to previous disclosures.

Article 223-16-1

The provisions of Article 223-16 shall apply when the issuer has its registered office in a State not party to the European Economic Area agreement and comes under AMF jurisdiction for supervision of compliance with the requirement set in Article L. 412-1 of the Monetary and Financial Code.

A third country shall be deemed to set requirements equivalent to those set in Article 223-16 where the issuer is required to disclose to the public the total number of voting rights and capital within thirty calendar days of any change in such total number.

## Sub-section 3 - Statements of intent and changes of intent

Article 223-17

I - The notification provided for in Section VII of Article L. 233-7 of the Commercial Code shall indicate:

1 • The methods of financing the acquisition and the arrangements therefor: the notifier shall indicate in particular whether the acquisition is being financed with equity or debt, the main features of that debt, and, where applicable, the main guarantees given or received by the notifier. The notifier shall also indicate what portion of its holding, if any, it obtained through securities loans.

2 • If the acquirer is acting alone or in concert;

3 • If it plans to cease or continue its purchases;

4 • If it intends to take control of the company;

5 • The strategy it intends to pursue in relation to the issuer;

6 • The operations for carrying out that strategy:

a • Any plans for a merger, reorganisation, liquidation, or substantial partial transfer of the assets of the issuer or of any other entity it controls within the meaning of Article L. 233-3 of the Commercial Code;

b • Any plans to modify the business of the issuer;

c • Any plans to modify the memorandum and articles of association of the issuer;

d • Any plans to delist a category of the issuer's financial securities;

e • Any plans to issue the issuer's financial securities.

7 • Its intentions as regards the unwinding of the agreements and instruments referred to in Points 4° and 4° bis of Section I of Article L. 233-9 of the Commercial Code, if it is party to such agreements or instruments.

8 • Any agreements on a securities financing transaction involving the shares or voting rights of the issuer;

9 • Whether it intends to request its appointment or the appointment of one or more persons as a director on the executive board or supervisory board.

II. - Any person that provides portfolio management services for third parties as a regular business is not required to provide all the information provided for in Section I, on the following conditions:

1 • It crosses the threshold of one-tenth or three-twentieths of the capital or voting rights of the issuer in the normal course of business;

2 • It declares that it does not intend to take control of the company or to request its appointment or the appointment of one or more persons as a director on the executive board or supervisory board;

3 • It carries on its business independently from any other business.

In this case the declaration shall take the form of a standard clause contained in an AMF instruction.

III. - The initiator of a takeover bid that comes into possession of more than one-tenth, three-twentieths, one-fifth or one-quarter of the capital or the voting rights of the target company during the offer period or subsequent to the bid shall be exempt from Section VII of Article L. 233-7 of the Commercial Code if the offer document referred to in Article 231-18 has been disclosed to the

public.

IV. - The AMF shall disclose to the public the information referred to in Section VII of Article L. 233-7 of the Commercial Code.

### Section 3 - Shareholder agreements (Article 223-18)

#### Article 223-18

The AMF shall publicly disclose the information mentioned in Article L. 233-11 of the Commercial Code. The AMF shall specify in an instruction how such information is to be transmitted to it.

### Section 4 - Other information (Articles 223-19 à 223-21)

#### Sub-section 1 - Information on proposals to amend the articles of association

#### Article 223-19

The issuers referred to in Article 222-1 shall inform both the AMF and the persons that manage the EEA regulated markets to which their shares are admitted to trading of any proposals to amend their articles of association. Such communication shall be made without delay but at the latest on the date of calling the general meeting.

#### Article 223-20

I. - In the event that a company, whose registered office is in France and whose shares are admitted to trading on a French regulated market or for which an application for admission to trading on such a market has been filed, decides to apply or cease applying the provisions set forth in Articles L. 233-35 to L. 233-39 of the Commercial Code, it shall notify the AMF of amendments to its articles of association as soon as these are made, so that the AMF can post this information on its website.

II. - The following are also subject to the provisions of Part I:

1 • Any company whose registered office is in France and whose shares are admitted to trading on a regulated market in a Member State of the European Union or in a State party to the European Economic Area (EEA) Agreement, other than France, or for which an application for admission to trading on such a market has been filed;

2 • Any company whose registered office is in a Member State of the European Union or in a State party to the EEA Agreement, other than France, and whose shares are admitted to trading on a French regulated market or for which an application for admission to trading on such a market has been filed.

#### Sub-section 2 - Other information

#### Article 223-21

Notwithstanding section 1 of this chapter, the issuers referred to in Article 222-1 shall make public without delay, and in accordance with Article 221-3:

1 • Any change in the rights attaching to the various classes of shares, including changes in the rights attaching to derivative instruments issued by the issuer and giving access to the shares of that issuer;

2 • Any change to the terms and conditions of issuance that may directly affect the rights of holders of financial instruments other than equities;

### Section 5 - Transactions in the company's securities by officers and directors and persons referred to in article L. 621-18-2 of the monetary and financial code (Articles 223-22-A à 223-26)

Commission Delegated Regulation (EU) 2016/522 of 17 December 2015 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council as regards an exemption for certain third countries public bodies and central banks, the indicators of market manipulation, the disclosure thresholds, the competent authority for notifications of delays, the permission for trading during closed periods and types of notifiable managers' transactions

Commission Implementing Regulation (EU) 2016/523 of 10 March 2016 laying down implementing technical standards with regard to the format and template for notification and public disclosure of managers' transactions in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council.

Article 223-22-A

The provisions of this section apply to French issuers referred to in paragraph I of Article L. 621-18-2 of the Monetary and Financial Code.

They also apply to companies whose financial securities are admitted to trading on an organised multilateral trading facility within the meaning of Article 524-1.

Article 223-22

*[Removed by the decree of 14 September 2016]*

Article 223-23

In accordance with the last paragraph of Article L. 621-18-2 of the Monetary and Financial Code, notifications are not required for transactions carried out by a person referred to in the aforementioned article if the total amount of such transactions does not exceed EUR 20,000 in a calendar year.

Article 223-24

*[Removed by the decree of 14 September 2016]*

Article 223-25

*[Removed by the decree of 14 September 2016]*

Article 223-26

The management report referred to in Article L. 225-100 of the Commercial Code contains a summary statement of the transactions referred to in Article L. 621-18-2 of the Monetary and Financial Code that have been made during the past financial year.

## Section 6 - Lists of insiders (Articles 223-27 à 223-31)

Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC

Commission Implementing Regulation (EU) 2016/347 of 10 March 2016 laying down implementing technical standards with regard to the precise format of insider lists and for updating insider lists in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council

Article 223-27

*[Removed by the decree of 14 September 2016]*

Article 223-28
*[Removed by the decree of 14 September 2016]*

Article 223-29
*[Removed by the decree of 14 September 2016]*

Article 223-30
*[Removed by the decree of 14 September 2016]*

Article 223-31
*[Removed by the decree of 14 September 2016]*

### Section 7 - Statement of intent in the event of preparations for a takeover bid (Articles 223-32 à 223-35)

Article 223-32
Without prejudice to the provisions of Article 223-6, in particular when the market for the financial instruments of an issuer is subject to large price swings or unusual trading volumes, the AMF may require persons to publicly disclose their intentions within a set deadline, where there is reason to believe they are preparing a takeover bid, either alone or in concert with others within the meaning of Article L. 233-10 of the Commercial Code. This shall be the case, for example, in the event of discussions between the issuers concerned or the appointment of advisors with a view to preparing a public offer.

The information is publicly disclosed in a news release submitted in advance to the AMF for approval and in accordance with Article 221-3.

Article 223-33
Where the persons mentioned in Article 223-32 state their intention to file a draft offer, the AMF sets the date on which they must publish a release describing the terms of the draft offer, or, depending on the circumstances, file a draft offer.

The news release referred to in the first paragraph should mention the financial terms of the draft offer, any agreements that could affect its execution, the equity interest held in the issuer in question, any conditions that must be satisfied before the draft offer is filed, and the proposed timetable.

The AMF may request any information it deems necessary.

If the terms of the draft offer are not disclosed or if the draft offer is not filed within the deadline mentioned in the first paragraph, the persons in question are deemed not to have the intention of filing a draft offer and are subject to the provisions of Article 223-35.

Article 223-34
When a person makes the characteristics of a draft offer public under the terms of Articles 223-6 or 223-33, including the nature of the offer and the planned price or exchange ratio, that person shall immediately notify the AMF and the AMF shall so notify the market by means of a publication. This publication shall mark the beginning of the pre-offer period, as defined in Article 231-2 (5°).

If the person referred to in the first paragraph abandons the planned offer, it shall immediately notify the AMF.

In the circumstances referred to in the previous paragraph, or if a draft offer is not filed within the deadline mentioned in Article 223-33, the AMF shall notify the market by means of a publication.

Article 223-35
If the persons mentioned in Article 223-32 indicate that they do not intend to file a draft offer, or if they are deemed not to have

such an intention pursuant to the final paragraph of Article 223-33, they may not file a draft offer for a period of six months starting from when they made their statement or from the expiry of the deadline mentioned in the final paragraph of Article 223-33, unless they provide evidence of major changes in the environment, situation or shareholding structure of the persons concerned, including the issuer itself.

During the period mentioned in the first paragraph, these persons may not place themselves in a situation in which they are obliged to file a draft offer. If they increase, by 2% or more, the number of equity securities and securities giving access to capital or voting rights that they hold in the issuer, they must report this immediately and indicate the objectives that they intend to pursue through to the expiry of the period.

The information mentioned in the previous paragraph shall be publicly disclosed according to the conditions and procedures set forth in Article 222-22.

#### Section 8 - Provisions applying to issuers of financial instruments that are no longer traded on a regulated market (Article 223-36)

Article 223-36

When an issuer of financial instruments that are traded on a regulated market plans to apply for admission of its financial instruments to trading on an organised multilateral trading facility within the meaning of Article 524-1, it shall so notify the public at least two months before the planned date for the admission of the financial instruments to trading on the relevant multilateral trading facility under the terms of V of Article L. 421-14 of the Monetary and Financial Code. The notice shall specify the reasons therefor and the consequences for shareholders and the public, following procedures that are identical to those stipulated in Article 221-3. The notice shall also include the timetable for the move.

If the issuer concerned by the first paragraph decides to apply for admission of its financial instruments to trading on an organised multilateral trading facility within the meaning of Article 524-1, after the general meeting stipulated in Article L. 421-14 of the Monetary and Financial Code, it shall immediately notify the public, following procedures that are identical to those stipulated in Article 221-3. The notice shall specify the reasons therefor and the consequences for shareholders and the public. It shall also specify the procedures for the move. The notice shall also include the timetable for the move.

#### Section 9 - Short positions reporting (Article 223-37)

Article 223-37

Regulation 236/2012 of the European Parliament and Council dated 14 March 2012 concerning short selling and certain aspects of contracts for the exchange of credit risk sets out transparency rules applicable to net short positions.

#### Section 10 - Disclosure of securities financing transactions involving equity securities (Article 223-38)

Article 223-38

The information referred to in section I of Article L. 225-126 of the Commercial Code is transmitted electronically to the AMF by the persons referred to in that article in the manner specified in an AMF instruction.

The issuer concerned publishes this information on its website as soon as possible and no later than the business day after it has been received.

## Title III - Takeover bids (Articles 231-1 à 238-5)

### Chapter I - General rules and common provisions (Articles 231-1 à 231-56)

#### Section 1 - Scope, definitions and general principles (Articles 231-1 à 231-7)

Sub-section 1 - Scope

Article 231-1

This title applies to:

1 • All public offers made to holders of financial instruments traded on a regulated market in a European Union Member State or a State party to the EEA Agreement, including France, where the AMF is the competent authority in the cases provided for in Parts I and II of Article L. 433-1 of the Monetary and Financial Code, by a person acting alone or in concert within the meaning of Articles L. 233-10 and L. 233-10-1 of the Commercial Code, with the aim of acquiring some or all of the financial instruments concerned;

2 • Public offers concerning financial instruments that are admitted to trading on an organised multilateral trading facility within the meaning of Article 524-1, under the conditions provided for by Articles L. 433-1 (IV), L. 433-3 (II) and L. 433-4 (V) of the Monetary and Financial Code;

3 • Buyout offers of financial instruments that are no longer admitted to trading on a regulated market or on an organised multilateral trading facility within the meaning of Article 524-1;

4 • Public offers concerning financial instruments that are no longer admitted to trading on a regulated market in order to be admitted to trading on an organised multilateral trading facility within the meaning of Article 524-1, for a period of three years beginning from said admission, under the conditions provided for by Article L. 433-5 of the Monetary and Financial Code.

The AMF may apply these rules, excepting those governing buyout offers with squeeze-outs, and squeeze-outs, to public offers for financial instruments issued by companies whose registered offices are not in a Member State of the European Union or a State party to the EEA Agreement, where these instruments are admitted to trading on a French regulated market.

For the purposes of this Title, the financial securities are those referred to in Section II of Article L. 211-1 of the Monetary and Financial Code and all equivalent instruments issued under foreign law.

For the purposes of this Title, the direct or indirect holding of a fraction of voting rights is assessed on the total number of voting rights, calculated on the basis of all shares to which voting rights are attached, including shares whose voting rights have been suspended.

Sub-section 2 - Definitions

Article 231-2

For the purposes of this Title:

1 • The offeror is any natural or legal person or legal entity that files a draft offer or on whose behalf one or more investment services providers file such draft offer;

2 • The target company is the issuer of the financial instruments to be acquired through the offer;

3 • The persons concerned are the offeror, the target company, and any persons or entities acting in concert with one of the preceding parties;

4 • The service providers concerned are investment services providers or the French or foreign institutions sponsoring the offer or advising the persons concerned by the offer;

5 • The pre-offer period is the period of time between the publication by the AMF for the purposes of the first paragraph of Article 223-34 and the start of the offer period or, if a draft offer is not filed, the publication by the AMF for the purposes of the last paragraph of Article 223-34;

6 • The offer period is the time between the publication by the AMF of the main provisions of the draft offer filed with the AMF, for the purposes of Article 231-14, and the publication of the outcome of the offer, or, where appropriate, the outcome of the re-opening of the offer for the purposes of Article 232-4;

7 • The offer term is the time between the opening and closing dates of the offer as published by the AMF for the purposes of Article 231-32.

Sub-section 3 - General principles

Article 231-3

To allow an offer to be conducted in an orderly fashion in the best interests of investors and the market, the parties concerned shall respect the principles of free interplay of offers and counter-offers, equal treatment and information for all holders of the securities of the persons concerned by the offer, market transparency and integrity, and fairness of transactions and competition.

Article 231-4

The persons concerned by the offer shall comply with the rules of this title during the offer period.

Article 231-5

Once a draft offer has been filed, any restrictive clause agreed by the parties concerned by the offer or their shareholders that could have an impact on the assessment of the offer or its outcome, subject to assessment by the courts of its validity, must be disclosed to the parties concerned by the offer, the AMF and the public. If it was not possible to mention the clause in the offer document(s), because of the date on which the agreement was concluded or for another reason, the signatories shall, as soon as the agreement has been concluded, publish a news release detailing the content of the clause in accordance with Article 221-3.

Article 231-6

Save for the exceptions mentioned in Article 233-1, the offer must be for all the equity securities as well as any securities giving access to the capital and voting rights of the target company.

Article 231-7

During the public offer period, the offeror and the target company shall ensure that their acts, decisions and declarations do not compromise the corporate interest or the equal treatment and information of holders of the securities of the companies concerned.

If the Board of Directors or the Management Board, after obtaining the authorisation of the Supervisory Board of the companies concerned, should decide to make a decision which is likely to cause the offer to fail, they shall inform the AMF to this effect.

Section 2 - Nature of the offer and conditions precedent (Articles 231-8 à 231-12)

Article 231-8

An offer may consist of:

1 • a single offer proposing a purchase of the target securities, an exchange for existing securities or securities to be issued, or a payment in cash and securities;

2 • an alternative offer;

3 • a principal offer with one or more non-severable subordinate options.

Where the securities provided in exchange are not liquid securities admitted to trading on a regulated market in a Member State of the European Union or a State party to the EEA Agreement, the offer must include a cash option.

If, in the twelve months before the offer is filed, the offeror, acting alone or in concert, has purchased, for cash, securities giving it

more than 5% of the shares or voting rights of the target company, the offer must include a cash option.

Where the offer consists of an alternative offer or a single offer proposing payment in cash and securities, the AMF shall assess the validity of the offeror's designation of it as a public cash offer or public exchange offer.

The offeror may give holders the option of selling their securities at a later date, provided that the option is exercisable within a reasonable time, that it is subordinate to the principal offer, and that exercise of the option

is unconditionally guaranteed by the institution sponsoring the offer as defined in Article 231-13. Any arrangements that consist in offering payment at a later date of the difference between the future market price and the future offer price must contain guarantees and advantages equivalent to those of a deferred sale.

Article 231-9

I. - 1° Any public offer made following the normal procedure referred to in Chapter II of this Title, at the close of which the offeror, acting alone or in concert within the meaning of Article L. 233-10 of the Commercial Code, does not hold a number of shares representing a fraction of more than 50% of the share capital or voting rights, shall be null and void. This threshold shall be determined following the rules set out in Article 234-1.

2° However, when reaching a majority seems impossible or unlikely for reasons unrelated to the characteristics of the offer, the AMF may, at the request of the offeror, authorise this threshold to be waived or lowered to below 50% of the share capital or voting rights, particularly where:

a) the target company is already controlled, within the meaning of Article L. 233-3 of the Commercial Code, by a person other than the offeror, who is not acting in concert with him within the meaning of Article L. 233-10;

b) commitments not to tender to the offer have been given by one or several shareholders of the target company, in particular if the application of the threshold referred to in 1° obliges the offeror to acquire at least two-thirds of the securities likely to be tendered to the offer;

c) there are one or several competing offers;

d) provisions of law, regulation or bylaw prevent any majority control being acquired. The AMF shall rule on the basis of the principles set forth in Article 231-3.

II. - Without prejudice to the provisions referred to in I, where the offer is not subject to the terms of Chapter IV of this title, the offeror may stipulate in its offer that a number of securities must be tendered, expressed as a percentage of the share capital or voting rights, below which it reserves the right to withdraw its offer.

Article 231-10

An offeror making draft offers for two or more different companies may stipulate that if the threshold or thresholds set pursuant to Article 231-9 is/are reached in one of the offers, it will declare the offer to have succeeded only if this threshold is reached in the other offer or offers. While the offers are open, the offeror may withdraw this condition or the threshold condition referred to in Article 231-9 II, notably in the case of competing or improved offers on one of the target companies.

Article 231-11

If, under competition rules, notice of the draft offer must be given to the European Commission, the Autorité de la concurrence or the competent authority in this regard in another State party to the EEA Agreement or the United States of America, the offeror may stipulate the condition precedent of obtaining the decision provided for in Article 6-1 a) or b) of EC Regulation 139/2004, the authorisation provided for in Article L. 430-5 of the Commercial Code, or any authorisation of the same nature issued by the foreign State.

An offeror that seeks to assert such provisions shall provide the AMF with a copy of the notices to the authorities concerned or

any document attesting to the steps taken to inform those authorities and shall keep the AMF informed of the progress of the procedure.

The offer shall lapse if the proposed transaction becomes subject to the procedure of Article 6-1 (c) of EC Regulation 139/2004, or the procedure of Article L. 430-5 (III), point 3, of the Commercial Code, or becomes subject to a similar procedure before the competent authority of a foreign State. The offeror shall disclose whether it is seeking to pursue the intended transaction with the authorities to which the case has been referred.

The provisions of the previous paragraphs also apply to a draft offer of which, under competition rules, notice must be given to a foreign competent authority other than those previously mentioned, if the procedure followed for the purposes of obtaining said authorisation is subject to a time frame compatible with a period of ten weeks beginning from the opening of the offer, unless the AMF agrees to extend the offer timetable. The AMF then rules in light of the principles defined in Article 231-3, after having obtained the opinion of the competent body of the target company.

Article 231-12

Where the proposed offer calls for remittal of securities to be issued, the irrevocability of the offeror's commitments entails an obligation to propose a resolution to the general meeting of the issuing company's shareholders authorising issuance of the securities under the conditions and clauses of the proposed offer, as consideration to persons tendering their securities to the offer, unless the company's governing body has already obtain an express delegation of authority to this effect.

Depending on the applicable provisions of law, regulation or bylaw governing the offeror, the AMF may authorise the offeror to make opening of the offer conditional on its being authorised by a general meeting of shareholders, provided that such a meeting has already been called before the draft offer is filed.

Section 3 - Filing of the draft offer, the draft offer documentand the draft reply document (Articles 231-13 à 231-15)

Article 231-13

I. - The draft offer shall be filed by one or more investment services providers authorised to act as underwriter(s) and acting on behalf of the offeror(s).

The filing is made by means of a letter addressed to the AMF guaranteeing the tenor and irrevocable nature of the commitments made by the offeror. This letter must be signed by at least one of the sponsoring institutions.

II. - This letter shall stipulate:

1 • The aims and intentions of the offeror;

2 • The number and type of securities of the target company that the offeror already holds, alone or in concert, or may hold on its own initiative, as well as the date and terms on which such holdings were acquired in the last twelve months or may be acquired in the future;

3 • The price or exchange ratio at which the offeror proposes to acquire the target securities, the basis on which such price or ratio was determined, and the proposed conditions of payment or exchange;

4 • If applicable, the conditions required pursuant to Articles 231-9 II to 231-12;

4. bis If the withdrawal threshold referred to in 1° of Article 231-9 I is applicable to the offer, the number of shares and voting rights represented by this threshold on the date when the offer was filed and, where appropriate, the reasons for which the offeror has applied to the AMF for application of 2° of Article 231-9 I;

5 • The specific procedures by which the financial instruments of the target company will be acquired and, where applicable, the identity of the investment services provider appointed to acquire them on behalf of the offeror.

6 • In the cases provided for in Article L. 2312-47 of the Labour Code, if the procedure to inform and consult the economic and social committee of the target company, referred to in Article L. 2312-46 of the Labour Code began to the announcement of the offer.

III. - The letter shall be accompanied by:

1 • The draft offer document drawn up by the offeror, on its own or jointly with the target company. In the cases provided for in Article 261-1, the offeror's draft offer document may not be prepared jointly with the target company, except in the event of a squeeze-out;

2 • Copies of any prior notices given to other bodies empowered to authorise the proposed transaction.

IV. - In the case provided for in Part III of Article L. 433-3 of the Monetary and Financial Code, the letter shall also be accompanied by:

1 • The filed offer document or a draft of the offer document that will be filed;

2 • Any other document constituting a binding commitment proving that an irrevocable and fair draft offer has been or will be filed for all the equity securities and securities giving access to the capital or voting rights of the company of which more than 30% of the shares or voting rights is held, where such holding constitutes an essential part of the target company's assets.

V. - In all cases, an electronic version of the draft offer document must be sent to the AMF for posting on its website.

Article 231-14

The AMF shall make public the main provisions of the draft offer. Such publication shall signal the beginning of the offer period.

Article 231-15

Once the draft offer has been filed, the Chairman of the AMF may ask the market undertaking that runs the regulated market on which the target company's securities are admitted to trading to halt trading in those securities under the terms of Article L. 421-15 of the Monetary and Financial Code. Under the terms of Articles L. 424-5 and L. 425-3 of the Monetary and Financial Code, the AMF Chairman may also ask the person running a multilateral trading facility to suspend trading in the securities of the target company or a systematic internaliser to suspend its activity with regard to those securities.

Such request may also extend to other securities concerned by the draft offer.

The request shall made to all market undertakings, multilateral trading facility operators and systematic internalisers trading in the target securities, as necessary.

### Section 4 - Disclosures to shareholders and the public (Articles 231-16 à 231-17)

Article 231-16

I. - Once the offer period begins, the draft offer document shall be made available to the public free of charge at the offices of the offeror and the sponsoring institution(s). Where the offer document has been prepared jointly with the target company, it shall also be made available at the offices of the target company and the organisations engaged as paying agent for the target company's securities.

Where the registered office of the offeror or sponsoring institution is outside France, the offer document must be made available at the offices of an investment services provider in France designated for this purpose by the offeror or sponsoring institution.

The draft offer document shall also be published on the website of the offeror and, if it was prepared jointly with the target company, on the website of the target company, provided that these companies have websites.

II. - In all cases, a copy of the draft offer document must be sent free of charge to any person who requests it.

III. - On or before the date that the draft offer is filed with the AMF, a news release shall be issued. The offeror shall ensure that the release is distributed in accordance with Article 221-3. This news release shall present the main elements of the draft offer document and explain how the document is being made available.

IV. - The draft offer document and the news release mentioned in Part III shall include the words: "This offer and the draft offer document are subject to AMF approval".

Article 231-17

The target company may, once the news release mentioned in Part III of Article 231-16 has been published, issue its own news release in accordance with Article 221-3 to inform the public of the opinion of its Board of Directors or Supervisory Board or, in the case of a foreign company, the competent governing body, on the benefits of the offer or the consequences of the offer for the target company, its shareholders and its employees.

Where applicable, the news release shall mention the findings of the report by the independent appraiser appointed pursuant to Article 261-1 and the findings of the company economic and social committee opinion referred to in Article L. 2312-46 of the Labour Code. If the news release is published before the appraiser submits his report or the works council of the target company submits the opinion referred to in Article L. 2312-46 of the Labour Code, the target company shall issue another release when the report or the opinion is published, mentioning the appraiser's findings, the reasoned opinion of the governing bodies referred to in the first paragraph and the findings of the works council opinion.

In all cases, if the independent appraiser has not completed his assignment or has not been appointed by the time the offeror files its draft offer document, the target company shall issue a news release to inform the public of the identity of the independent appraiser as soon as the offeror publishes its draft document or as soon as the appraiser is appointed.

The AMF may request any disclosure that it deems necessary.

Section 5 - Contents of the draft offer document and the reply document (Articles 231-18 à 231-19)

Article 231-18

The draft offer document prepared by the initiator, which must meet the content requirements specified in an AMF instruction, shall mention:

1 • The identity of the offeror;

2 • The terms of the offer, including in particular:

a) The proposed price or exchange ratio, based on generally accepted objective valuation criteria, the characteristics of the target company and the market for its securities;

b) The number and type of securities that it promises to acquire;

c) The number and type of securities of the target company that the offeror already holds directly, indirectly or in concert, or may hold on its own initiative, as well as the date and terms on which such holdings were acquired in the last twelve months or may be acquired in the future;

d) Where applicable, the conditions to which the offer is subject pursuant to Articles 231-9 II to 231-12;

e) The planned timetable for the offer;

f) Where applicable, the number and type of securities tendered in exchange by the offeror;

g) The terms of financing for the transaction and the impact of those terms on the assets, activities and financial results of the companies concerned;

h) If the withdrawal threshold referred to in 1° of Article 231-9 I is applicable to the offer, the number of shares and voting rights represented by this threshold on the date when the offer was filed and, where appropriate, the reasons for which the offeror has applied to the AMF for application of 2° of Article 231-9 I.

3 • Its intentions for at least the coming twelve months with regard to the industrial and financial strategy of the companies concerned, where applicable, its specific commitments and intentions formalised within the framework of the procedure to inform and consult the economic and social committee of the target company, referred to in Article L. 2312-46 of the Labour Code, and continued public trading on a regulated market of the equity securities or securities giving access to the capital of the target company;

4 • Its policy with respect to employment. In particular, the offeror shall indicate, based on the data available to it and its intentions in the matter of industrial and financial strategy as mentioned in Point 3° above, any foreseeable changes in the size and composition of the workforce;

5 • The law applicable to contracts between the offeror and holders of the target company's securities following the offer, and competent jurisdictions;

6 • Agreements relating to the offer to which the offeror is party or of which it is aware, as well as the identity and characteristics of persons with which it is acting in concert or persons acting in concert with the target company within the meaning of Articles L. 233-10 and L. 233-10-1 of the Commercial Code and of which the offeror is aware ;

7 • If relevant, the opinion and the reasons therefor of the Board of Directors or Supervisory Board, or, in the case of a foreign offeror, the competent governing body, regarding the benefits of the offer or the consequences of the offer for the offeror, its shareholders and its employees; and the voting procedures by which this opinion was obtained, with the possibility for dissenting members to request that their identity and position be mentioned;

8 • In the case provided for in Part III of Article L. 433-3 of the Monetary and Financial Code, a commitment to file an irrevocable and fair draft offer for all the equity securities and securities giving access to the capital or voting rights of the company of which more than 30% of the shares or voting rights is held, where such holding constitutes an essential part of the target company's assets;

9 • If relevant, the report by the independent appraiser mentioned in Article 261-3;

0 • Procedures for making available the information mentioned in Article 231-28.

1 • The specific procedures by which the financial instruments of the target company will be acquired and, where applicable, the identity of the investment services provider appointed to acquire them on behalf of the offeror.

The offer document shall bear the signature of the initiator, or of its legal representative, declaring that the information contained therein is accurate.

The offer document shall also include a declaration by the legal representatives of the sponsoring institutions as to the accuracy of the information about the presentation of the offer and the information used to appraise the proposed price or exchange ratio.

Article 231-19

The reply document of the target company, which must meet the content requirements specified in an AMF instruction, shall mention:

1 • The agreements mentioned in Article 231-5;

2 • The information mentioned in Article L. 225-37-5 of the Commercial Code, updated where applicable as at the date of the offer, to the best of the company's knowledge;

3 • The independent appraiser's report in the cases provided for in Article 261-1. In order to protect its legitimate interests, the target company may assume responsibility for not disclosing certain information in the independent appraiser's report, provided such non-disclosure is unlikely to mislead the public;

3° *bis* In the cases provided for in Articles L. 2312-42 to L. 2312-51 of the Labour Code, the opinion of the economic and social committee of the target company and, where applicable, the chartered accountant's report prepared on behalf of the works council pursuant to the provisions of Article L. 2312-45 of the Labour Code;

4 • The reasoned opinion of the Board of Directors or Supervisory Board, or, in the case of a foreign company, the competent governing body, regarding the benefits of the offer or the consequences of the offer for the target company, its shareholders and its employees, and, where applicable, the measures it has implemented or decided to implement that are likely to cause the offer to fail. In the case of any new measures likely to cause the offer to fail, the company shall publish a news release to inform the market to this effect. The voting procedures by which this opinion was obtained are set out, with the possibility for dissenting members to request that their identity and position be mentioned.

5 • If they are available and different from the opinion mentioned in Point 4°, comments by the economic and social committee, or, failing that, by staff representatives, or, failing that, by staffmembers;

6 • Whether members of the governing bodies mentioned in Point 4° intend to tender their shares to the offer, specifying in particular, if the offer has several branches, the branch to which they intend to tender their securities, where such is the case;

7 • The procedures for making available the information mentioned in Article 231-28.

The reply document shall bear the signature of the legal representative of the target company, declaring that the information contained therein is accurate.

### Section 6 - Review of the draft offer by the amf (Articles 231-20 à 231-26)

#### Article 231-20

I. - The AMF shall have ten trading days from the beginning of the offer period to determine whether the draft offer complies with applicable laws and regulations.

II. - In the cases provided for in Article 261-1 and for offers under the terms of Articles L. 2312-42 to L. 2312-51 of the Labour Code, the statement of compliance shall be issued no earlier than five trading days after the target company has filed its draft reply document.

III. - In all cases, the AMF may request any supporting documentation or guarantees that it deems appropriate, as well as any further information that it needs for its assessment of the draft offer, the draft offer document or the reply document. In this case, the time period is suspended. It resumes once the information requested has been received.

#### Article 231-21

To determine whether the draft offer complies with applicable laws and regulations, the AMF shall examine:

1° The aims and intentions of the offeror.

2° Where applicable, the type and characteristics of and market for any securities proposed in exchange;

3° Any conditions of the offer pursuant to Articles 231-9 and 231-10;

3° *bis* If the withdrawal threshold referred to in 1° of Article 231-9 I is applicable to the offer, the number of shares and voting rights represented by this threshold on the date when the offer was filed and, where appropriate, the reasons for which the offeror has applied to the AMF for application of 2° of Article 231-9 I;

4° The information in the draft offer document;

5° In the cases provided for in Article 261-1, the financial terms of the offer, notably with respect to the independent appraiser's report and the reasoned opinion of the Board of Directors, the Supervisory Board, or, in the case of a foreign offeror, the competent governing body.

The AMF may ask the offeror to modify the draft offer if the AMF believes that it may contravene the legal and regulatory provisions mentioned in the first paragraph, and notably the principles referred to in Article 231-3.

Article 231-22

In the cases and in accordance with the conditions set forth in Section 2 of Chapter II and in Chapters III to VII of this title, the AMF shall assess application of the special provisions governing the proposed price or exchange ratio.

Article 231-23

Where the draft offer meets the requirements of Articles 231-21 and 231-22, the AMF shall publish on its website a reasoned statement of compliance that also constitutes an approval of the offer document.

Where the document does not meet the requirements, the AMF shall refuse to issue a statement of compliance for the draft offer and shall publish its decision on its website.

Where appropriate, the AMF shall set a date for resumption of trading in the securities concerned if trading is still suspended and shall so notify the persons referred to in Article 231-15.

Article 231-24

In the cases mentioned in Part III of Article L. 433-1 of the Monetary and Financial Code, where the offer concerns equity securities that are also admitted to trading on a market not located in a Member State of the European Union or a State party to the EEA Agreement, whether regulated or not, where the AMF does not claim jurisdiction, and where an offer document has been prepared in compliance with a procedure governed by a competent foreign authority, the AMF may exempt the offeror and the target company from the obligation to prepare an offer document and a reply document, provided that the offeror and the target company publish, jointly or separately, a news release subject to review by the AMF. The release, which must be distributed in accordance with Article 221-3 by the author, shall present the main elements of the offer document. In such cases, only Articles 231-36, 231-46, 231-48, 231-49, 231-51 and 231-52 shall be applicable. The information called for in Articles 231-5, 231-18 and 231-19, if not included in the offer document, must be included in the news release.

Article 231-25

Once the offer document has been approved by the competent authority of another Member State of the European Union or a State party to the EEA Agreement, the offeror and the target company are exempt from preparing an offer document and a reply document, provided that their application is accompanied by a copy of the offer document approved by the competent authority and translated in French.

This document should be published in accordance with the procedures provided for in Article 231-27.

Article 231-26

I. - 1° No later than five trading days after the AMF has issued its statement of compliance, the target company shall file a draft reply document with the AMF.

2° Exceptionally, if an independent appraiser has been appointed pursuant to Article 261-1, the target company shall file its draft reply document no later than twenty trading days after the beginning of the offer period.

3° For offers in which the social and economic committee must be informed and consulted pursuant to the provisions of Articles L. 2312-42 to L. 2312-51 of the Labour Code, the target company shall file a draft reply document by the date of the later of the following two events:

a) where an independent appraiser has been appointed pursuant to Article 261-1, no later than twenty trading days after the beginning of the offer period;

b) in other cases, no later than fifteen trading days after the beginning of the offer period;

In any event, the draft reply document may not be filed before the opinion of the works council of the target company or the date on which the works council is deemed to have been consulted as provided by Article L. 2312-46 of the Labour Code.

II. - The electronic version of the draft reply document shall be sent to the AMF for posting on its website. As soon as it has been filed, the draft reply document shall be made available to the public in accordance with the procedures mentioned in Parts I and II of Article 231-16 and shall contain the wording referred to in Part IV of the said article. No later than when it is filed with the AMF, it shall be the subject of a news release distributed by the target company in accordance with Article 221-3.

This news release presents the main elements of the draft reply document, explains how the document is being made available, and contains the wording referred to in Part IV of Article 231-16.

III. - Except in the cases provided for in Part II of Article 231-20, the AMF shall have five trading days from the filing of the draft reply document to issue its approval in accordance with Article 231-20. During this time, the AMF may request any additional information that it deems necessary for its review. In this case, the time period is suspended. It resumes once the information requested has been received.

### Section 7 - Distribution of the offer and reply documents (Article 231-27)

#### Article 231-27

1 • Public distribution of the AMF-approved offer document drawn up by the offeror, alone or jointly with the target company, must occur before the opening date of the offer and no later than the second trading day following issuance of the statement of compliance.

2 • The offer document approved by the AMF must be distributed in one of the following forms:

a • Publication of the document in at least one daily newspaper with nationwide circulation that covers economic and financial news;

b • Publication of a summary of the offer document on the same conditions as in a), when the offer document is made available free of charge at the offices of the offeror and the sponsoring institution(s); or publication of a news release, distributed in accordance with Article 221-3 under the offeror's responsibility, specifying that the offer document is available as described above.

Where the registered office of the offeror or sponsoring institution is outside France, the offer document must be made available at the offices of an investment services provider in France designated for this purpose by the offeror or sponsoring institution. Where the offer document has been prepared jointly with the target company, the document shall also be made available free of charge at the offices of the target company and the organisations engaged as paying agent for the target company's securities.

In all cases, a copy of the document must be sent free of charge to any person who requests it, and an electronic version of

the offer document must be sent to the AMF for posting on its website

3 • The target company sends its reply document to the offeror as soon as the AMF has issued its approval. The reply document must be distributed in one of the following forms:

a • Publication of the document in at least one daily newspaper with nationwide circulation that covers economic and financial news;

b • Publication of a summary of the reply document on the same conditions as in a), when the reply document is made available free of charge at the offices of the target company or the organisations engaged as paying agent for its securities; or publication of a news release, distributed in accordance with Article 221-3 under the offeror's responsibility, specifying that the document is available as described above.

In all cases, a copy of the reply document must be sent free of charge to any person who requests it, and an electronic version must be sent to the AMF for posting on its website.

4 • The approved offer and reply documents published and made available to the public shall always be identical to the original versions approved by the AMF.

Section 8 - Other information (Articles 231-28 à 231-30)

Article 231-28

I.- Disclosures about the legal, financial, accounting and other characteristics of the offeror and the target company, which must meet the content requirements specified in an AMF instruction, shall be filed with the AMF and made available to the public no later than the day before the offer opens, in accordance with the procedures referred to in Points 2° and 3° of Article 231-27.

The reports by the statutory auditors of the offeror and the target company must also be filed with the AMF under the same conditions.

II. - Foreign offerors shall appoint, with the assent of the AMF, a statutory auditor that verifies the translation of the financial statements and notes as well as the relevance of any supplements and adaptations thereto. The statutory auditor shall send a letter to the offeror when it completes its work on the translation of these elements and shall state its observations, if any. The offeror shall forward a copy of the completion letter to the AMF. These provisions shall also apply to foreign target companies.

III. - For the waiver provided for in Point 2° of Article 212-4 and Point 3° of Article 212-5 to be effective, the statutory auditors shall declare that any forward-looking information, whether estimated or pro forma, has been properly prepared in accordance with the indicated basis and that the accounting basis is consistent with the offeror's accounting policies.

The offeror's statutory auditors shall examine all the information from the offeror referred to in Part I and, where such is the case, the updates or corrections thereto. This overall examination and any special verifications shall be carried out in accordance with a standard issued by the national institute of statutory auditors (Compagnie Nationale des Commissaires aux Comptes).

They shall draw up a completion letter for their work, in which they inform the offeror about any reports issued. Upon completion of their overall examination and any special verifications that may have been made in accordance with the aforementioned professional standard, they shall state their observations, if any.

The offeror shall forward a copy of the completion letter to the AMF.

IV. - No later than the day before the offer opens, the offeror, the target company and at least one of the sponsoring institutions shall file a declaration certifying that all the information required under this article has been filed and has or will be disseminated within the timeframe stipulated in paragraph I.

Article 231-29

If the AMF finds an omission or a material inaccuracy in the content of the information mentioned in Article 231-28, it shall inform the offeror or the target company, as appropriate, of this fact. The offeror or target company is then required to amend the information and file the corrections with the AMF.

Any omission or inaccuracy, with regard to this General Regulation or to AMF instructions, that could manifestly distort an investor's assessment of the proposed transaction shall be considered as material.

These corrections shall be made available to the public as soon as possible, in accordance with Points 2° and 3° of Article 231-27.

Article 231-30

The AMF may postpone the closing date of the offer to give holders of securities at least five trading days to respond following publication of the information mentioned in Article 231-29.

### Section 9 - Offer timetable (Articles 231-31 à 231-35)

Article 231-31

The offer timetable is set based on the distribution date of the joint offer document of the offeror and the target company or the reply document of the target company.

Article 231-32

The offer opens on the trading day after the latest of the following events:

1 • Distribution of the approved offer document prepared by the offeror (where applicable, jointly with the target company) or, in the cases provided for by Article 261-1, distribution of the reply document prepared by the target company;

2 • Distribution of the information mentioned in Article 231-28;

3 • Where applicable, receipt by the AMF of any prior authorisations required by law.

The AMF publishes the opening and closing dates of the offer and the release date of the outcome of the offer.

Article 231-33

Persons wishing to tender their securities to the offer must send their orders to an authorised provider during the offer period.

Article 231-34

At any time during the offer period, the AMF may postpone the closing date of the offer.

Article 231-35

The AMF publishes the results of the tender offer, which are transmitted to it by the market operator concerned or by the sponsoring institution, as the case may be.

### Section 10 - Obligations of officers and directors, persons concerned by the offer and their advisers (Articles 231-36 à 231-37)

Article 231-36

The parties concerned by the offer, their officers and directors and their advisers shall demonstrate particular vigilance in their statements.

Any advertisement, regardless of its form and method of dissemination, shall be communicated to the AMF before being disseminated.

Such advertisements shall:

1 • State that an offer document or reply document has been or will be published and indicate where investors are or will be able to obtain it;

2 • Be clearly recognisable as advertisements;

3 • Contain no information that could mislead the public or discredit the offeror or the target company;

4 • Be consistent with the information contained in the news releases, the offer document and the reply document;

5 • Where applicable and at the request of the AMF, contain a warning about certain exceptional characteristics of the offeror, the target company, or the financial instruments concerned by the offer.

The provisions of this article shall also apply during the pre-offer period.

Article 231-37

Any additional information not included in the offer document approved by the AMF must be made public in a news release. The author of the release shall ensure that it is distributed in accordance with Article 221-3.

Section 11 - Trading in the securities concerned by the public offer (Articles 231-38 à 231-43)

Sub-section 1 - Trading by the offeror and persons acting in concert with it

Article 231-38

I. - The restrictions on trading in the securities concerned by a public offer do not apply to acquisitions resulting from a voluntary agreement entered into after the beginning of the offer period or the pre-offer period, as applicable.

II. - During the pre-offer period, the offeror and persons acting in concert with it shall not acquire any of the securities of the target company.

III. - During the offer period, the offeror and persons acting in concert with it may not acquire any securities of the target company if the offer is subject to one of the conditions mentioned in Articles 231-10 and 231-11.

IV. - Without prejudice to the provisions of Article 231-41 and of III of this article, the offeror and persons acting in concert with it may acquire the securities of the target company after the start of the offer period and until the opening of the offer.

In the case of a public offer under the terms of Chapter II of this title, such acquisitions shall be made without making the offeror, either alone or in concert, cross the thresholds set out in Articles 234-2 and 234-5.

In the case of a public offer under the terms of Chapters III and VI of this title, such acquisitions shall be limited to 30% of the existing securities targeted by the offer, for each category of shares targeted.

V. - Without prejudice to the provisions of Article 231-41 and of III of this article, the offeror and persons acting in concert with it may acquire the securities of the target company from the opening of the offer until the publication of the outcome.

In the case of a public offer under the terms of Chapter II of this title, such acquisitions shall be made without making the offeror, either alone or in concert, cross the thresholds set out in Articles 234-2 and 234-5.

During the reopening of the offer, the offeror may carry out its offer by acquiring the securities targeted, if the offer is fully settled in cash and provided that at the close of the initial offer period it holds more than 50% of the share capital and voting rights of the target company.

VI - From the closing of the offer until the publication of the outcome, the offeror and the persons acting in concert with it may not sell any securities of the target company.

Article 231-39

I. - In the case of a public offer under the terms of Chapter II of this title, if the offeror and the persons acting in concert with it proceed to acquire securities of the target company, any acquisition made at a price higher than the offer price shall automatically cause this price to be raised to at least 102% of the stipulated price and, beyond that, to the price actually paid, regardless of the quantities of securities acquired, and regardless of the price at which they were acquired, and the offeror shall not be able to amend the other terms of the offer.

After the deadline set out in Article 232-6 for submitting an improved offer and until the publication of the outcome of the offer, the offeror and the persons acting in concert with it may not acquire securities of the target company at a price higher than the offer price.

II. - In the case of a public offer under the terms of Chapters III and VI of this title, or the case of the reopening of a public offer under the terms of Chapter II, any trading in the securities of the target company by the offeror and the persons acting in concert with it shall be carried out:

1 • Based on an order drawn up at the offer price, in the case of a market acquisition, or at the offer price and only at that price, in the case of an off-market acquisition, from the beginning of the offer period until the opening of the offer;

2 • At the offer price and only at that price, from the opening of the offer until the publication of the outcome.

Sub-section 2 - Trading by the target company and persons acting in concert with it

Article 231-40

I. - During the offer period, the target company, when it is applying the provisions of Article L. 233-33 I or II of the Commercial Code and such provisions are not ruled out pursuant to Article L. 233-33 III of the same Code, and the persons acting in concert with it may not trade in the company's equity securities or securities providing access to the company's equity or financial instruments linked to these securities.

II. - If an offer falls under the terms of Chapter II of this title and is fully settled in cash, the target company when it is applying the provisions of Article L. 233-33 I or II of the Commercial Code may continue to execute a share buy-back programme during the offer period, provided that the general meeting resolution that authorised the programme expressly provided for it and, if it is a measure that may cause the offer to fail, provided that its implementation is subject to approval or confirmation by the general meeting.

III. - The provisions of this article also apply during the pre-offer period.

Sub-section 3 - Trading by persons concerned by a public exchange offer or a public cash and exchange offer

Article 231-41

If all or part of the offer is to be settled in securities, the persons concerned by the offer may not, during the offer period, trade in:

1 • The equity securities or securities giving access to the equity of the target company or financial instruments linked to these securities;

2 • The equity securities or securities giving access to the equity of the company issuing the securities offered in exchange or financial instruments linked to these securities.

However, a company issuing the equity securities to pay for a public offer may continue to trade in its own securities as part of a share buy-back programme implemented in accordance with the provisions of Article L. 225-209 of the Commercial Code and of Regulation (EC) 2273/2003 of the European Commission of 22 December 2003, or of an equivalent foreign regulation.

The provisions of this article shall also apply during the pre-offer period.

### Sub-section 4 - Trading by the service providers concerned

#### Article 231-42

The provisions of Articles 231-38 to 231-41 shall apply to proprietary trading by any services provider concerned as well as by any company belonging to the same group.

The service providers concerned shall monitor compliance with these restrictions on a daily basis. They shall make the results of their diligence and oversight available to the AMF. In particular, they shall answer any question from the AMF about the trades that they make during an offer period and they shall be capable of demonstrating that they comply with the provisions of this title.

The provisions of this article shall also apply during the pre-offer period.

#### Article 231-43

I. - By way of derogation from the provisions of the first paragraph of Article 231-42, the services provider concerned and any company belonging to the same group are authorised to trade in the securities concerned by the offer or derivatives linked to these securities in transactions for their own account or on behalf of their group under the following conditions:

1 • The trading involves staff members with resources, objectives and responsibilities that are distinct from those involved in the offer and that they are separated by an "information barrier";

2 • The trading is in line with usual practices with regard to risk hedging linked to customer transactions or market making;

3 • The positions and changes in liabilities resulting from proprietary trading do not deviate significantly from the usual pattern;

4 • The service provider has taken all necessary steps to make a prior assessment of the effects of any proprietary trading to avoid influencing the outcome of the offer and unduly influencing the prices of the securities concerned;

5 • The trading complies with the principles set out in Article 231-3.

II. - The service provider concerned shall adapt its internal procedures to the specific characteristics of each offer and to the features of the market for the securities of the target company and, where appropriate, the securities offered in exchange in order to ensure compliance with the provisions of this article. It shall set the requirements for proprietary trading in the financial instruments concerned, if it allows such trading.

III. - The provisions of this article shall also apply if the service provider concerned or a company in its group is the offeror or the target company in a public offer.

## Section 12 - Oversight of public offers (Articles 231-44 à 231-52)

#### Article 231-44

The provisions of this section shall apply from the beginning of the pre-offer period until the end of the offer period.

The provisions of Sub-section 1 apply to any person or entity, including the persons concerned by the offer. Investment services providers are subject to the provisions of Sub-section 2.

The fractions of 1%, 2% and 5% referred to in this section are determined in accordance with the assimilation methods provided for by Article L. 233-9 of the Commercial Code, except those provided for in Point 3° of Section II of this article.

### Sub-section 1 - General provisions

Article 231-45

The offeror shall immediately notify the AMF of the identity of the investment services provider(s) responsible for presenting the draft offer.

The persons concerned by the offer shall immediately notify the AMF of the identity of the investment services providers or institutions advising them.

Any changes in the information referred to in the preceding paragraphs shall be notified to the AMF immediately.

Article 231-46

I. - The following persons and entities must report daily to the AMF on the transactions they have carried out resulting in or likely to result in a transfer of ownership in the securities or voting rights targeted by the offer, including any transactions involving financial instruments or agreements that have a similar economic effect to that of owning said securities:

1 • The persons concerned by the offer;

2 • Persons or entities that hold on their own or in concert at least 5% of the share capital or voting rights in the target company;

3 • Persons or entities that hold on their own or in concert at least 5% of the securities other than shares targeted by the offer;

4 • Members of the Boards of Directors, Supervisory Boards or Executive Boards of the persons concerned by the offer;

5 • Persons or entities that have on their own or in concert increased their holding to 1% or more of the equity of the target company, or 1% or more of the total securities other than shares targeted, since the beginning of the offer period or, where appropriate, the pre-offer period, for as long as they hold such a quantity of securities.

The transactions that must be declared include in particular:

1 • The acquisition, sale, subscription, lending or borrowing of the securities targeted by the offer;

2 • The acquisition or sale of any financial instrument or the conclusion of any agreement that has a similar economic effect to that of owning the securities targeted by the offer, regardless of how it is settled;

3 • The exercise of the share allocation right attached to the said financial instruments or the execution of the said agreements.

II. - The reports must specify:

1 • The identity of the person filing the report and the person or entity that controls it within the meaning of the relevant provisions;

2 • The trade date;

3 • The trade execution venue;

4 • The number of securities traded and the trade price;

5 • The number of securities and voting rights held after the trade by the person reporting, acting alone or in concert.

The reports must be filed with the AMF by the next trading day using the form defined in an AMF Instruction. The AMF shall be entitled to ask the reporting entity for any details or further information that it deems necessary.

III. - In the case of a public offer involving settlement in the securities of the offeror, trades in the securities of both the offeror and the target company must be reported under the same conditions and according to the same procedures.

A person or entity required to report transactions relating to one or other of the companies must report its transactions in the securities of both companies.

Article 231-47

Without prejudice to Articles L. 233-7 and following of the Commercial Code, any person or entity, with the exception of the offeror, that has increased its holding of shares on its own or in concert by 2% or more of the share capital of the target company or that has increased its holding of shares if it holds over 5% of the share capital and voting rights, since the beginning of the offer period or, as appropriate, the beginning of the pre-offer period, shall be required to report the objectives that it intends to pursue with regard to the ongoing offer to the AMF immediately.

The provisions of the first paragraph shall also apply to securities other than shares targeted by the offer. The report shall stipulate:

1 • whether the person or entity having increased its interest is acting alone or in concert;

2 • the objectives of this person or entity with regard to the offer, especially if it intends to continue making acquisitions and, if the offer has been filed, whether it intends to contribute the securities acquired to the offer.

The AMF shall be entitled to ask the reporting entity for any details or further information that it deems necessary.

Article 231-48

The AMF shall publish the reports filed with it under the terms of Articles 231-46 and 231-47.

Exceptionally, the AMF may adapt the format of the publication of the declarations made to it pursuant to Articles 231-46 and 231-47 if the declarant proves that the publication may cause it harm, particularly in the sense that it would give rise to a market risk.

### Sub-section 2 - Special provisions for investment services providers

Article 231-49

Any investment services provider or custody account keeper involved in transmitting orders shall draw the attention of customers that cross one of the thresholds set in Articles 231-46 and 231-47 to the reporting requirements applying to them.

#### Paragraph 1 - Provisions applying to the service providers concerned

Article 231-50

Without prejudice to the provisions of Article L. 621-18-4 of the Monetary and Financial Code, if the financial instruments of the offeror are not admitted for trading on a regulated market, the service providers concerned shall draw up and keep an up-to-date list of the persons that have been given access to inside information relating to the offer.

The list shall include:

1 • The name or business name of each of the persons;

2 • The reason for their appearing on the list;

3 • The date of their inclusion on the list.

Article 231-51

I. - The service providers concerned shall report their position in the securities targeted by the offer to the AMF on a daily basis if they have increased their holding to 1% or more of the share capital of the target company, or 1% or more of the total securities other than shares targeted, since the beginning of the offer period, or the beginning of the pre-offer period, where appropriate, for as long as they hold that quantity of securities.

II. - The reports must specify:

1 • The identity of the person filing the report and the person or entity that controls it within the meaning of the relevant provisions;

2 • The number of securities held by the person reporting;

3 • The number of securities that the service provider concerned shall hold under the terms of any financial instrument or agreement that has a similar economic effect to that of owning the securities targeted by the offer.

The reports must be filed with the AMF by the next trading day using the form defined in an AMF Instruction. The AMF shall be entitled to ask the reporting entity for any details or further information that it deems necessary.

### Paragraph 2 - Provisions applying to other investment services providers

#### Article 231-52

The provisions of Articles 231-46 to 231-48 shall apply to investment services providers other than the service providers concerned, unless:

1 • Their trading is in line with usual practices with regard to arbitrage or hedging of risks associated with customer transactions or market making;

2 • The positions and changes in liabilities resulting from proprietary trading do not deviate significantly from the usual pattern.

In the cases referred to in 1° and 2° above, the provisions of Article 231-51 shall apply.

The criteria set forth in this article are assumed not to be met once the investment services provider comes to hold more than 5% of the capital or voting rights of the target company.

## Section 14 - Suspending the effects of restrictions on the exercise of voting rights and extraordinary powers to appoint and dismiss directors, members of the supervisory board, members of the management board, chief executive officers and deputy chief executive officers (Articles 231-54 à 231-56)

#### Article 231-54

The effects of statutory restrictions on the number of votes held by individual shareholders at general meetings, mentioned in the first paragraph of Article L. 225-125 of the Commercial Code, shall be suspended during the first general meeting following the close of the offer where the offeror, acting alone or in concert, has acquired more than two-thirds of the shares or voting rights of the target company.

#### Article 231-55

Where provided for by the articles of association, the effects of statutory restrictions on the exercise of voting rights attached to the equities of the company, and the effects of clauses in agreements concluded after 21 April 2004 providing for restrictions on the exercise of voting rights attached to the equities of the company, shall be suspended during the first general meeting following the close of the offer where the offeror, acting alone or in concert, has acquired more than one-half of the shares or voting rights of the target company.

#### Article 231-56

Where provided for by the articles of association, the extraordinary powers held by certain shareholders to appoint and dismiss

directors, members of the Supervisory Board, members of the Management Board, Chief Executive Officers and Deputy Chief Executive Officers shall be suspended during the first general meeting following the close of the offer where the offeror, acting alone or in concert, has acquired more than one-half of the shares or voting rights of the target company.

## Chapter II - Standard procedure (Articles 232-1 à 232-13)

### Section 1 - General provisions (Articles 232-1 à 232-4)

#### Article 232-1

Where the offeror, acting alone or in concert, holds less than one-half of the shares or voting rights of the target company, only the standard offer procedure shall apply.

#### Article 232-2

The term of the offer is twenty-five trading days. If the draft reply document is filed after the compliance ruling is published, the period starting on the day after the dissemination of reply document and ending with the closing of the offer shall be twenty-five trading days, without exceeding thirty-five trading days from the opening of the offer.

Exceptionally, when the offeror asserts the provisions of Article 231-11, the closing date and timetable of the offer are set after the AMF has received the documents supporting the authorization by the competition authorities mentioned in the first point of Article 231-11.

In agreement with the AMF, the market operator concerned announces the conditions and deadlines for account-keeping institutions to deposit securities tendered to the offer and for delivery and settlement in securities or cash, as well as the date on which the outcome of the offer will be available.

Orders of persons wishing to tender their securities to the offer may be cancelled at any time up to and including the closing date of the offer.

#### Article 232-3

In principle, the outcome of the offer is published no later than nine trading days after the closing date.

If the AMF determines that the offer has succeeded, the market operator announces the terms of settlement and delivery for the securities acquired by the offeror. If the AMF determines that the offer has not succeeded, the market operator announces the date on which the target securities will be returned to the account-keeping institutions.

If the offer is subject to an acceptance threshold or a withdrawal threshold, the AMF publishes a provisional result as soon as the market operator notifies it of the total number of securities tendered for centralisation by authorised intermediaries.

#### Article 232-4

Unless it is unsuccessful, any offer made following the normal procedure shall be re-opened within ten trading days of publication of the final outcome.

The guarantee of the irrevocability of the offeror's commitments referred to in Article 231-13, shall also concern the re-opening of the offer.

The AMF shall publish the timetable for the re-opened offer, which must last ten or more trading days.

However, if the offeror proceeds directly to a squeeze-out in accordance with Articles 237-14 et seq., the initial offer need not be re-opened, on condition that a squeeze-out was mentioned in the offeror's statement of intentions and that it is filed no later than ten trading days after publication of the outcome of the offer.

Article 232-5

At any time after the opening of the offer but no later than five trading days before it closes, a competing proposed offer on the securities of the target company or one of the target companies may be filed with the AMF.

Article 232-6

An offeror may improve upon the terms of its original offer or the most recent competing offer until no later than five trading days before the offer closes.

Article 232-7

To be declared compliant, a competing public cash offer or an improved cash offer must be at least 2% higher than the price stated in the public cash offer or the previous improved cash offer.

In all other cases, the AMF declares compliant any competing draft offer or improved offer which, assessed in the light of Articles 231-21 and 231-22, significantly improves upon the terms offered to holders of the target securities.

However, a competing or improved offer may be declared compliant if, without modifying the terms of its previous offer, the offeror removes or lowers the acceptance threshold below which the offer will not be declared successful.

Article 232-8

Where the AMF declares an improved offer to be compliant, it determines whether to postpone the closing date of the offer(s) and to void orders tendering securities to the earlier offer(s).

Article 232-9

Except when the terms of its offer are raised automatically, an offeror that raises its preceding offer must prepare an additional document to supplement the offer document submitted for AMF review in accordance with Article 231-20.

This supplemental document specifies how the terms of the new offer are improved relative to those of the preceding offer, indicating the changes of the various items required by Article 231-18.

The opinion and reasons therefor of the Board of Directors or Supervisory Board or, in the case of a foreign company, the competent governing body of the target company, including the information specified in Article 231-19, are communicated to the AMF. This information is made public as specified in Article 231-37.

Article 232-10

A competing offer is opened in accordance with the provisions of Article 231-32. Where the AMF determines the timetable for the competing offer, it aligns the closing dates of all competing bids on the furthermost date, without prejudice to the provisions of Article 231-34.

Where a competing offer is opened, all orders to tender securities to the earlier offer shall be null and void.

Article 232-11

The offeror may withdraw its offer within five trading days of publication of the timetable for a competing offer or improved competing offer. If it does so, it must inform the AMF of its decision, which is made public.

The offeror may also withdraw an offer if it is frustrated or if the target company adopts measures that modify its substance, either during the offer or in the event that the offer is successful, or if the measures taken by the company make the offer more costly for the offeror. He can only use this option with the prior authorization of the AMF, which shall rule on the basis of the principles set forth in Article 231-3.

Article 232-12

When a period of more than ten weeks has elapsed since the public announcement of the opening of an offer, the AMF may, with a view to expediting comparison of competing offers and with due observance of the order of their filing, set deadlines for filing each successive improved offer.

The AMF announces its decision and specifies the implementation procedures. The deadline may not be less than three trading days from the publication of the AMF's decision on each improved offer.

Article 232-13

When a period of more than ten weeks has elapsed since the opening of an offer, the AMF may, with a view to hastening the outcome of the outstanding offers, decide to use a cut-off bid procedure.

The AMF sets a date by which each of the offerors must either inform the AMF that its offer is maintained on the same terms or file a final improved offer.

Where applicable, the AMF rules on the compliance of the improved offer(s) and sets the final offer closing date.

In such case, notwithstanding Article 232-6, no improved offer may be filed unless a new competing offer has been filed, declared compliant and opened.

## Chapter III - Simplified procedure (Articles 233-1 à 233-5)

Article 233-1

The simplified offer procedure may be used in the following cases:

1 • an offer by a shareholder that already holds directly or indirectly, alone or in concert within the meaning of Article L. 233-10 of the Commercial Code, one-half or more of the target company's equity and voting rights;

2 • an offer by a shareholder that, following an acquisition, holds directly or indirectly, alone or in concert within the meaning of Article L. 233-10 of the Commercial Code, one-half or more of the target company's equity and voting rights;

3 • an offer for no more than 10% of the voting equity securities or voting rights of the target company, taking into account the voting equity securities and voting rights that the offeror already holds, directly or indirectly;

4 • an offer by a person, acting alone or in concert within the meaning of Article L. 233-10 of the Commercial Code, for preference shares, investment certificates or voting rights certificates;

5 • an offer by a company to buy back its own shares, pursuant to Article 225-207 of the Commercial Code;

6 • an offer by a company to buy back its own shares, pursuant to Article 225-209 of the Commercial Code;

7 • an offer by the issuing company for securities giving access to its equity;

8 • an offer by the issuing company to exchange debt securities that do not give access to capital for equity securities or securities that do give access to its capital.

Article 233-2

The simplified public cash offer shall be carried out by purchasing securities on the terms and following the procedures stipulated at the opening of the offer.

In the case of a limited offer referred to in points 3°, 5° and 6° of Article 233-1 and in Articles 233-4 and 233-5, or in the case of simplified exchange offer, or if the circumstances and the procedures of the transaction warrant it, the offer shall be centralised by

the market undertaking concerned or by the sponsor institution under the supervision of the market undertaking.

The offer period for a simplified offer may be limited to ten trading days in the case of a cash offer and to fifteen trading days in other cases, with the exception of a buyback offer pursuant to Article L. 225-207 of the Commercial Code.

Article 233-3

In the case of a cash offer under the terms of Point 1° of Article 233-1 and subject to the provisions of Articles 231-21 and 231- 22, the price stipulated by the offeror may not, unless the AMF gives its consent, be lower than the price determined by calculating the average stock market prices, weighted by trading volume for sixty trading days prior to the publication of the notice referred to in the first paragraph of Articles 223-34 or, failing that, prior to publication of the notice of filing of the draft offer referred to in Article 231-14.

For the purposes of this calculation, the prices and volumes used shall be the ones on the regulated market where the shares of the target company are most liquid.

Article 233-4

In the case of an offer for investment certificates or voting rights certificates, the offeror may limit itself to acquiring a quantity of voting rights certificates or investment certificates equivalent to the number of such investment certificates or voting rights certificates, respectively, that it already holds.

Article 233-5

If the person making a simplified offer has been authorised to reserve the right to scale down the sale or exchange orders made in response to its offer, the scaling-down is done on a proportional basis, subject to any necessary adjustments.

Orders made in response to a buyback offer filed pursuant to Point 5° of Article 233-1 are scaled down in accordance with the provisions of the Commercial Code.

In such cases, the offeror may not trade in the securities concerned.

## Chapter IV - Mandatory filing of a draft offer (Articles 234-1 à 234-11)

Article 234-1

For the purposes of this Chapter, equity securities shall mean voting securities if a company's equity capital consists partly of non-voting securities.

The fractions of capital or voting rights referred to in this Chapter are determined in accordance with the threshold calculation methods set by Articles L. 233-7 and L. 233-9 of the Commercial Code.

The agreements and instruments referred to in Points 4° and 4° *bis* of Section I of Article L. 233-9 of the Commercial Code are not taken into account when determining the fractions of capital or voting rights referred to in this Chapter

The financial instruments to be taken into account pursuant to point 4° of section I of Article L. 233-9 of the Commercial Code are:

1 • Bonds exchangeable for shares;

2 • Futures;

3 • Options, whether exercisable immediately or at a future date, regardless of the level of the share price relative to the exercise price of the option; where the option can be exercised only on condition that the share price reaches a level specified in the contract, it is counted as a share once that level is reached.

The agreements to be taken into account are those referred to in point 4° of section I of Article L. 233-9 of the Commercial Code; where the agreement can be exercised only on condition that the share price reaches a level specified in the contract, the shares covered by the agreement are counted once that level is reached.

Article 234-2

Where a natural or legal person, acting alone or in concert within the meaning of Article 233-10 of the Commercial Code, comes to hold more than 30% of a company's equity securities or voting rights, such person is required, on its own initiative, to inform the AMF immediately thereof and to file a proposed offer for all the company's equity securities, as well as any securities giving access to its capital or voting rights, on terms that can be declared compliant by the AMF.

The provisions of Chapter I and, as appropriate, Chapters II or III of this Title are applicable to mandatory tender offers.

Natural or legal persons acting alone or in concert within the meaning of Article 233-10 of the Commercial Code are subject to the requirements of the first paragraph when, as a result of a merger or an asset contribution, they come to hold more than 30% of a company's capital or voting rights.

Article 234-3

Where an offer under the terms of this chapter has become null and void pursuant to Article 231-9 I, the offeror is deprived of the voting rights attached to the shares it holds in the target company on the terms set out in Part II of Article L. 433-1-2 of the Monetary and Financial Code.

Article 234-4

The AMF may authorise, under terms that are made public, a temporary breach of the thresholds referred to in Articles 234-2 and 234-5 if the breach results from a transaction that is not intended to gain or increase control of the company, within the meaning of Article L. 233-2 of the Commercial Code, and if it lasts no longer than six months. The person(s) concerned shall undertake not to exercise the corresponding voting rights during the period of resale of the securities.

Article 234-5

The provisions of Article 234-2 apply to natural or legal persons, acting alone or in concert, who directly or indirectly hold between 30% and one-half of the total number of equity securities or voting rights of a company and who, within a period of less than twelve consecutive months, increase such holding by at least 1% of the company's total equity securities or voting rights.

The provisions of Article 234-2 apply to natural or legal persons, acting alone or in concert, who directly or indirectly hold between 30% and one-half of the total number of equity securities or voting rights of a company, whose offer has become null and void pursuant to Article 231-9 I and who increase this holding in the share capital or voting rights.

Persons who, alone or in concert, hold directly or indirectly between 30% and one-half of a company's capital or voting rights must keep the AMF informed of any change in such holdings. The AMF shall make these disclosures public.

Article 234-6

When a proposed offer is filed pursuant to Articles 234-2 and 234-5, the proposed price must be at least equivalent to the highest price paid by the offeror, acting alone or in concert within the meaning of Article 233-10 of the Commercial Code, in the twelve-month period preceding the event that gave rise to the obligation to file a proposed offer.

The AMF may request or authorise a price modification if this is warranted by a manifest change in the characteristics of the target company or in the market for its securities, and notably in the following cases:

1 • if events liable to materially alter the value of the securities concerned occurred in the twelve-month period before the draft offer was filed;

2 • if the target company is in recognised financial difficulty;

3 • if the price mentioned in the first paragraph results from a transaction that includes related items involving the offeror, acting alone or in concert, and the seller of the securities acquired by the offeror over the last twelve months.

In these cases, or in the absence of transactions by the offeror, acting alone or in concert, in the securities of the target company over the twelve-month period referred to in the first paragraph, the price is determined based on generally accepted objective valuation criteria, the characteristics of the target company and the market for its securities.

Article 234-7

The AMF may determine that there is no requirement to file a proposed offer if the thresholds referred to in Articles 234-2 and 234-5 are breached by one or more persons as a result of their having declared themselves to be acting in concert with:

1 • one or more shareholders who already held, alone or in concert, the majority of a company's equity or voting rights, provided such shareholders remain predominant;

2 • One or more shareholders that already held, alone or in concert, between 30% and one-half of a company's equity or voting rights, provided that such shareholders maintain a larger holding and that, upon the formation of this concert party, they do not exceed one of the thresholds referred to in Articles 234-2 and 234-5.

Where more than 30% of the capital or voting rights of a company whose equity securities are admitted to trading on a regulated market in a Member State of the European Union or a State party to the EEA agreement, including France, is held by another company and constitutes one of its essential assets, the AMF may determine that a proposed public offer need not be filed when a group of persons acting in concert acquires control of that other company, within the meaning of laws and regulations applicable to it, provided that one or more members of the concert party already had such control and remain predominant.

In all the above cases, as long as the balance of shareholdings within a concert party is not altered significantly relative to the situation at the time of the initial declaration, there is no need to make a public offer.

Article 234-8

The AMF may waive the mandatory filing of a tender offer if the person(s) concerned demonstrate to it that one of the conditions listed in Article 234-9 is met.

The AMF rules after examining the circumstances in which the threshold(s) have been or will be breached, the structure of ownership of the equity and voting rights and, where applicable, the conditions on which the transaction has been or will be approved by a general meeting of the target company's shareholders.

Article 234-9

The cases in which the AMF may grant a waiver are as follows:

1° Transmission by way of gift between natural persons, or distribution of assets by a legal person in proportion to the rights of its members.

2° Subscription to a capital increase by a company in recognised financial difficulty, subject to the approval of a general meeting of its shareholders.

3° Merger or asset contribution subject to the approval of a general meeting of shareholders.

4° Merger or asset contribution subject to the approval of a general meeting of shareholders, combined with an agreement between shareholders of the companies concerned establishing a concert party.

5° Reduction in the total number of equity securities or voting rights in the target company.

6° Holding of a majority of the company's voting rights by the applicant or by a third party, acting alone or in concert.

6° *bis* Holding of a majority of the company's share capital by the applicant or by a third party, acting alone or in concert, further to an offer made following the normal procedure referred to in Chapter II of this Title.

7° Resale or other comparable disposal of equity securities or voting rights between companies or persons belonging to the same group.

8° Without prejudice to section III of Article L. 433-3 of the Monetary and Financial Code, acquisition of control, within the meaning of applicable laws and regulations, of a company which directly or indirectly holds more than 30% of the capital or voting rights of another company whose equity securities are admitted to trading on a regulated market in a Member State of the European Union or a State party to the EEA agreement, including France, and which does not constitute an essential asset of the company over which control has been acquired.

9° Merger or contribution of a company which directly or indirectly holds more than 30% of the capital or voting rights of a company under French law whose equity securities are admitted to trading on a regulated market in a Member State of the European Union or a State party to the EEA agreement, including France, and which does not constitute an essential asset of the merged or contributed company.

10° Allocation of double voting rights between 3 April 2014 and 31 December 2018 under the conditions set out in Article 7, V of Act 2014-384 of 29 March 2014, as amended by Article 194 of Act 2015-990 of 6 August 2015.

Article 234-10

In the case of transactions subject to the approval of the target company's shareholders, the AMF may rule on a waiver application before a general meeting is held, provided it has precise information about the intended transaction.

In the other cases mentioned in Article 234-9 and in the situations referred to in Articles 234-4 and 234-7, the AMF may make its ruling before the relevant transaction is carried out, based on the nature, circumstances and timetable of the transaction as well as the supporting documents provided by the person(s) concerned.

The AMF is to be kept informed of the course of events and, if the transaction is not carried out according to the initial terms, may declare its previous decision to be null and void.

Where it grants a waiver or determines that there is no requirement to file an offer, the AMF publishes its decision on its website and discloses any commitments made by the applicant(s).

Article 234-11

For the application of the provisions of this chapter, the one-third threshold that applied before 1 February 2011 to holdings of capital and voting rights shall apply in place of the 30% threshold to any person, acting alone or in concert within the meaning of Article L. 233-10 of the Commercial Code, who on 1 January 2010 directly or indirectly held between 30% and one-third of the capital or voting rights, and shall continue to apply as long as the holding remains between these two thresholds.

The same applies to any person, acting alone or in concert within the meaning of Article L. 233-10 of the Commercial Code, who, after 1 January 2010, directly or indirectly held between 30% and one-third of the capital or voting rights as a result of a binding commitment entered into before 1 January 2010, and shall continue to apply as long as the holding remains between these two thresholds.

Persons acting alone or in concert within the meaning of Article L. 233-10 of the Commercial Code who on 1 February 2011 directly or indirectly held between 30% and one-third of the capital or voting rights and who are not covered by the foregoing paragraphs must reduce their holding below 30% of the capital and voting rights before 1 February 2012. If they fail to do so, they will be subject to the provisions of Articles 234-1 to 234-10.

All natural or legal persons concerned by these provisions shall report their holdings of capital and voting rights to the AMF without delay. The AMF publishes the list of persons who have made such declarations.

## Chapter V - Public offers for financial instruments admitted to trading on an organised multilateral trading facility (Articles 235-1 à 235-3)

### Article 235-1

Without prejudice to the provisions of Article 231-1 (4°), the provisions of this chapter apply exclusively to companies whose equity securities are admitted to trading on an organised multilateral trading facility within the meaning of Article 524-1.

### Article 235-2

The provisions of Articles 234-5, 234-7 (2°), 234-7, paragraph 4, and 234-11 are not applicable.

The provisions of Chapter IV, with the exception of those mentioned above, apply with a threshold of 50% instead of 30%. The provisions of Articles 236-5 and 236-6 are not applicable.

### Article 235-3

In addition to the cases referred to in Article 234-9, the AMF may also grant a waiver from the obligation to file a draft public offer in the following cases:

1 • Subscription to a reserved capital increase, subject to the approval of the general meeting of shareholders;

2 • Exercise of the share allocation right attached to securities giving access to the share capital if the reserved issue of such securities has previously been subjected to the approval of the general meeting of shareholders.

## Chapter VI - Buyout offers with squeeze-out (Articles 236-1 à 236-7)

### Article 236-1

Where the majority shareholder(s) hold, in concert within the meaning of Article 233-10 of the Commercial Code, 95 % or more of the voting rights of a company whose shares are or were admitted to trading on a regulated market in a Member State of the European Union or in a State party to the EEA Agreement, including France, any holder of voting equity securities who is not part of the majority group may apply to the AMF to require the majority shareholder(s) to file a draft buyout offer.

Once the AMF has made the necessary verifications, it rules on such application in the light of, inter alia, the state of the market for the securities concerned and the information provided by the applicant.

If the AMF declares the application to be acceptable, it notifies the majority shareholder(s), which must then file a draft buyout offer, within a time limit set by the AMF and drawn up in terms that can be deemed compliant by it.

### Article 236-2

Where the majority shareholder(s) hold, in concert within the meaning of Article 233-10 of the Commercial Code, 95% or more of the voting rights of a company whose investment certificates and, if applicable, voting rights certificates, are or were admitted to trading on a regulated market in a Member State of the European Union or in a State party to the EEA Agreement, including France, any holder of such certificates who is not part of the majority group may apply to the AMF to require the majority shareholder(s) to file a buyout offer for those securities.

Once it has made the necessary verifications, the AMF rules on such application in the light of, inter alia, the state of the market for the securities concerned and the information provided by the applicant.

If the AMF declares the application to be acceptable, it notifies the majority shareholder(s), which must then file a draft buyout offer, within a time limit set by the AMF and drawn up in terms that can be deemed compliant by it.

Article 236-3

The majority shareholder(s) holding, in concert within the meaning of Article 233-10 of the Commercial Code, 95% or more of the voting rights of a company whose shares are or were admitted to trading on a regulated market in a Member State of the European Union or in a State party to the EEA Agreement, including France, may file with the AMF a draft buyout offer for the equity securities, and any other securities giving access to the capital or voting rights in the company, that they do not already hold.

Article 236-4

The majority shareholder(s) holding, in concert within the meaning of Article 233-10 of the Commercial Code, 95 % or more of the voting rights of a company whose investment certificates and, if applicable, voting rights certificates are or were admitted to trading on a regulated market in a Member State of the European Union or in a State party to the EEA Agreement, including France, may file with the AMF a draft buyout offer for those securities.

Article 236-5

Where a public limited company (société anonyme) whose equity securities are admitted to trading on a regulated market is converted to a limited partnership with shares (société en commandite par actions), the person(s) that controlled it prior to conversion, or the active partners in the limited partnership with shares, are required to file a draft buyout offer once a resolution regarding the conversion has been adopted at a general meeting of shareholders. The draft offer cannot include a minimum acceptance condition and must be drawn up in terms that can be declared compliant by the AMF.

The offeror informs the AMF whether it reserves the right, depending on the result of the offer, to request that all equity securities and securities giving access to the capital and voting rights of the company be delisted from the regulated market on which they are traded.

Article 236-6

The natural or legal persons that control a company within the meaning of Article L. 233-3 of the Commercial Code must inform the AMF:

1 • When they intend to ask an extraordinary general meeting of shareholders to approve one or more significant amendments to the company's articles or bylaws, in particular the provisions concerning the company's legal form or disposal and transfer of equity securities or the rights pertaining thereto;

2 • When they decide in principle to proceed with the merger of that company into the company that controls it or with another company controlled by the latter; to sell or contribute all or most of the company's assets to another company; to reorient the company's business; or to suspend dividends for a period of several financial years.

The AMF evaluates the consequences of the proposed changes in the light of the rights and interests of the holders of the company's equity securities or voting rights and decides whether a buyout offer should be made.

The draft offer cannot include a minimum acceptance condition and must be drawn up in terms that can be declared compliant by the AMF.

Article 236-7

The public buyout offer shall be carried out by purchasing securities on the terms and following the procedures stipulated at the opening of the offer during ten or more trading days, or if the circumstances and the procedures of the transaction warrant it, the offer shall be centralised by the market undertaking concerned or by the sponsor institution under the supervision of the market undertaking.

If the public buyout offer includes a securities settled leg and a cash settled leg, with no reduction in orders, the offeror may acquire the securities targeted under the terms and conditions stipulated in the cash settled leg, in derogation to the provisions of Article 231-41.

## Chapter VII - Squeeze-outs (Articles 237-1 à 237-19)

### Section 1 - Squeeze-out following a buyout offer (Articles 237-1 à 237-13)

#### Article 237-1

At the close of a buyout offer carried out in accordance with Articles 236-1, 236-2, 236-3 or 236-4, securities not tendered by minority shareholders or holders of investment certificates or voting rights certificates may be transferred to the majority shareholder or group, provided that they represent not more than 5% of the shares or voting rights, in return for compensation.

Similarly, securities that give or could give access to capital may be transferred to the majority shareholder or group, provided that the equity securities that could potentially be created, through conversion, subscription, exchange, redemption or any other means, from untendered securities that give or could give access to the company's capital, plus existing but untendered equity securities, do not represent more than 5% of all the equity securities that exist and that could be created.

#### Article 237-2

Where a buyout offer is filed, the offeror informs the AMF whether it reserves the right to apply for a compulsory buyout once the offer has closed and the result is known, or whether it requests that a compulsory buyout be implemented once the buyout offer has closed.

In support of its proposed buyout offer, the offeror provides the AMF with a valuation of the securities of the target company, carried out using the objective methods applied in cases of asset disposals, that takes into account the value of the company's assets, its past earnings, its market value, its subsidiaries, if any, and its business prospects, according to a weighting appropriate to each case.

The AMF examines the draft offer in accordance with the provisions of Articles 231-21 and 231-22.

#### Article 237-3

Where the AMF declares a proposed buyout offer followed by a squeeze-out to be acceptable, the majority shareholder or group shall place a notice informing the public of the squeeze-out procedure in a newspaper carrying legal notices published in the vicinity of its registered office.

#### Article 237-4

The offeror designates a custody account-keeper to take charge of centralising the compensation payments (hereinafter "the centraliser").

#### Article 237-5

The offeror requesting the squeeze-out deposits the amount corresponding to the compensation for securities not tendered to the public buyout offer in a reserved account with the centraliser.

Compensation is calculated net of all expenses.

#### Article 237-6

Unallocated funds are held by the centraliser for ten years and paid to Caisse des Dépôts et Consignations at the end of this period. These funds are at the disposal of the legal beneficiaries, but revert to the French State after thirty years.

#### Article 237-7

The centraliser, acting on behalf of the majority shareholder or group and throughout the entire period during which it holds the funds, places an annual notice in a newspaper of national circulation inviting former shareholders who have not been compensated to exercise their rights.

Where the centraliser has paid out all frozen funds corresponding to compensation payable to securities holders that did not respond to the public buyout offer, it places an appropriate announcement in a newspaper of national circulation. It is then no

longer required to place the annual notice mentioned above.

Article 237-8
If, when filing the public buyout offer, the offeror reserved the right to proceed with a squeeze-out after the offer, it informs the AMF within ten trading days of the close of the offer whether it intends so to proceed or waives that right. The offeror's decision is made public by the AMF.

If the offeror decides to proceed with a squeeze-out, it informs the AMF of the price it proposes to pay as compensation. This price cannot be lower than that of the buyout offer, and it shall be higher when events liable to alter the value of the securities concerned have occurred after the offer was declared compliant.

The AMF shall make the mandatory buyout public and specify the terms for implementing it, including the date on which it becomes effective. The time between the decision and the execution of the buyout cannot be less than the time referred to in Article R. 621-44 of the Monetary and Financial Code. This decision shall result in the delisting of the relevant securities from the regulated market where they had been traded.

Custody account-keeping institutions transfer any securities not tendered to the buyout offer into the name of the majority shareholder or group, which pays the corresponding compensation into a reserved account opened for this purpose in accordance with the provisions of Article 237-9.

Article 237-9
Where the offeror has chosen to proceed with a squeeze-out in accordance with the provisions of Article 237-8, the freezing of funds and crediting of compensation to holders that have not tendered their securities to the public buyout offer takes place at the date on which the AMF's decision becomes enforceable.

Article 237-10
If, when filing the public buyout offer, the offeror applies to the AMF for a squeeze-out to be implemented as soon as the offer closes, regardless of result, the notice published by the market operator to announce the opening of the buyout offer stipulates the conditions applying to the squeeze-out procedure, and in particular the date on which it takes effect.

As soon as the public buyout offer closes, the securities securities concerned shall be delisted from the regulated market(s) on which they are traded and, where appropriate, from the multilateral trading facilities where they were traded. At the same date, the custody account-keeping institutions transfer any securities not tendered to the buyout offer into the name of the majority shareholder or group, which pays the corresponding compensation into a reserved account opened for this purpose in accordance with the provisions of Article 237-11.

Article 237-11
Where the offeror requested a squeeze-out at the time the proposed buyout offer was filed, the funds are frozen the day after the offer closes.

At the date the funds are frozen, the custody account-keeper credits the accounts of securities holders affected by the squeeze-out with the compensation that is due them.

Article 237-12
During the offer period of a public buyout offer prior to a squeeze-out, only the investment service provider(s) designated by the offeror are authorised to acquire the securities concerned on the offeror's behalf.

Persons seeking to acquire securities subject to a public buyout offer followed by a squeeze-out must obtain them solely from the investment service provider(s) designated by the offeror.

Article 237-13
The sole beneficiaries of the facility whereby the offeror covers brokerage commissions up to an amount set by it, including,

where applicable, stamp duty, shall be those sellers whose securities were registered on their account prior to the opening of:

1 • a simplified tender offer in which the offeror has explicitly declared its intention, if it obtains 95% of the voting rights of the target company, to request initiation of a public buyout offer followed by a squeeze-out; or

2 • a public buyout offer followed by a squeeze-out.

To this end, and in connection with the simplified tender offer referred to in Point 1°, the market operator concerned puts in place a procedure for centralising orders placed in response to such offer.

Requests for refunds must be accompanied by documentary evidence of the sellers' rights.

Section 2 - Squeeze-out following any public offer (Articles 237-14 à 237-19)

Article 237-14

Without prejudice to the provisions of Article 237-1, following any public offer and within three months of the close of the offer, securities not tendered by minority shareholders may be transferred to the offeror, provided that they represent not more than 5% of the shares or voting rights, in return for compensation.

Similarly, securities that give or could give access to capital may be transferred to the offeror, provided that the equity securities that could potentially be created, through conversion, subscription, exchange, redemption or any other means, from untendered securities that give or could give access to the company's capital, plus existing but untendered equity securities, do not represent more than 5% of all the equity securities that exist and that could be created.

Implementation of the squeeze-out procedure provided for in this article is subject to the provisions of Articles 237-4 to 237-7 and to the following provisions.

Article 237-15

When it files the draft offer, the offeror informs the AMF whether it reserves the right, depending on the result of the offer, to implement a squeeze-out.

Article 237-16

I. - The AMF rules on whether the proposed squeeze-out is compliant, in accordance with Articles 231-21 and 231-22, except in one of the following two cases and provided that the squeeze-out includes the cash settlement proposed in the last offer:

1 • The squeeze-out follows a public offer subject to the provisions of Chapter II;

2 • The squeeze-out follows a public offer for which the AMF has the valuation mentioned in Part II of Article L. 433-4 of the Monetary and Financial Code and the report by the independent appraiser mentioned in Article 261-1.

II. - Where the AMF rules on whether the squeeze-out is compliant, the offeror provides, in support of its proposed squeeze-out, a valuation of the securities of the target company, carried out using the objective methods applied in cases of asset disposals, that takes into account the value of the company's assets, its past earnings, its market value, its subsidiaries, if any, and its business prospects, according to a weighting appropriate to each case.

Where a squeeze-out is to be implemented, the parties concerned must draw up a draft squeeze-out document in accordance with the conditions and procedures set out in Articles 231-16 to 231-20, except for the description of the offeror's intentions for the next twelve months. The squeeze-out document(s) are submitted to the AMF for approval in accordance with Articles 231-20 and 231-26 and made available to the public in accordance with Article 231-27.

Disclosures providing information on the legal, financial, accounting and other characteristics of the target company are filed with the AMF and made publicly available in accordance with the conditions and procedures set out in Articles 231-28 to 231-30.

Content requirements for these disclosures are stipulated in an AMF instruction.

III. - Where the AMF does not rule on whether the squeeze-out is compliant, the offeror informs the AMF of its intention to implement the squeeze-out. The AMF publishes the implementation date for the squeeze-out. The offeror publishes a news release in accordance with Article 221-3 and is responsible for its distribution. Content requirements for these news releases are stipulated in an AMF instruction.

Article 237-17
Where the AMF declares a draft squeeze-out to be compliant or where the AMF does not rule on whether the squeeze-out is compliant when the majority shareholder or group informs the AMF of its intention to proceed with a squeeze-out, the shareholder or group shall place a notice informing the public of the squeeze-out in a newspaper carrying legal notices published in the vicinity of its registered office.

Article 237-18
The statement of compliance shall specify the date on which it becomes enforceable. The time period between the release and the enforcement of the statement cannot be less than the time period referred to in Article R. 621-44 of the Monetary and Financial Code.

The statement shall result in the delisting of the relevant securities from the regulated market where they are traded. The freezing of funds and crediting of compensation to holders that have not tendered their securities to the public offer takes place at the date on which the AMF's statement becomes enforceable.

Where the AMF does not rule on whether the squeeze-out is compliant, the provisions of the preceding paragraph shall apply as from implementation of the squeeze-out.

Custody account-keeping institutions transfer any securities not tendered to the last offer into the name of the majority shareholder or group, which pays the corresponding compensation into a reserved account opened for this purpose in accordance with the provisions of Article 237-5.

Article 237-19
As soon as the statement of compliance becomes enforceable, or, if the AMF does not rule on compliance, as soon as the squeeze-out is implemented, the relevant securities shall be delisted from the regulated market(s) where they were traded and, where appropriate, from the multilateral trading facilities where they were traded. At the same date, the custody account-keeping institutions transfer any securities not tendered to the buyout offer into the name of the majority shareholder or group, which pays the corresponding compensation into a reserved account opened for this purpose in accordance with the provisions of Article 237-11.

## Chapter VIII - Disclosure and procedure for orderly acquisition of debt securities that do not give access to equity (Articles 238-1 à 238-5)

Article 238-1
This chapter applies to the acquisition of debt securities that do not give access to equity and are admitted to trading on a French regulated market or an organised multilateral trading facility.

### Section 1 - Disclosure of acquisitions of debt securities that do not give access to equity (Articles 238-2 à 238-2-1)

Article 238-2
Where an issuer has acquired more than 10% of the securities representing a single bond issue on or off the market in one or more transactions, it shall so notify the market within four trading days by means of a news release to be disseminated in accordance with the procedures stipulated in Article 221-4. Further acquisitions of the same bond issue are subject to the same disclosure requirement for each additional 10% of the securities acquired in one or more transactions. The 10% threshold shall be calculated on the basis of the number of securities issued, including any subsequent issues granting identical rights to the holders. The number of securities used for calculating whether a threshold has been crossed is the number of securities bought less the

number of securities sold.

Article 238-2-1
Issuers of debt securities that have bought back securities during the past half-year shall, within ten trading days after the close of the half-yearly or annual accounts, publish the number of securities remaining in circulation and the number of securities they hold in accordance with Article L. 213-1 A of the Monetary and Financial Code, for each of their bond issues. This information is to be posted on their website or disseminated in accordance with section II of Article 221-4.

### Section 2 - Procedure for orderly acquisition of debt securities that do not give access to equity (Articles 238-3 à 238-5)

Article 238-3
The orderly acquisition procedure shall be defined as an initiative by the issuer, its agent or a third party to set up a centralised facility that enables the issuer to offer all holders of a single issue the option of selling or exchanging some or all of the debt securities that they hold, while ensuring equal treatment of all holders.

Article 238-4
The procedure for orderly acquisition of debt securities shall be announced by means of a news release disseminated in accordance with the procedures stipulated in Article 221-4 and shall comply with the relevant market abuse rules defined by the market abuse directive (regulation no. 596/2014/ EU).

Article 238-5
An AMF Instruction shall stipulate the information to be included in the news release mentioned in Article 238-4 when the orderly acquisition procedure involves debt securities sold through a public offering in France.

## Title IV - Buyback programmes for shares and transaction reporting (Articles 241-1 à 241-7)

### Section 1 - General provisions (Articles 241-1 à 241-5)

Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures

Article 241-1
The provisions of this title shall apply to companies whose equity securities are listed on a regulated market or are the subject of a request for admission to a regulated market and to companies whose equity securities are traded on a multilateral trading facility or are the subject of a request for admission to a multilateral trading facility, and that carry out share buybacks in accordance with Articles L. 225-209, L. 225-209-2 and L. 225-217 of the Commercial Code.

They shall also apply to all issuers of securities equivalent to those mentioned above, issued under foreign law and either listed on a regulated market or on an organised multilateral trading facility or the subject of a request for admission to a regulated market or to a multilateral trading facility.

Article 241-2
I. - Before engaging in a share buyback programme, issuers must publish a description of the programme in accordance with Article 221-3 that includes:

1 • The date of the shareholders' meeting that authorised or has been called to authorise the programme;

- The allotment by objective of shares held as of the date of the publication of the programme description;

- The objective(s) of the share buyback programme;

- The maximum amount allocated to share buyback programmes, the maximum number of shares and the characteristics of the shares that the issuer intends to buy back, along with the maximum purchase price;

- The term of the share buyback programme;

II. - During the term of the share buyback programme, any material change to any of the information specified in Section I must be made public as soon as possible in accordance with Article 221-3.

Article 241-3

The issuer shall not be required to publish the programme description if the annual financial report referred to in paragraph I of Article L. 451-1-2 of the Monetary and Financial Code, the reference document, or the base document includes all of the information that must appear in the programme description pursuant to Article 241-2.

In accordance with Article 221-3, the issuer shall disseminate a statement explaining the way it intends to make this information available.

Article 241-4

I.- Any issuer carrying out transactions in its own shares in the context of a buyback programme under the terms of Article 5 of the market abuse regulation (regulation no. 596/2014/EU) shall declare such transactions to the AMF electronically and according to the procedure defined in an AMF instruction. These declarations shall be disseminated fully and effectively in accordance with Article 221-3.

II.- Any issuer carrying out transactions in its own shares in the context of a buyback programme shall declare such transactions monthly to the AMF electronically and according to the procedure and format defined in an AMF instruction.

Article 241-5

Persons holding more than 10% of the issuer's share capital, as well as the issuer's directors, must report the number of securities that they have sold to the issuer.

### Section 2 - Provisions complementing accepted market practices (Articles 241-6 à 241-7)

Article 241-6

Any issuer benefitting from an accepted market practice shall comply with the requirements arising from the AMF decision to incorporate that market practice in accordance with Article 13 of the market abuse regulation (regulation no. 596/2014/EU).

Article 241-7

By derogation from paragraph I of Article 241-4, any issuer carrying out transactions in its own shares in the context of a market practice accepted by the AMF shall declare such transactions to the AMF and publish them within the terms of the accepted market practice concerned and according to the procedure and format defined in an AMF instruction.

## Title V - Marketing in France of financial instruments traded on a recognised foreign market or a regulated market of the European Economic Area (EEA) (Articles 251-1 à 251-7)

Article 251-1

Information provided to the public, regardless of the medium, with a view to trading in financial instruments on a recognised

foreign market or regulated market of the European Economic Area must be accurate, precise and truthful. It must contain no false or deceptive statement that could mislead the client.

Article 251-2
Products proposed through an act of solicitation shall be suitable to the members of the public being solicited.

If there is no adequate assurance that clients are being informed of the associated risks, the AMF may order the interested party or any other person taking part in the distribution of such products, in any way, to halt the marketing or trading thereof.

Article 251-3
Before any transaction on a recognised foreign market in financial instruments, the market operator that runs that market shall draw up a disclosure document in the market itself and the various financial instruments that it proposes. This disclosure document, in French, must be made available to financial intermediaries by the market operator. It shall state or describe the following:

1 • the foreign market is recognised by the Minister for the Economy, under the terms of Article D. 423-1 of the Monetary and Financial Code.

2 • The various ways in which orders are placed and executed, when these have consequences for the person initiating the order.

3 • The legal nature of the products, the technical characteristics thereof and, if applicable, the evidence supporting the advertised risks and returns.

4 • The validity date of the aforementioned information.

This disclosure document must be provided by the financial intermediary to each prospective client, or transmitted to him electronically, before the placing of the client's first order to buy or sell a financial instrument admitted to trading on the recognised foreign market.

For transactions on a market in derivative financial instruments, if the client does not trade on that market in the ordinary course of business, this document must be sent by registered letter with return receipt, or via the Internet, with the financial intermediary recording the date on which the client viewed or downloaded it.

No one may receive, directly or indirectly, orders or funds from the client until seven days after the date that the disclosure document was delivered, viewed onscreen or downloaded, or before the financial intermediary has received a certification

bearing the handwritten or electronic signature of the client and stating, "I have read the disclosure document relating to {name of the recognised market}, transactions on that market, and the commitments that I will take on by virtue of my participation in such transactions." This waiting period applies only to the first order, however.

Article 251-4
Before any transaction on a regulated market in derivative financial instruments in the European Economic Area, and in compliance with the obligations of Section 3 of Chapter I of Title 2 of Book III, the financial intermediary shall provide or transmit electronically to each client the following information:

1 • A statement that the regulated market in derivative financial instruments appears on the list of regulated markets of the European Economic Area published in the Official Journal of the European Union.

2 • The various ways in which orders are placed and executed, when these have consequences for the client.

3 • The legal nature of the products, the technical characteristics thereof and, if applicable, the evidence supporting the

announced risks and returns.

If the client does not trade in the market in question in the ordinary course of business, no one may receive orders or funds from him, directly or indirectly, before the financial intermediary has received a certification bearing his signature and stating, "I have read the disclosure document relating to {name of the EEA regulated market in derivative financial instruments}, transactions on that market, and the commitments that I will take on by virtue of my participation in such transactions." This certification is needed only for the first order.

Article 251-5

Any advertisement or message disseminated by the foreign market must include the information that it has been recognised by the Minister for the Economy, under the terms of Article D. 423-1 of the Monetary and Financial Code, or that it is on the list of regulated markets in the European Economic Area published in the Official Journal of the European Union.

All advertisements or messages disseminated by the financial intermediary with a view to trading in financial instruments on a recognised foreign market must contain the following information:

1 • Name, address, legal form of the person referred to in Article D. 423-3 of the Monetary and Financial Code, making a public offering;

2 • Name and address of that person's correspondent in France, if applicable.

3 • The identity of the foreign authority that has authorised that person to conduct a financial activity.

4 • A statement that the foreign market has been recognised by the economy minister of France pursuant to Article 1 of the aforementioned Decree.

5 • The minimum term, if any, of the recommended investments.

6 • The law that will apply in the event of a dispute, and the courts competent to hear such dispute.

7 • The availability of an arbitration procedure, if applicable.

All advertisements or messages disseminated by the financial intermediary with a view to trading on a regulated market in derivative financial instruments of the European Economic Area must mention that the market appears on the list of such markets published in the Official Journal of the European Union.

Article 251-6

The AMF:

1 • Shall receive, for information, the disclosure document drawn up by the market operator that runs the recognised foreign market.

2 • Shall request that all recognised foreign markets keep it informed of any substantial changes in the way they operate and send it data on their activities in French territory, as specified in an AMF instruction.

3 • May require the market operator that runs a recognised foreign market to make available to the AMF all information needed to support the claims or statements appearing in the disclosure document provided for in Article 251-3 and, if need be, may request modification thereof.

4 • May require any person referred to in Article D. 423-3 of the Monetary and Financial Code to produce any elements likely to support the claims or representations made in the advertisements or messages referred to in Article 251-4, and to require

their amendment, as needed.

Article 251-7

Only Articles 251-1, 251-2, 251-4 and 251-5 apply to recognised markets in derivative financial instruments on commodities in the European Economic Area, when such market is operated by a market operator that also runs a regulated market in the derivative financial instruments appearing on the list of such markets published in the Official Journal of the European Union.

## Title VI - Fairness opinions (Articles 261-1 à 263-8)

### Chapter I - Appointing an independent appraiser (Articles 261-1 à 261-4)

Article 261-1

I. - The target company of a takeover bid shall appoint an independent appraiser if the transaction is likely to cause conflicts of interest within its Board of Directors, Supervisory Board or governing body that could impair the objectivity of the reasoned opinion mentioned in Article 231-19 or jeopardise the fair treatment of shareholders or bearers of the financial instruments targeted by the bid.

The situations described below, in particular, constitute such cases:

1 • if the target company is already controlled by the offeror, within the meaning of Article L. 233-3 of the Commercial Code, before the bid is launched;

2 • if the senior managers of the target company or the persons that control it, within the meaning of Article L. 233-3 of the Commercial Code, have entered into an agreement with the offeror that could compromise their independence;

3 • if the controlling shareholder, within the meaning of Article L. 233-3 of the Commercial Code, does not tender its securities to a buyback offer launched by the company for its own securities;

4 • if the offer is related to one or more transactions that could have a significant impact on the price or exchange ratio of the proposed offer;

5 • if the offer pertains to financial instruments in multiple categories and is priced in a way that could jeopardise the fair treatment of shareholders or bearers of the financial instruments targeted by the bid;

6 • if the non-equity financial instruments mentioned in Point 1° of Part II of Article L. 211-1 of the Monetary and Financial Code that give or could give direct or indirect access to the capital or voting rights of the offeror or of a company belonging to the offeror's group are provided as consideration for the takeover of the target company.

II. - The target company shall also appoint an independent appraiser before implementing a squeeze-out, subject to the provisions of Article 237-16.

Article 261-2

Any issuer that carries out a reserved capital increase at a discount to the market price greater than the maximum discount authorised for capital increases without pre-emptive subscription rights and giving a shareholder, acting alone or in concert within the meaning of Article L. 233-10 of the Commercial Code, control over the issuer within the meaning of Article L. 233-3 of the aforementioned code, shall appoint an independent appraiser who will apply the provisions of this title.

Article 261-3

Any issuer or offeror carrying out a takeover bid may appoint an independent appraiser who will apply the provisions of this title.

Article 261-4

I. - The independent appraiser must not be placed in a conflict of interest in relation to the parties concerned by the public offer or transaction and their advisors. An AMF instruction shall describe situations in which the independent appraiser is considered to be placed in a conflict of interest, although this shall not constitute an exhaustive list.

The independent appraiser shall not work repeatedly with the same sponsoring institution(s) or within the same group if the regular nature of such work could compromise his independence.

II. - The appraiser shall prepare a statement certifying that there are no known past, present or future ties between him and the parties concerned by the offer or transaction and their advisors that could compromise his independence or impair the objectivity of his assessment when carrying out the appraisal.

If there is the risk of a conflict of interest but the appraiser deems this unlikely to compromise his independence or impair the objectivity of his assessment, he shall mention this risk in his statement, including relevant supporting information.

## Chapter II - Appraisal report (Articles 262-1 à 262-2)

Article 262-1

I. - The independent appraiser prepares a report on the financial terms of the offer or transaction. Content requirements for the report are set out in an AMF instruction. In particular, the report contains the statement of independence mentioned in Part II of Article 261-4, a description of the verifications performed and a valuation of the company in question. The report's conclusion takes the form of a fairness opinion.

No other type of opinion shall count as a fairness opinion.

II. - Once appointed, the appraiser must have sufficient time to prepare the report mentioned in Part I, taking into account the complexity of the transaction and the quality of the information provided to him. The appraiser shall have at least fifteen trading days to prepare his report.

Article 262-2

I. - In the cases provided for in Article 261-2, the issuer shall distribute the report by the independent appraiser at least ten trading days before the general meeting convened to authorise the transaction, or, where the meeting has exercised its powers of delegation, as soon as possible after the decision by the Board of Directors or Management Board. The report shall be distributed by:

1 • making it available free of charge at the issuer's registered office;

2 • publishing a news release in accordance with Article 221-3;

3 • publishing it on the issuer's website.

II. - An issuer that appoints an independent appraiser pursuant to Article 261-3 shall follow the procedures set forth in Part I when publishing the appraiser's report.

## Chapter III - Recognition of professional associations (Articles 263-1 à 263-8)

### Section 1 - Requirements for AMF recognition (Articles 263-1 à 263-3)

Article 263-1

A professional association of independent appraisers may be recognised, at its request, by the AMF.

Article 263-2

I.- The professional association shall draw up a code of conduct setting out the basic principles with which its members must comply.

Members of the association may adapt these principles to reflect their size and organisation. II. - The code of conduct shall set out, inter alia:

1 • the principles governing the independence of appraisers;

2 • the expertise and resources that appraisers must have;

3 • the rules of confidentiality to which they are subject;

4 • procedures for taking on and carrying out appraisals and quality controls to verify work done by association members.

III. The code of conduct shall detail the disciplinary action applicable in the event of breaches.

IV. - The code of conduct may be consulted at any time at the association's registered office by any person who so requests. The code shall also be published on the association's website provided the association has such a site.

Article 263-3

The association must have the staff and technical resources needed to carry out its mission on an ongoing basis.

The technical resources shall include, inter alia, a data storage facility for the retention of documents, in particular reports by independent appraisers belonging to the association, for at least five years.

Section 2 - Recognition procedure (Articles 263-4 à 263-5)

Article 263-4

Recognition of a professional association shall be subject to prior filing of an application with the AMF containing:

1 • the articles (statuts) of the association;

2 • a curriculum vitae and an extract from the judicial record (casier judiciaire) for each of the association's legal representatives;

3 • a three-year projected budget for the association;

4 • a draft code of conduct;

5 • a description of the human and technical resources that will enable the association to meet its obligations under this chapter.

Article 263-5

In deciding whether to recognise an association, the AMF shall review the application mentioned in Article 263-4 to assess whether the association, based on its filing, fulfils the conditions set forth in Articles 263-2 and 263-3. The AMF may ask the association to provide any further information it considers necessary to reach its decision.

Section 3 - Reporting to the AMF (Articles 263-6 à 263-8)

Article 263-6

The association shall inform the AMF promptly of any changes in key items in the initial application for recognition, notably concerning its senior management, organisation or supervision.

Article 263-7

The association shall inform the AMF promptly of disciplinary action taken against any of its members and shall make available to the AMF the minutes of meetings by the management bodies and general meetings of shareholders.

Article 263-8

I. - The AMF may revoke its recognition of an association if said association no longer meets the conditions of its initial recognition.

When the AMF is considering revocation, it shall so inform the association and shall tell it the reasons therefor. The association shall have one month from receipt of such notification to submit any observations it may have.

II. - When the AMF decides to revoke its recognition, the association shall be notified of this by registered letter with return receipt. The AMF shall inform the public of the revocation by means of a news release posted on its website.

The decision shall specify the timetable and method for implementing the revocation. The association must inform its members that its authorisation has been revoked.

# Book III - Service providers

## Title I - Investment services providers (Articles 311-0 à 315-26)

Article 311-0

In this Book III, “financial instrument” means financial instruments as defined by Article L. 211-1 of the Monetary and Financial Code and the units referred to in Article L. 229-7 of the Environmental Code.

Article 311-1

Unless otherwise provided, the present Title is applicable:

I.- To investment services providers.

For the purposes of this Title, the term "investment service provider" shall designate investment services providers other than asset management companies.

II. - To the branches of a person that is authorised in a country that is party to the Agreement on the European Economic Area other than France to provide the investment services referred to in Article L. 532-18-1 of the Monetary and Financial Code, in accordance with sub-paragraph 2 of Article L. 532-18-1 and Article L. 532-18-2 of the said Code;

III. - To the branches of companies of third countries that are authorised to provide the investment services referred to in Article L. 532-48 of the Monetary and Financial Code, or to the branches of credit institutions referred to in I of Article L. 511-10 of said Code when they provide investment services, in accordance with II of Article L. 532-50;

IV. - To the relevant persons defined in paragraph 1 of Article 2 of Commission Delegated Regulation (EU) No. 2017/565 of 25 April 2016 for the provisions of Chapters II, III, IV and V of the present Title. For the above-mentioned persons, these constitute a professional obligation.

The provisions of Chapters IV and V of this Title shall apply under the same conditions to the relevant persons referred to in IV within the branches referred to II and III above.

### Chapter I - Procedures for authorisation and programme of operations (Articles 311-2 à 311-3)

Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive

Commission Delegated Regulation (EU) 2017/592 of 1 December 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the criteria to establish when an activity is considered to be ancillary to the main business

Commission Delegated Regulation (EU) 2017/1018 of 29 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards specifying information to be notified by investment firms, market operators and credit institutions

Commission Delegated Regulation (EU) 2017/1943 of 14 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on information and requirements for the authorisation of investment firms

Commission Delegated Regulation (EU) 2017/1946 of 11 July 2017 supplementing Directives 2004/39/EC and 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for an exhaustive list of information to be included by proposed acquirers in the notification of a proposed acquisition of a qualifying holding in an investment firm

Commission Implementing Regulation (EU) 2017/1945 of 19 June 2017 laying down implementing technical standards with regard to notifications by and to applicant and authorised investment firms according to Directive 2014/65/EU of the European Parliament and of the Council

### Section single - Approval of the programme of operations (Articles 311-2 à 311-3)

#### Article 311-2

I. – When the applicant plans to provide an investment service or an activity referred to in Article R. 532-2 of the Monetary and Financial Code, its programme of operations shall be presented in accordance with Article R. 532-1 of said Code.

II.- When an investment services provider plans to modify its authorisation relating to an investment service or activity referred to in Article R. 532-2 of the Monetary and Financial Code in accordance with Article L. 532-3-1 of said Code, the AMF will notify its decision regarding the programme of operations within the time period indicated in II of Article R. 532-6 of this same Code.

III. – As part of the procedure for authorisation of the branches of investment companies of third countries referred to in III of Article 311-1 by the French Prudential Supervision and Resolution Authority (Autorité de contrôle prudentiel et de résolution), set out in Article L. 532-48 of the Monetary and Financial Code, and prior to the granting of this authorisation, the AMF will notify its decision regarding the programme of operations of the applicant in accordance with Article R. 532-4 of said Code.

#### Article 311-3

If the AMF finds that an investment services provider no longer meets the conditions for the approval of its programme of operations, it shall so inform the Prudential Supervision and Resolution Authority.

## Chapter II - Organisational rules (Articles 312-1 à 312-48)

Règlement (UE) 2017/565 de la Commission du 25 avril 2016 complétant la Directive MIF 2 en ce qui concerne les exigences

organisationnelles et les conditions d'exercice applicables aux entreprises d'investissement et la définition de certains termes aux fins de ladite directive ;

Règlement délégué (UE) 2017/578 de la Commission du 13 juin 2016 complétant la Directive MIF 2 par des normes techniques de réglementation précisant les exigences relatives aux accords et aux systèmes de tenue de marché ;

Règlement délégué (UE) 2017/589 de la Commission du 19 juillet 2016 complétant la Directive MIF 2 par des normes techniques de réglementation précisant les exigences organisationnelles applicables aux entreprises d'investissement recourant au trading algorithmique.

Section 1 - Compliance system (Articles 312-1 à 312-2)

Article 312-1

To ensure compliance with all of the professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code, the investment services provider shall implement the compliance policy and the procedures relative to the responsibilities of the management body laid down in Articles 22 and 25 of Commission Delegated Regulation 2017/565 of 25 April 2016.

Article 312-2

The compliance officer referred to in Paragraph 3 of Article 22 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 shall hold a professional license issued under the conditions defined in Section 4 of this Chapter.

Senior management shall apprise the investment services provider's board of directors, its supervisory board or, failing that, its body responsible for supervision, if such a body exists, of the appointment of the compliance officer.

Section 2 - Verification of the knowledge of specified persons (Articles 312-3 à 312-5)

Article 312-3

I.- The investment services provider shall ensure that natural persons acting on its behalf have the minimum qualification as well as a sufficient level of knowledge.

II. - It verifies that the persons carrying out one of the following functions can prove they have the minimum level of knowledge set forth in Point 1° of II of Article 312-5:

a) asset manager, within the meaning of Article 312-4;

b) head of financial instrument clearing, within the meaning of Article 312-4;

c) head of post trade services, within the meaning of Article 312-4;

d) persons referred to in Article 312-21.

III. - The investment services provider shall not carry out the verification provided for in II with regard to persons employed as at 1 July 2010. Persons having passed one of the examinations referred to in Point 3° of II of Article 312-5 shall be deemed to have the minimum knowledge required to perform their duties.

IV. - To conduct the verification referred to in II, the investment services provider has six months from the date on which the employee starts to perform one of the above functions. However, where the employee has been taken on under a work/study contract, as provided in Articles L. 6222-1 and L. 6325-1 of the labour code, the investment services provider may not conduct such verification. If it decides to hire the employee when his or her training period finishes, the investment services provider shall ensure that he or she has the minimum qualification as well as a sufficient level of knowledge as referred to in I, at the latest by the end of the contract training period.

The investment services provider shall ensure that any employee whose minimum knowledge has not yet been verified is appropriately supervised.

Article 312-4

1 • An asset manager is any person authorised to take investment decisions in connection with an individual investment mandate;

2 • A head of financial instrument clearing is a natural person representing the clearing member before the clearing house with respect to transaction registration, risk organisation and supervision, and the related financial instrument clearing functions;

3 • A head of post-trade services is a person who assumes direct responsibility for custody account keeping, settlement, depositary functions, securities administration or securities services for issuers.

Article 312-5

I. - The AMF has formed a Financial Skills Certification Board.

1 • The Financial Skills Certification Board issues opinions at the request of the AMF concerning certification of the professional knowledge of natural persons acting under the authority or on behalf of an investment services provider and performing one of the functions referred to in Articles 312-3 (II), 314-9 and 314-10;

2 • When rendering opinions, the Financial Skills Certification Board considers the possibility of establishing equivalencies with similar schemes abroad.

II. - Further to an opinion of the Financial Skills Certification Board, the AMF:

1 • Determines the content of the minimum knowledge to be acquired by natural persons acting under the authority or on behalf of an investment services provider and performing one of the functions referred to in Articles 312-3 (II), 314-9 and 314-10. It shall publish that content;

2 • Sees to it that the minimum knowledge content is updated;

3 • Determines and verifies the arrangements for the examinations that validate acquisition of the minimum knowledge;

4 • Certifies examinations for a two-year period within three months of the filing of applications. This deadline shall be extended as necessary until requests for further information are met. Certification can be renewed for a three-year period.

5 • The AMF shall charge an application fee when applications for certification are filed. The AMF shall determine the amount of this fee.

III. - The Financial Skills Certification Board has at least seven members:

1 • One AMF representative;

2 • At least four members named by the AMF on the basis of their professional skills, after consulting with the main professional associations representing investment services providers;

3 • Two independent persons named by the AMF and skilled in the fields of education or vocational training in finance.

The Financial Skills Certification Board chooses one of its members as chairman.

The members of the Financial Skills Certification Board are appointed for a renewable three-year term. The AMF publishes the

list of members.

IV. - The Financial Skills Certification Board shall draw up bylaws, approved by the AMF.

V. - Members are of the Financial Skills Certification Board receive no remuneration.

Section 3 - Safeguarding client assets (Articles 312-6 à 312-19)

Article 312-6

The investment services provider shall comply with the following obligations to safeguard its clients' rights in relation to the financial instruments belonging to them:

1 • It must keep such records and accounts as are necessary to enable them at any time and immediately to distinguish assets held for one client from assets held for other clients, and from its own financial instruments.

2 • It must maintain its records and accounts in a way that ensures their accuracy, and in particular, their correspondence to the financial instruments held by clients, and that enables them to be used as an audit trail;

3 • It must conduct periodic reconciliations between its internal accounts and records and those of the third parties with whom the clients' financial instruments are held.

4 • It must take the necessary steps to ensure that any client financial instruments deposited with a third party can be identified separately from the financial instruments belonging to the third party and from the financial instruments belonging to the investment services provider by means of differently titled accounts on the books of the third party or other equivalent measures that achieve the same level of protection;

If the law applicable in the territory in which the third party holds the financial instruments prevents that party from complying with the previous subparagraph, the third party shall inform affected clients that they are not covered by this protection.

5 • It must introduce adequate organisational arrangements to minimise the risk of loss or diminution of clients' assets or of rights in connection with those financial instruments resulting from misuse of the financial instruments, fraud, poor administration, incorrect record-keeping or negligence.

Article 312-7

The investment services provider shall ensure that the statutory auditor makes a report at least every year to the AMF on the adequacy of the arrangements made by the service provider, pursuant to points of Article II 7° and 9° L. 533-10 of the Monetary and Financial Code and this sub-section.

Article 312-8

The investment services provider using a third party to hold its clients' financial instruments shall exercise all due skill, care and diligence in the selection, appointment and periodic review of the third party and of the arrangements made by said party for the holding of those financial instruments.

The investment services provider shall take into account the expertise and market reputation of the third party, as well as any legal or regulatory requirements or market practices related to the holding of those financial instruments that could adversely affect clients' rights.

Article 312-9

If the investment services provider propose to use a third party to hold its clients' financial instruments then this investment services provider shall choose a third party that is located in a country that has specific regulations and supervision regarding the holding of financial instruments on behalf of a client, and shall select that third party from among those subject to the specific regulations and supervision and do so in accordance with the provisions of Article 312-8.

Article 312-10

The investment services provider may not use a third party to hold its clients' financial instruments if that third party is located in a State that is not party to the European Economic Area agreement and that does not regulate the holding of financial instruments on behalf of another person, unless one of the following conditions is met:

1 • The nature of the financial instruments or of the investment services connected with those instruments requires them to be deposited with a third party in the State that is not party to the European Economic Area agreement.

2 • If the financial instruments are held on behalf of a professional client, that client makes a written request to the investment services provider to have them held with a third party in the State that is not party to the European Economic Area agreement.

Article 312-11

The requirements set forth in Articles 312-9 and 312-10 shall also apply if the third party uses another third party to perform one of its functions in the areas of holding or custody of financial instruments.

Article 312-12

I.- The investment services provider may not enter into securities financing transactions in respect of financial instruments held by it on behalf of a client or otherwise use such financial instruments for its own account, for the account of another person or for the account of one of its other clients, unless the client has given his prior express consent for the use of the instruments on specified terms, as evidenced by his signature or an equivalent alternative mechanism.

The use of that client's financial instruments must be restricted to the specified terms to which the client has consented.

II. - The investment services provider may not enter into securities financing transactions in respect of financial instruments held by it on behalf of a client in an omnibus account maintained by a third party, or otherwise use financial instruments held in such an account for its own account or for the account of another person unless at least one of the following conditions is met:

1 • Each client whose financial instruments are held on an omnibus account must have given consent in accordance with I.

2 • The investment services provider must have systems and controls to ensure that only financial instruments belonging to clients who have given prior consent in accordance with I are so used.

The investment services provider' records shall include data on the client on whose instructions the financial instruments have been used and on the number of financial instruments used belonging to each client who has given his consent, so as to enable the correct allocation of any loss of financial instruments.

III. – A “securities financing transaction” means a transaction as defined by Article 3 (11) of Regulation (EU) 2015/2365 of 25 November 2005 on transparency of securities financing transactions and of reuse.

Article 312-13

Security interests, liens or rights of set-off over client financial instruments enabling a third party to dispose of client's financial instruments in order to recover debts that do not relate to the client or provision of services to the client are not permitted except where this is required by applicable law in a third country jurisdiction in which the client financial instruments are held.

If the investment services provider is obliged to create such security interests, liens or rights of set-off, it must disclose that information to its clients indicating to them the risks associated with those arrangements.

Where security interests, liens or rights of set-off are established by the service provider in respect of client financial instruments, or where the service provider has been informed that they are established, they shall be recorded in client contracts and the service provider's own accounts to ensure that these financial instruments are clearly identified as belonging to the client, particularly in the event of an insolvency.

Article 312-14

I.- The investment services provider shall make information pertaining to clients' financial instruments readily available to the following persons or entities:

1 • the AMF;

2 • the *mandataire judiciaire, administrateur judiciaire, liquidateur* and *commissaire à l'exécution du plan* referred to in Annex B of Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings;

3 • the Resolution College of the *Autorité de contrôle prudentiel et de résolution*.

II.- The information to be made available shall include:

1 • related internal accounts and records that readily identify the balances of financial instruments held for each client;

2 • the place where financial instruments are held by the service provider as well as details on the accounts opened with third parties and on agreements entered into with such entities;

3 • details of any outsourced tasks relating to the holding of financial instruments and details of third parties carrying out such tasks;

4 • key individuals of the service provider involved in related processes, including those responsible for oversight of the service provider's requirements in relation to the safeguarding of client financial instruments; and

5 • agreements making it possible to establish client ownership over financial instruments.

Article 312-15

The investment services provider shall take appropriate measures to prevent the unauthorised use of client financial instruments for its own account or the account of any other person, such as:

1 • the conclusion of agreements with clients on measures to be taken by the investment services provider in case the client does not have provision on its account at the settlement date, such as the borrowing of the corresponding financial instruments on behalf of the client or unwinding the position;

2 • the close monitoring by the service provider of its projected ability to deliver on the settlement date and the putting in place of remedial measures if this cannot be done; and

3 • the close monitoring and prompt requesting of undelivered financial instruments outstanding on the settlement day.

Article 312-16

Where the investment services provider has taken part in a securities financing transaction, it shall adopt specific arrangements for every client to ensure that, in the event that a client loans financial securities, the borrower provides appropriate collateral. The service provider shall monitor the continued appropriateness of such collateral and take the necessary steps to maintain the balance with the value of client financial instruments.

Article 312-17

The investment services provider shall not enter into arrangements which are prohibited under Article L. 533-10 (II) (9) of the Monetary and Financial Code.

Article 312-18

I.- The investment services provider should consider the appropriateness of title transfer collateral arrangements used with

professional clients and eligible counterparties with regard to the relationship between the client's obligations to the provider and the client financial instruments and funds subject to the abovementioned arrangements.

At the request of the AMF, the service provider must be able to demonstrate, by any means, that it has undertaken these steps.

II.- When considering the appropriateness of using title transfer collateral arrangements pursuant to I, the investment services provider shall take into account all of the following factors:

1 • there is a sufficiently strong present or future connection between the client's obligations towards the service provider and the use of title transfer collateral arrangements;

2 • the amount of financial instruments and funds subject to the title transfer collateral arrangement does not substantially exceed the client's obligations, or is not unlimited, and whether the client has an obligation of any kind towards the service provider; and

3 • if all client financial instruments and funds are subject to title transfer collateral arrangements, irrespective of the respective obligations of each client towards the service provider.

III.- When using title transfer collateral arrangements pursuant to I, the investment services provider should warn professional clients and eligible counterparties about the risks incurred and about the effects of title transfer collateral arrangements on the client's financial instruments and funds.

Article 312-19

The investment services provider should appoint a single officer who shall possess the requisite skills and authority and be placed specifically in charge of issues relating to the service provider's compliance with its obligations in terms of safeguarding client financial instruments and funds.

The investment services provider may decide, while taking care to ensure compliance with this sub-section, whether the single officer shall be devoted solely to this assignment or whether the officer can discharge these duties effectively while also carrying out other duties.

## Section 4 - Professional licences (Articles 312-20 à 312-38)

### Sub-section 1 - General provisions

Article 312-20

The following relevant persons must hold a professional license issued by the AMF or the investment services provider under the terms of Articles 312-29 and 312-36:

1 • Traders of financial instruments;

2 • Clearers of financial instruments;

3 • Compliance officers for investment services;

4 • Investment analysts.

Article 312-21

1° Traders of financial instruments are natural persons empowered to commit the person under whose responsibility or on whose behalf they are acting in transactions in financial instruments for its own account or for a third party.

2° Clearers of financial instruments are natural persons empowered to commit a clearing-house member vis-à-vis the clearing house.

3° Compliance officers for investment services are the persons referred to in Article 312-2.

4° Investment analysts are the relevant persons defined in Paragraph 2 of Article 2 of Regulation (EU) 2017/565 of 25 April 2016.

Article 312-22
A natural person may perform one of the functions referred to in Article 312-20 on a trial basis or temporarily, without holding the required professional licence, for a maximum period of six months that can be renewed once.

Use of this exception by an investment services provider for traders, clearers and investment analysts shall require the prior consent of the compliance officer for investment services.

The function of compliance officer for investment services may only be performed on a trial basis or temporarily with the prior consent of the AMF.

Article 312-23
Issuance of a professional license shall require the applicant to compile an request for authorisation, which shall be submitted to the investment services provider issuing the license or to the AMF.

The request for authorisation shall include the items stipulated in an AMF instruction.

Article 312-24
The request for authorisation shall be retained by the investment services provider that issues the licence or by the AMF for ten years after the licensee has ceased to perform the functions that gave rise to the issuance of the professional licence.

Article 312-25
Where a person provisionally ceases to perform the activity that required a professional licence, such interruption shall not result in withdrawal of the licence.

The person shall be deemed to have permanently ceased engaging in the activity that gave rise to the issuance of the license when the interruption lasts longer than one year, unless the AMF grants an exception.

Article 312-26
When a person definitively ceases to perform the function for which a professional licence was issued, the licence shall be withdrawn. The license shall be withdrawn by the investment services provider that issued it or by the AMF, as the case may be.

If a professional license has been issued by the AMF, the investment services provider on whose behalf the license-holder is acting shall notify the AMF immediately upon the definitive cessation of activity referred to in the preceding paragraph.

Article 312-27
Whenever an investment services provider takes disciplinary measures against a person holding a professional licence because of a breach of the professional obligations, it shall so notify the AMF within one month.

Article 312-28
The AMF shall keep a register of professional licences.

For this purpose, the person issuing or revoking the professional license referred to in 1°, 2°, 3° and 4° of Article 312 20 shall notify the AMF of the identities of the persons whose licenses are issued or revoked within one month.

The AMF shall be notified of the appointments of the compliance officers referred to in 3° of Article 312-20.

The information in the register of professional licences shall be retained for ten years after licences have been revoked.

Sub-section 2 - Professional licences issued by the AMF

Article 312-29
The AMF shall issue the professional licenses of the persons performing the functions of compliance officers for investment services. For this purpose, the AMF shall organise a professional examination under the terms referred to in Articles 312-33 to 312-35.

However, where investment services providers appoint one of their senior managers to the function of compliance officer, that person shall hold the relevant professional license. He shall not be required to pass the examination provided for in the first paragraph.

Article 312-30
Before issuing the professional license, the AMF shall verify:

1 • that the relevant natural person is fit and proper, that he is familiar with the professional requirements and capable of performing the functions of a compliance officer for investment services.

2 • that pursuant to II of Article 312-3, the investment services provider has conducted an internal verification or an examination as stipulated in 3° of II of Article 312-5 to ensure that the relevant person has the minimum knowledge mentioned in 1° of II of Article 312-5.

3 • that the investment services provider complies with the provisions of Paragraph 3 of Article 22 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016.

Article 312-31
The AMF may waive the examination requirement for a person who has performed comparable functions with another investment services provider with equivalent business activities and organisational structures, provided that person has already passed the examination and the investment services provider planning to appoint him has already presented a candidate who passed the examination.

Article 312-32
If an investment services provider requires professional licenses for several compliance officers for investment services, the AMF shall ensure that the number of license holders is proportionate to the nature and the risks of the investment services provider's business activities, scale and organisational structure.

Investment services providers shall provide precise written definitions of the attributions of each professional license holder.

Article 312-33
The examination shall consist of interviews of professional license applicants by a jury. The applicants shall be presented by the investment services providers on whose behalf they are to perform their functions.

The AMF shall hold the examinations at least twice a year. It shall decide who sits on the jury, set the examination dates and determine the amount of examination fees. This information shall be made known to investment services providers.

The AMF shall collect the examination fees from the investment services providers presenting applicants.

Article 312-34
The members of the jury referred to in the first paragraph of Article 312-33 shall be:

- An active compliance officer, chair;

- The head of an operational function with an investment services provider;

- A member of the AMF's staff.

If an applicant feels that a member of the jury has a conflict of interest with regard to him, he may ask the AMF to be examined by another jury.

Article 312-35

If it deems that the conditions referred to in Article 312-30 have been met, the jury shall propose that the AMF issue a professional license.

However, if the jury deems that the applicant has the necessary qualities to perform the function of compliance officer for investment services but that the investment services provider does not grant him proper independence or does not provide him with adequate resources, the jury may propose that the issuance of a professional license be subject to the condition that the investment services provider remedies the situation and notifies the AMF of the measures taken for this purpose.

If outsourcing of the function of compliance officer for investment services is planned, the jury may be asked for its opinion.

### Sub-section 3 - Professional licenses issued by investment services providers

Article 312-36

Professional licences referred to in 1°, 2° and 4° of Article 312-20 shall be issued by the investment services providers under whose authority or on whose behalf the professional license holders are acting.

Article 312-37

Before any of the professional licences referred to in Article 312-36 are issued, the compliance officer for investment services shall ensure that the applicant is fit and proper, that it has met the procedural requirements established by the investment services provider to ascertain that applicants are cognisant of their professional obligations, and that it meets the conditions set forth in Article 312-3.

The compliance officer may obtain from AMF, upon request made by registered or hand-delivered letter with acknowledgment of receipt, a record of any disciplinary actions that the AMF has taken against the applicant during the previous five years.

Article 312-38

Investment services providers shall notify the AMF of the issuance of the professional licenses referred to in 1°, 2°, 3° and 4° of Article 312-20 within one month.

The AMF may ask the investment services provider to forward a copy of the license application.

Any person to whom a professional licence is issued shall be personally informed of that fact.

### Section 5 - Record keeping (Articles 312-39 à 312-41)

Article 312-39

If the investment services provider's authorisation is revoked, the AMF may require said provider to retain all the relevant records for the five-year period stipulated in Article L. 533-10 (III) of the Monetary and Financial Code.

The AMF may, in exceptional circumstances, require investment services providers to retain any or all those records for the seven year period stipulated in Article L. 533-10 (III) of the Monetary and Financial Code, to the extent justified by the nature of the instrument or transaction, if that is necessary to enable it to exercise its supervisory functions.

Article 312-40

The purpose of recording telephone conversations shall be to facilitate monitoring to ensure that transactions are lawful and that they comply with clients' instructions.

The compliance officer may listen to the recordings of telephone conversations made pursuant to Article 76 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016. If the compliance officer does not himself listen to the recording, it may not be listened to without his agreement or the agreement of a person designated by him.

Article 312-41

Investment services providers shall retain information about the monitoring and assessments referred to in Point a) of Paragraph 2 of Article 76 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 in accordance with the requirements referred to in Article 76 of the same Regulation.

### Section 6 - Annual data sheet (Article 312-42)

Article 312-42

Within four-and-a-half months of the end of the financial year, the investment services provider providing portfolio management services for third parties shall send the AMF the information specified on the annual data sheet.

### Section 7 - Third-party risk management (Articles 312-43 à 312-48)

Article 312-43

The provisions of this section shall apply to investment service providers who provide the investment service mentioned in 4 of Article L. 321-1 of the Monetary and Financial Code.

Article 312-44

The following terms shall have the following meanings for the purposes of this Section:

- “counterparty risk” means the risk of loss for the individual portfolio resulting from the fact that the counterparty to the transaction or to a contract may default on its obligations prior to the final settlement of the transaction's cash flow;
- “liquidity risk” means the risk that a position in the portfolio cannot be sold, liquidated or closed out at limited cost in an adequately short time frame and that the ability of the investment service provider to liquidate positions in an individual portfolio in accordance with the contractual requirements of the portfolio management mandate, is thereby compromised;
- “market risk” means the risk of loss for the individual portfolio resulting from a fluctuation in the market value of positions in the portfolio attributable to changes in market variables, such as interest rates, foreign exchange rates, equity and commodity prices, or an issuer's creditworthiness;
- “operational risk” means the risk of loss for the individual portfolio resulting from inadequate internal processes and failures in relation to people and systems of the investment service provider or from external events, and includes legal and documentation risk and risk resulting from the trading, settlement and valuation procedures operated on behalf of the individual portfolio;
- “board of directors” means the board of directors, executive board or any equivalent body of the investment service provider.

#### Sub-section 1 - Risk management policy and risk measurement

##### Paragraph 1 - Permanent risk management function

Article 312-45

I - The investment service provider shall establish and maintain a permanent risk management function.

II.- The permanent risk management function shall be hierarchically and functionally independent from operating units.

However, the investment service provider may derogate from this obligation where the derogation is appropriate and proportionate in view of the nature, scale, diversity and complexity of its business and of the individual portfolios it manages.

The investment service provider shall be able to demonstrate that appropriate safeguards against conflicts of interest have been adopted so as to allow an independent performance of risk management activities, and that its risk management process satisfies the requirements of Article L. 533-10-1 of the Monetary and Financial Code.

III.-The permanent risk management function shall:

a) Implement the risk management policy and procedures;

b) Ensure compliance with the system for limiting the risks of individual portfolios;

c) Provide advice to the board of directors as regards the identification of the risk profile of each individual portfolio managed;

d) Provide regular reports to the board of directors and, where it exists, the supervisory function, on:

- the consistency between the current levels of risk incurred by each individual portfolio managed and the risk profile agreed for that portfolio;
- the compliance of each individual portfolio managed with relevant risk limiting systems;
- the adequacy and effectiveness of the risk management process, indicating in particular whether appropriate remedial measures have been taken in the event of any deficiencies;

e) Provide regular reports to the senior management outlining the current level of risk incurred by each individual portfolio managed and any actual or foreseeable breaches of their limits, so as to ensure that prompt and appropriate action can be taken.

Where appropriate in view of the nature, scale and complexity of its business and of the individual portfolios it manages, the investment service provider may apply the obligations of c, d and e for each type or profile of individual portfolio managed.

IV.-The permanent risk management function shall have the necessary authority and access to all relevant information necessary to fulfil the tasks set out in III.

### Paragraph 2 - Risk management policy

#### Article 312-46

I.- The investment service provider shall establish, implement and maintain an adequate and documented risk management policy which identifies the risks to which the individual portfolios it manages are or might be exposed to.

II.- The risk management policy shall comprise such procedures as are necessary to enable the investment service provider to assess, for each individual portfolio it manages, the exposure of said portfolio to market, liquidity and counterparty risks, and the exposure of the individual portfolios to any other risks, including operational risks, which may be material for the individual portfolios it manages.

III.- The risk management policy shall address at least the following:

a) The techniques, tools and arrangements that enable them to comply with the obligations set out in Article 312-48;

b) The allocation of responsibilities within the investment service provider pertaining to risk management.

IV.- The investment service provider shall ensure that the risk management policy referred to in I states the terms, contents and frequency of reporting of the risk management function referred to in Article 312-45 to the board of directors and to senior management and, where appropriate, to the supervisory function.

V.- For the purposes of this article, investment service providers shall take into account the nature, scale and complexity of their business and the individual portfolios they manage.

### Paragraph 3 - Assessment, monitoring and review of risk management policy

#### Article 312-47

The investment service provider shall assess, monitor and periodically review:

a) The adequacy and effectiveness of the risk management policy and procedures, and of the arrangements, processes and techniques referred to in Article 312-48;

b) The level of compliance by the investment service provider and the relevant persons referred to in Article 2 of Delegated Regulation 2017/565 of the Commission of 25 April 2016 with the risk management policy and with the arrangements, processes and techniques referred to in Article 312-48;

c) The adequacy and effectiveness of measures taken to address any deficiencies in the performance of the risk management process or shortcomings in these arrangements and procedures, including any failure by the relevant persons to comply with the requirements of these arrangements or procedures.

### Sub-section 2 - Risk management processes, counterparty risk exposure and issuer concentration

#### Article 312-48

I.- Investment service providers shall adopt adequate and effective arrangements, processes and techniques to measure and manage at any time the risks which the individual portfolios they manage are or might be exposed to.

Those arrangements, processes and techniques shall be proportionate to the nature, scale and complexity of the business of the investment service providers and of the individual portfolios they manage, and be consistent with the risk profile of the individual portfolios managed.

II.- For the purposes of I, investment service providers shall take the following actions for each individual portfolio they manage:

a) put in place such risk measurement arrangements, processes and techniques as are necessary to ensure that the risks of taken positions and their contribution to the overall risk profile are accurately measured on the basis of sound and reliable data and that the risk measurement arrangements, processes and techniques are adequately documented;

b) conduct, where appropriate, periodic back-tests in order to review the validity of risk measurement arrangements which include model-based forecasts and estimates;

c) conduct, where appropriate, periodic stress tests and scenario analyses to address risks arising from potential changes in market conditions that might adversely impact the individual portfolios they manage;

d) establish, implement and maintain a documented system of internal limits concerning the measures used to manage and control the relevant risks for each individual portfolio taking into account all risks which may be material to the individual portfolio as referred to in Article 312-44 and ensuring consistency with the risk profile of the individual portfolios;

e) ensure that the current level of risk complies with the risk limiting system as set out in d) for each individual portfolio;

f) establish, implement and maintain adequate procedures that, in the event of actual or anticipated breaches of the risk limiting system for the individual portfolio, result in timely remedial actions in the best interests of its clients.

III.-Investment service providers shall use an appropriate liquidity risk management process for each individual portfolio they manage.

This procedure shall, in particular, ensure that the investment service provider's ability to liquidate positions in an individual portfolio in accordance with the contractual requirements of the portfolio management mandate.

## Chapter III - Financial instrument governance requirements (Articles 313-1 à 313-27)

### Article 313-1

In this Chapter, any person or entity referred to in Article L. 533-24 of the Monetary and Financial Code that designs or manufactures a financial instrument, which encompasses the creation, development, issuance and design of financial instruments, shall be, as the case may be:

I.- A person or entity referred to in Article 311-1 (I to III).

II.- A person or entity authorised to provide one or several investment services in a State party to the European Economic Area agreement other than France, equivalent to that referred to in I.

III.- A person other than those referred to in I or II above.

Unless otherwise specified, in this Chapter, “manufacturer” means the persons and entities referred to in I.

### Article 313-2

The provisions of section 2 of this Chapter are applicable to the distributors referred to in Article L. 533-24-1 of the Monetary and Financial Code and Article 311-1 (I to III).

### Section 1 - Financial instrument governance obligations for manufacturers (Articles 313-3 à 313-17)

### Article 313-3

The manufacturer shall comply with the provisions of this section when it manufactures financial instruments.

It shall comply, in a way that is appropriate and proportionate, with the provisions of Articles 313-4 to 313-17, taking into account the nature of the financial instrument, the investment service and the target market for the financial instrument.

### Article 313-4

The manufacturer shall establish, implement and maintain procedures and measures to ensure the manufacturing of financial instruments complies with the provisions on proper management of conflicts of interest, including remuneration.

In particular, the manufacturer shall ensure that the manufacturing of the financial instrument, including its features, does not adversely affect end clients or does not lead to problems with market integrity by enabling it to mitigate or transfer its own risks or exposure to any underlying assets of the financial instrument that it already holds on own account.

### Article 313-5

The manufacturer must analyse potential conflicts of interest each time a financial instrument is manufactured.

In particular, it shall assess whether the financial instrument creates a situation where end clients may be adversely affected if they take, by investing in, buying, selling or establishing such an instrument:

1 • an exposure opposite to the one held by the manufacturer before investing in, purchasing or establishing the financial instrument; or

2 • an exposure opposite to the one that the manufacturer wants to hold after investing in, selling or establishing the financial instrument.

Article 313-6

The manufacturer should consider whether the financial instrument may represent a threat to the orderly functioning or to the stability of financial markets before deciding to proceed with the launch of the financial instrument.

Article 313-7

The manufacturer shall ensure that relevant staff involved in the manufacturing of financial instruments possess the necessary expertise to understand the characteristics and risks of these financial instruments.

Article 313-8

The manufacturer shall ensure that senior managers mentioned as applicable in points 1° and 2° of Articles L. 533-25 and L. 511 51 of the Monetary and Financial Code or in Article R. 123-40 of the Commercial Code have effective control over the financial instrument governance process.

It shall ensure that compliance reports to the senior managers mentioned in the previous subparagraph include information about the financial instruments manufactured by it, including information on the distribution strategy for these instruments.

It shall make the reports available to the AMF on request.

Article 313-9

The manufacturer shall ensure that the compliance function checks and monitors the development and periodic review of financial instrument governance arrangements in order to detect any risk of failure by it to comply with the obligations set out in this section.

Article 313-10

Where several manufacturers or one or several manufacturers and one or several other persons referred to in Article 313-1 (II) or (III) collaborate to develop, issue or design a financial instrument, these persons shall outline their mutual responsibilities under this collaboration in a written agreement.

Article 313-11

The manufacturer shall identify at a sufficiently granular level the potential target market for each financial instrument and specify the type(s) of client for whose needs, characteristics and objectives the financial instrument is compatible.

As part of this process, it shall identify any group(s) of clients for whose needs, characteristics and objectives the financial instrument is not compatible.

Where manufacturers or one manufacturer and one or several other persons referred to in Article 313-1 (II) collaborate to manufacture a financial instrument, only one target market needs to be identified.

Where the manufacturer is not also the distributor of a financial instrument, and where the financial instrument is distributed through one or several distributors, the manufacturer shall determine the financial instrument's compatibility with the needs and characteristics of clients based on:

1 • their theoretical knowledge of and past experience with:

a • the financial instrument or similar financial instruments; and

b • financial markets; and

2 • the needs, characteristics and objectives of potential end clients.

Article 313-12

I.- The manufacturer shall undertake an analysis for each financial instrument that it manufactures to assess:

1 • the risks of poor outcomes for end clients posed by the financial instrument; and

2 • in which circumstances these outcomes may occur.

II.- It shall assess the financial instrument under negative conditions covering what would happen if, for example:

1 • the market environment deteriorates;

2 • the manufacturer or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises for the manufacturer or the third party;

3 • the financial instrument fails to become commercially viable; or

4 • demand for the financial instrument is much higher than anticipated, compromising its financial position or disrupting the market of the underlying assets.

Article 313-13

The manufacturer shall determine whether a financial instrument meets the identified needs, characteristics and objectives of the target market, including by examining the following elements:

1 • the financial instrument's risk/reward profile is consistent with the target market; and

2 • financial instrument design is driven by features that are in the client's interest and not by a business model that relies on poor client outcomes if the instrument is to be profitable for the manufacturer.

Article 313-14

The manufacturer shall consider the charging structure proposed for the financial instrument, including by examining the following:

1 • financial instrument's costs and charges are compatible with the needs, objectives and characteristics of the target market;

2 • costs and charges do not undermine the financial instrument's return expectations, such as where the costs or charges equal, exceed or remove almost all the expected tax advantages linked to a financial instrument; and

3 • the charging structure of the financial instrument is appropriately transparent for the target market, and does not disguise charges or make them too complex to understand.

Article 313-15

The manufacturer shall ensure that the provision of information to distributors includes information about the appropriate channels for distribution of the financial instrument, the financial instrument approval process and the target market assessment and is of an adequate standard to enable distributors to understand and recommend or sell the financial instrument properly.

Article 313-16

The manufacturer shall review the financial instruments it manufactures on a regular basis, taking into account any event that could materially affect the potential risk to the identified target market.

It shall consider if the financial instrument remains consistent with the needs, characteristics and objectives of the target market and if it is being distributed to the target market, or is reaching clients for whose needs, characteristics and objectives the financial instrument is not compatible.

Article 313-17

I.- The manufacturer shall:

1 • review, if it is aware of any event that could materially affect the potential risk to investors, any financial instrument prior to:

a • any further issue of financial instruments with similar characteristics;

b • any issue of a financial instrument that is fungible with a previously issued financial instrument; or

c • any new financial contract; and

2 • conduct reviews at regular intervals to assess whether the financial instrument functions as intended.

II.- It shall determine how regularly to review manufactured financial instruments based on relevant factors, including factors linked to the complexity or the innovative nature of the investment strategies pursued.

III.- It shall also identify crucial events that would affect the potential risk or return expectations of the financial instrument, such as:

1 • the crossing of a threshold that will affect the return profile of the financial instrument; or

2 • the solvency of certain issuers whose securities or guarantees may impact the performance of the financial instrument.

IV.- When such events occur, it shall take appropriate action which may consist in:

1 • providing relevant information on the event and its consequences on the financial instrument to the clients or the distributors of the financial instrument if the manufacturer does not offer or sell the financial instrument directly;

2 • changing the financial instrument approval process;

3 • stopping further issuance of the financial instrument;

4 • changing the financial instrument's contractual stipulations to avoid any unfair terms;

5 • considering whether the sales channels through which the financial instruments are distributed are appropriate where it becomes aware that the financial instrument is not being sold as envisaged;

6 • contacting the distributor to discuss a modification of the distribution process;

7 • terminating the relationship with the distributor; or

8 • informing the AMF.

Article 313-18

The distributor, when deciding the range of financial instruments manufactured by itself or other persons and services it intends to offer or recommend to clients, shall comply, in a way that is appropriate and proportionate, with the requirements laid down in Articles 313-19 to 313-27, taking into account the nature of the financial instrument, the investment service and the target market for the financial instrument.

Distributors shall also comply with the provisions of this section when offering or recommending financial instruments manufactured by a manufacturer referred to in Article 313-1 (III).

It shall have in place effective arrangements to ensure that it obtains sufficient information about these financial instruments from the person mentioned in the previous subparagraph.

It shall determine the target market for each financial instrument, even if the target market was not defined by the manufacturer referred to in Article 313-1 (I to III).

Article 313-19

The distributor shall have in place adequate financial instrument governance arrangements to ensure that financial instruments and services it intends to offer or recommend are compatible with the needs, characteristics, and objectives of an identified target market and that the intended distribution strategy is consistent with the identified target market.

It shall identify and assess the circumstances and needs of the clients it intends to focus on, so as to ensure that clients' interests are not compromised as a result of commercial or funding pressures.

As part of this process, it shall identify any group(s) of clients for whose needs, characteristics and objectives the financial instrument or service is not compatible.

The distributor shall obtain from the manufacturer or the person referred to in Article 313-1 (II) information to gain the necessary understanding and knowledge of the financial instruments its intend to recommend or sell in order to ensure that these instruments will be distributed in accordance with the needs, characteristics and objectives of the identified target market.

The distributor shall also take all reasonable steps to ensure it also obtains adequate and reliable information from any person referred to in Article 313-1 (III) to ensure that financial instruments will be distributed in accordance with the characteristics, objectives and needs of the target market.

Where relevant information is not publicly available, the distributor shall take the necessary steps to obtain such relevant information from the person referred to in Article 313-1 (III) or from anyone acting on that person's behalf.

Acceptable publicly available information is information which is clear, reliable and produced to meet legal or regulatory requirements, such as investor disclosure requirements under Directive 2003/71/EC of 4 November 2003 or Directive 2004/109/EC of 15 December 2004.

This obligation applies to products sold on primary and secondary markets and shall apply in a proportionate manner, depending on the degree to which publicly available information is obtainable and the complexity of the product.

The distributor shall use the information obtained from the persons referred to Article 313-1 (I to III) and information on its own clients to identify the target market and distribution strategy.

When a distributor acts both as a manufacturer and a distributor, only one target market assessment shall be required.

Article 313-20

When deciding the range of instruments and services that it offers or recommends and the respective target markets, the distributor shall establish and maintain procedures and measures to ensure compliance with all applicable provisions under Directive 2014/65/EU of 15 May 2014 including those relating to client disclosure, assessment of suitability or appropriateness of the financial instrument for the client, inducements and proper management of conflicts of interest.

Particular care shall be taken when it intends to offer or recommend new financial instruments or there are variations to the services it provides.

Article 313-21

The distributor shall periodically review and update its financial instrument governance arrangements in order to ensure that they remain robust and fit for their purpose, and take appropriate actions where necessary.

Article 313-22

The distributor shall review the financial instruments it distributes and the services it provides on a regular basis, taking into account any event that could materially affect the potential risk to the identified target market.

It shall assess whether the instrument or service remains consistent with the needs, characteristics and objectives of the identified target market and whether the intended distribution strategy remains appropriate.

It shall modify the identified target market and if necessary update the product governance arrangements if it becomes aware that it has wrongly identified the target market for a specific financial instrument or service or that the instrument or service no longer meets the expectations of the identified target market, and notably if the financial instrument becomes illiquid or very volatile due to market changes.

Article 313-23

The distributor shall ensure that its compliance function checks the conditions and procedures for the development and periodic review of financial instrument governance arrangements in order to detect any risk of failure to comply with the obligations set out in this section.

Article 313-24

The distributor shall ensure that relevant persons possess the necessary expertise to understand the characteristics and risks of the financial instruments that it intends to distribute and the services provided as well as the needs, characteristics and objectives of the identified target market.

Article 313-25

The distributor shall ensure that senior managers mentioned as applicable in points 1° and 2° of Articles L. 533-25 and L. 511-51 of the Monetary and Financial Code or in Article R. 123-40 of the Commercial Code or the management body of an asset management company have effective control over the financial instrument governance process to determine the range of financial instruments that it distributes and the services provided to the target markets.

It shall ensure that the compliance reports referred to in Article 22(2)(c) of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 provided to the senior managers mentioned in the previous subparagraph include information about the financial instruments distributed and the services provided. The compliance reports shall be made available to the AMF on request.

Article 313-26

The distributor shall provide to the relevant manufacturer or person referred to in Article 313-1 (II) with information on sales and, where appropriate, information on the reviews that it has conducted pursuant to Articles 313-21 to 313-23 to support the manufacturer or person referred to in Article 313-1 (II) when it carries out the reviews referred to in Articles 313-9, 313-16 and 313 17.

Article 313-27

Where different distributors work together in the distribution of a financial instrument or service, any distributor with a direct

client relationship has ultimate responsibility to meet the product governance obligations set out in this section.

A distributor acting as an intermediary shall:

1 • ensure that relevant information about the financial instrument obtained from the manufacturer or person referred to in Article 313-1 (II) is passed to the final distributor in the chain;

2 • take the necessary measures to enable the manufacturer or the person referred to in Article 313-1 (II) who requests information on sales of a financial instrument to obtain that information in order to comply with their own financial instrument governance obligations; and

3 • apply the financial instrument governance obligations for manufacturers, as relevant, within the framework of the services that it provides.

## Chapter IV - Conduct of business rules (Articles 314-1 à 314-31)

Commission delegated regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive

### Section 1 - General provisions (Articles 314-1 à 314-4)

#### Article 314-1

The provisions of this Chapter shall not apply to branches established in other States party to the European Economic Area agreement by investment services providers authorised in France.

Investment services providers shall ensure that relevant persons are reminded that they are bound by the obligation of professional confidentiality, subject to the terms and penalties prescribed by law.

For the purposes of this Chapter, the term "client" shall designate existing and potential clients.

### Sub-section 1 - Approval of codes of conduct

#### Article 314-2

Where a professional organisation draws up a code of conduct applicable to investment services, the AMF shall verify whether the code's provisions are consistent with this General Regulation.

The professional organisation may ask the AMF to approve all or part of the code as professional standards.

If, having sought the opinion of the *Association Française des Etablissements de Crédit* et des *Entreprises d'Investissement* (AFECEI), the AMF considers that some or all the provisions of such code should be recommended to investment services providers, the AMF shall announce its decision by publishing it on its website.

### Sub-section 2 - Primacy of the client's interest and market integrity

#### Article 314-3

Investment services providers shall act honestly, fairly and professionally, with due skill, care and diligence, in the best interests of clients and the integrity of the market. More specifically, they shall comply with all the rules pertaining to the organisation and operation of trading platforms that they use.

Sub-section 3 - Client categories

Article 314-4
In application of the provisions of 2° of Article D. 533-12 of the Monetary and Financial Code, a transaction in financial instruments is considered to be of significant size when its gross amount exceeds EUR600.

Section 2 - Information to customers (Articles 314-5 à 314-7)

Sub-section 1 - Information media

Article 314-5
A durable medium is any instrument which enables a client to store information addressed personally to that client in a way that affords easy access for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored.

Sub-section 2 - Marketing communications

Article 314-6
The AMF may require investment services providers to submit to it their marketing communications for the investment services that they provide and the financial instruments that they offer prior to publication, distribution or broadcast.

It may require changes to the presentation or the content to ensure that the information is accurate, clear and not misleading.

Article 314-7
Article L. 533-12-7 of the Monetary and Financial Code applies to categories of financial contracts with any of the following characteristics:

- depending on whether a condition specified in the contract is met or not, they give rise upon the contract's expiry either to the payment of a predetermined gain or the partial or total loss of the amount invested;

- they give rise to the payment of a positive or negative differential between the price of an underlying asset or basket of assets at the time the contract has been entered into and the price at which the position is closed out, and can oblige the client to pay an amount greater than the amount invested at the time the contract has been entered into;

- their underlying asset is a currency or basket of currencies.

Section 3 - Assessment of the suitability and appropriateness of the service to be provided (Article 314-8)

Article 314-8
For the purposes of 2° of III of Article L. 533-13 of the Monetary and Financial Code, a service may be deemed to have been provided at the client's initiative if the client requests it following any communication containing a promotion or offer of financial instruments made by any means and which is nature a general communication addressed to the public or a broader group or category of clients.

A service may not be deemed to have been provided at the client's initiative if the client requests it following a personalised communication addressed to him by the investment services provider or in its name that invites the client, or attempts to invite the client, to take an interest in a given financial instrument or transaction.

Section 4 - Verification of the level of knowledge and assessment of the knowledge and skills of the persons providing investment advice or information (Articles 314-9 à 314-10)

Article 314-9
I.- The investment services provider shall ensure that natural persons acting on its behalf as sales personnel have the minimum qualification as well as a sufficient level of knowledge.

Sales personnel shall mean any natural person responsible for providing investment advices or informations on financial instruments, investment or ancillary services, to the clients of the investment services provider on whose behalf he is acting;

II. - It verifies that the sales personnel can prove they have the minimum level of knowledge set forth in Point 1° of II of Article 312-5:

III. - The investment services provider shall not carry out the verification provided for in II with regard to persons employed as at 1 July 2010. Persons having passed one of the examinations referred to in Point 3° of II of Article 312-5 shall be deemed to have the minimum knowledge required to perform their duties.

IV. - To conduct the verification referred to in II, the investment services provider has six months from the date on which the employee starts to perform one of the above functions. However, where the employee has been taken on under a work/study contract, as provided in Articles L. 6222-1 and L. 6325-1 of the labour code, the investment services provider may not conduct such verification. If it decides to hire the employee when his or her training period finishes, the investment services provider shall ensure that he or she has the minimum qualification as well as a sufficient level of knowledge as referred to in I, at the latest by the end of the contract training period.

The investment services provider shall ensure that any employee whose minimum knowledge has not yet been verified is appropriately supervised.

### Article 314-10

When an investment services provider ensures that the persons who provide investment advice or information on financial instruments, investment services or ancillary services to clients, on its behalf, possess the necessary knowledge and competence in accordance with Article L. 533-12-6 of the Monetary and Financial Code, it may consider that it has fulfilled its obligations in terms of the verification of the minimum knowledge levels provided for in II of Article 314-9, subject to the regular update of their skills and knowledge.

An investment services provider shall ensure that the persons referred to in the first paragraph, when they do not yet possess an appropriate level of knowledge and competence, acquire them within a period of six months full-time equivalent from the date on which they took on their functions. During this period, these persons shall be supervised by one or more member(s) of the staff of the investment services provider who possess the adequate qualifications and experience.

## Section 5 - Clients agreements (Articles 314-10-1 à 314-11)

### Sub-section 1 - Changes to agreements entered into before 3 January 2018

### Article 314-10-1

Without prejudice to the provisions of Article 314-26, investment services providers that concluded agreements with clients before 3 January 2018 shall inform such clients before that date of any changes made to comply with client disclosure obligations introduced by the provisions of the Monetary and Financial Code implementing Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and the European regulations completing this Directive and the provisions introduced by the present Book.

If no objection has been expressed by the client within a period of two months following this communication, this implies acceptance of said changes.

### Sub-section 2 - Agreements entered into retail clients

### Article 314-11

Without prejudice to the provisions of Article 58 of the Commission Delegated Regulation 2017/565 of 25 April 2016, agreements concluded between the investment services provider and non-professional clients shall contain specific stipulations concerning the detailed information to these clients about the characteristics and modalities of the investment service provided and on the rights and obligations of the parties.

Commission delegated regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive

Commission delegated regulation (EU) 2017/575 of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards concerning the data to be published by execution venues on the quality of execution of transactions

Commission delegated regulation (EU) 2017/576 of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution

### Article 314-12

Investment services providers providing portfolio management services shall define the planned allocation of the orders they give beforehand. As soon as they learn that they orders have been executed, they shall transmit to the account keeper exact instructions for the allocation of the orders executed to the beneficiaries. This allocation shall be final.

## Section 7 - Inducements and fees (Articles 314-13 à 314-30)

### Sub-section 1 - General provisions relating to inducements

### Article 314-13

Where the investment services provider pays or is paid any fee or commission or provides or is provided with any non-monetary benefit in connection with the provision of an investment service or ancillary service to the client, it shall ensure that all the conditions set out in Article L. 533-12-4 of the Monetary and Financial Code and the requirements set out in Articles 314-14 to 314-17 are met at all times.

### Article 314-14

A fee, commission or non-monetary benefit shall be considered to be designed to enhance the quality of the relevant service to the client if all of the following conditions are met:

**1** • it is justified by the provision of an additional or higher level service to the relevant client, proportional to the level of inducements received, such as:

**a** • the provision of non-independent investment advice on and access to a wide range of suitable financial instruments including an appropriate number of instruments from third party product manufacturers having no close links with the service provider;

**b** • the provision of non-independent investment advice combined with either:

— an offer to the client, at least on an annual basis, to assess the continuing suitability of the financial instruments in which the client has invested; or

— another ongoing service that is likely to be of value to the client such as advice about the suggested optimal asset allocation of the client;

**c** • the provision of access, at a competitive price, to a wide range of financial instruments that are likely to meet the needs of

the client, including an appropriate number of instruments from third party manufacturers having no close links with the service provider, together with:

— either the provision of added-value tools, such as objective information tools helping the relevant client to take investment decisions or enabling the relevant client to monitor, model and adjust the range of financial instruments in which it has invested; or

— the provision of periodic reports of the performance and costs and charges associated with the financial instruments;

2 • it does not directly benefit the recipient service provider, its shareholders or employees without tangible benefit to the relevant client;

3 • it is justified by the provision of an ongoing benefit to the relevant client in relation to an ongoing inducement.

A fee, commission, or non-monetary benefit shall not be considered acceptable if the provision of relevant services to the client is biased or distorted as a result of the fee, commission or non-monetary benefit.

Article 314-15

The investment services provider shall fulfil the obligations set out in Article 314-14 as long as it continues to pay or receive the fee, commission or non-monetary benefit.

Article 314-16

The investment services provider shall hold evidence that any fees, commissions or non-monetary benefits paid or received by it are designed to enhance the quality of the relevant service to the client:

1 • by keeping an internal list of all fees, commissions and non-monetary benefits received from a third party in relation to the provision of investment or ancillary services; and

2 • by recording:

a • how the fees, commissions and non-monetary benefits paid or received by it, or that it intends to use, enhance the quality of the services provided to the relevant clients; and

b • the steps taken in order to comply with its duty to act honestly, fairly and professionally in accordance with the best interests of the client.

Article 314-17

As regards any payment or benefit received from or paid or provided to third parties the investment services provider shall disclose to the client the following information:

1 • prior to the provision of the relevant investment or ancillary service, information on the payment or benefit concerned in accordance with the second subparagraph of Article L. 533-12-4 of the Monetary and Financial Code.

Minor non-monetary benefits may be described in a generic way.

Other non-monetary benefits provided or received in connection with the investment service provided to the client shall be priced and disclosed separately.

2 • prior to the provision of an investment or ancillary service to a client, where it was unable to ascertain the amount of any payment or benefit to be received or paid, it shall disclose to the client the method of calculating that amount. In this case, after providing the service, it shall provide its clients with information of the exact amount of the payment or benefit received

or paid; and

3 • at least once a year, as long as ongoing fees, commissions or benefits are received by it in relation to the investment or ancillary services provided to the relevant clients, it shall inform its clients on an individual basis about the actual amount of payments or benefits received, paid or provided.

Minor non-monetary benefits may be described in a generic way.

Where the investment services provider implements the obligations mentioned in this article, it shall take into account the provisions on costs and charges set out in Article D. 533-15 (3) of the Monetary and Financial Code and in Article 50 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016.

When more firms are involved in a distribution channel, each investment service provider providing an investment or ancillary service shall comply with its obligations to make disclosures to its clients.

### Sub-section 2 - Inducements in respect of investment advice on an independent basis or portfolio management services for third parties

Article 314-18

Where the investment services provider provides investment advice on an independent basis or portfolio management services for third parties, it shall return to its client any fees, commissions or any monetary benefits paid or provided by a third party or anyone acting on behalf of a third party in relation to the services provided to that client as soon as reasonably possible after receipt.

All fees, commissions or monetary benefits received from third parties in relation to the provision of independent investment advice or portfolio management services for third parties shall be transferred in full to the client.

It shall set up and implement a policy to ensure that any fees, commissions or any monetary benefits paid or provided by a third party or anyone acting on behalf of a third party in relation to the provision of independent investment advice or portfolio management services for third parties are allocated and transferred to each individual client.

It shall inform clients about the fees, commissions or any monetary benefits transferred to it, such as through the periodic reporting statements provided to the client.

Article 314-19

Where the investment services provider provides investment advice on an independent basis or portfolio management services for third parties, it shall not accept non-monetary benefits that do not qualify as acceptable minor non-monetary benefits in accordance with Article 314-20.

Article 314-20

Only the following benefits shall qualify as acceptable minor non-monetary benefits:

1 • information or documentation relating to a financial instrument or an investment service, which is generic in nature or personalised to reflect the circumstances of an individual client;

2 • written material from a third party:

a) that is commissioned and paid for by a corporate issuer or potential issuer to promote a new issuance by the company; or

b) where the third party firm is contractually engaged and paid by the issuer to produce such material on an ongoing basis;

provided that the material:

a) clearly discloses the relationship between the issuer and the third party; and

b) is made available at the same time to any investment services provider wishing to receive it or to the general public;

3 • participation in conferences, seminars and other training or information events on the benefits and features of a specific financial instrument or an investment service;

4 • hospitality of a reasonable de minimis value, such as food and drink during a business meeting or a conference, seminar or other training or information events mentioned under point 3° of this article; and

5 • other minor non-monetary benefits which the AMF deems:

a) capable of enhancing the quality of service provided to a client; and

b) having regard to the total level of benefits provided by one entity or group of entities, to be of a scale and nature that are unlikely to impair compliance with the service provider's duty to act in the best interest of the client.

Acceptable minor non-monetary benefits shall be reasonable and proportionate and of such a scale that they are unlikely to influence the service provider's behaviour in any way that is detrimental to the interests of the relevant client.

Disclosure of minor non-monetary benefits shall be made prior to the provision of the relevant investment or ancillary services to clients.

In accordance with Article 314-17(1), minor non-monetary benefits may be described in a generic way.

Sub-section 3 - Provisions concerning inducements in relation to research

Article 314-21

In this paragraph, “research” means research material or services concerning:

1 • one or several financial instruments or other assets; or

2 • the issuers or potential issuers of financial instruments; or

3 • a specific industry or market;

such that it informs views on financial instruments, assets or issuers within that sector or market.

That type of material or services:

1 • explicitly or implicitly recommends or suggests an investment strategy and provides a substantiated opinion as to the present or future value or price of such instruments or assets; or

2 • contains analysis and original insights and reaches conclusions based on new or existing information that could be used to inform an investment strategy and be relevant and capable of adding value to the decisions by the investment services provider on behalf of clients being charged for that research.

Article 314-22

I.- The provision of research by third parties to investment services providers other than asset management companies that provide portfolio management or other investment or ancillary services to clients shall not be regarded as an inducement if it is received in return for either of the following:

1 • Direct payments by the service provider out of its own resources;

2 • Payments from a separate research payment account controlled by the investment service provider, provided the following conditions relating to the operation of the account are met:

a • the research payment account is funded by a specific research charge to the client;

b • as part of establishing a research payment account and agreeing the research charge with clients, the investment service provider shall set and regularly assess a research budget as an internal administrative measure;

c • the investment service provider is held responsible for the research payment account;

d • the investment service provider regularly assesses the quality of the research purchased based on robust quality criteria and its ability to contribute to better investment decisions.

II.- Where an investment services provider makes use of the research payment account, it shall provide the following information to clients:

1 • before the provision of an investment service to clients, information about the budgeted amount for research and the amount of the estimated research charge for each of them;

2 • annual information on the total costs that each of them has incurred for third party research.

Article 314-23

The investment services provider that operates a research payment account shall also be required, upon request by its clients or by the AMF, to provide a document indicating:

1 • the providers paid from this account;

2 • the total amount they were paid over a defined period;

3 • the benefits and services received by it; and

4 • how the total amount spent from the account compares to the budget set by the service provider for that period, noting any rebate or carry-over if residual funds remain in the account.

For the purposes of Article 314-22 (I)(2)(a), the specific research charge shall:

1 • only be based on a research budget set by the investment service provider based on the need for third party research estimated to be necessary in order to provide investment services to clients; and

2 • not be linked to the volume or value of transactions executed on behalf of the clients.

Article 314-24

If research charges are included alongside a transaction commission and cannot be collected separately, the operational arrangement for the collection of client research charges shall enable these research charges to be separately identified and must comply with the conditions set out in Article 314-22 (I)(2) and (II).

Article 314-25

The total amount of research charges received may not exceed the research budget.

Article 314-26

The investment services provider shall agree with clients, in the portfolio management agreement or general terms of the service delivery contract:

1 • the research charge set out in its estimated budget; and

2 • the frequency with which the specific research charge will be charged to the budget over the period.

Clients shall be informed clearly and in advance of any increase in the estimated research budget.

If there is a surplus in the research payment account at the end of a period, the investment service provider should implement arrangements to rebate those funds to the client or to allocate them to the research budget for the following period.

After the client has been informed and given the opportunity to express its disagreement, where applicable, the client agreement referred to in the first subparagraph shall be deemed to be obtained where:

1 • the planned research charge budget for a given period does not result in an increase in the total charges paid by the client compared with the previous equivalent period; and

2 • the frequency with which the investment service provider plans to charge specific research charges to the client over a given period is equivalent to that planned for the previous period for other charges.

Article 314-27

For the purposes of applying Article 314-22 (I)(2)(b), the research budget shall be managed solely by the investment service provider.

This budget shall be based on a reasonable assessment of the need for third party research.

The allocation of the research budget to purchase third party research shall be subject to appropriate controls and oversight by the management body to ensure it is managed and used in the best interests of the investment service provider's clients.

Those controls include a clear audit trail of payments made to research providers and may be used to check that the amounts paid were determined with reference to the quality criteria referred to in Article 314-22 (I)(2)(d).

The investment services provider shall not use the research budget and research payment account to fund internal research.

Article 314-28

For the purposes of applying Article 314-22 (I)(2)(c), the investment services provider may delegate the administration of the research payment account to a third party, provided that the arrangement facilitates the purchase of third party research and payments to research providers in the name of the service provider without any undue delay in accordance with the investment services provider's instruction.

Article 314-29

For the purposes of applying Article 314-22 (I)(2)(d), the investment services provider shall establish a written policy and provide it to its clients.

This policy shall also identify situations in which the investment service provider considers that research purchased through the research payment account may benefit clients' portfolios, including, where relevant, by taking into account investment strategies applicable to various types of portfolios, and the approach the investment services provider will take to allocate such costs fairly to the various clients' portfolios.

Where the investment services provider provides execution services, it shall identify separate charges for these services that only reflect the cost of executing the transaction.

Charges relating to the provision of any other benefit or service by an investment services provider to another investment services provider established in a State party to the European Economic Area agreement shall be separately identified.

The supply of benefits or services and charges for those benefits or services shall not be influenced or conditioned by levels of payment for execution services.

### Sub-section 4 - Portfolio management services' trading costs

#### Article 314-30

All fees and commissions paid by clients for transactions in portfolios under management, with the exception of subscription and redemption transactions relating to collective investment schemes or investment funds of third countries, shall be trading costs. They include:

1 • Intermediation costs, taxes and duties included, charged directly or indirectly by third parties that provide:

   a • Order reception and transmission services and order execution services on behalf of third parties referred to in Article L. 321-1 of the Monetary and Financial Code;

   b • Services referred to in Article L. 321-2 (4) of the Monetary and Financial Code charged under the conditions set out in Article 314-24 and order execution services specified in an AMF Instruction;

2 • If applicable, a turnover commission.

### Section 8 - Obligations in the case of offers of financial securities or minibons via a website (Article 314-31)

#### Article 314-31

I. – Investment services providers making offers of financial securities or minibons described in Article L. 223-6 of the Monetary and Financial Code via a website on the terms set out in Article 325-48 must, for each project and prior to any subscription, provide the client with the information supplied by the issuer pursuant to Article 217-1 unless a prospectus has been drafted and approved by the AMF. In the latter case, the prospectus is sent to the client.

II. – These items shall be completed by information on:

1 • The terms for collecting subscription applications and transmitting them to the issuer, and the rules applied in the event of oversubscription;

2 • Detail of the fees charged to the investor and the possibility of obtaining, on request, a description of the services provided to the issuer of the securities to which subscription is being considered, and the related fees;

3 • The risks inherent to the project and, in particular, the risk of total or partial loss of the capital, illiquidity risk and the risk of an absence of valuation.

If the issuer is not the company carrying out the project, investment services providers must provide the client, via their website and prior to any subscription, with the information referred to in Article 217-1 pertaining to the company carrying out the project and, where applicable, to those companies intervening between the company carrying out the project and that making the offer. Information must be provided on any contractual agreements between the abovementioned companies, whenever such agreements exist.

Investment services providers are responsible for checking the consistency, clarity and balance of this information.

To make this information easily accessible, all these items must be written in non-technical language.

III. – All marketing information must contain prominent and easily-accessible reference to the risks inherent to the proposed investments and, in particular, the risk of total or partial loss of capital and illiquidity risk.

IV. – The investment services provider shall ensure that the articles of the company carrying out the project presented to investors comply with the laws and regulations on companies making offers that are not subject to publication of a prospectus and are made via a website.

This provision is applicable to companies intervening between the company carrying out the project and that making the offer.

V. – The provisions of 3° of Article 325-51, the final paragraph of Article 325-52 and the second to last paragraph of Article 325-57 shall apply to investment services providers offering the minibons mentioned in Article L. 223-6 of the Monetary and Financial Code via a website, under the conditions stated in Article 325-48.

## Chapter V - Other provisions (Articles 315-1 à 315-23)

Commission delegated regulation (EU) 2017/567 of 18 May 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to definitions, transparency, portfolio compression and supervisory measures on product intervention and positions

Commission delegated regulation (EU) 2017/582 of 29 June 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards specifying the obligation to clear derivatives traded on regulated markets and timing of acceptance for clearing

Commission delegated regulation (EU) 2017/591 of 1 December 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the application of position limits to commodity derivatives

Commission implementing regulation (EU) 2017/1093 of 20 June 2017 laying down implementing technical standards with regard to the format of position reports by investment firms and market operators

Commission implementing regulation (EU) 2017/953 of 6 June 2017 laying down implementing technical standards with regard to the format and the timing of position reports by investment firms and market operators of trading venues pursuant to Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments.

Commission delegated regulation (EU) 2017/2417 of 17 November 2017 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on the trading obligation for certain derivatives.

### Section 1 - Management of inside information and restrictions to be applied within authorised investment services providers (Articles 315-1 à 315-6)

Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission

Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

Sub-section 1 - Rules to prevent undue circulation of inside information

Article 315-1

Investment services providers shall establish and maintain effective and adequate procedures to control the circulation and use of inside information, as defined in Article 7 of Regulation (EU) n° 596/2014 of the European Parliament and of the Council of 16 April 2014, with the exception of paragraph 1.c of that same Article, taking into account the activities conducted (same Regulation) by the group to which the investment services provider belongs and the organisation adopted by that group. These procedures, called "information barriers", shall provide for:

1 • Identification of business segments, divisions, departments or any other entities likely to possess inside information;

2 • Organisation, in particular physical organisation, so as to separate entities within which the relevant persons referred to in Paragraph 1 of Article 2 of Delegated Regulation (EU) n° 2017/565 are likely to possess inside information;

3 • Prohibition of disclosure of inside information by the persons possessing it to other persons, except as provided for in Article 10 of Regulation (EU) n° 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and after informing the compliance officer;

4 • The conditions in which the investment service provider may authorise a relevant person assigned to a given entity to provide assistance to another entity, whenever one of the two entities is likely to possess inside information. The compliance officer shall be informed whenever the relevant person assists the entity possessing inside information;

5 • The manner in which the relevant person benefiting from the authorisation provided for in 4° is informed of the temporary consequences thereof on the performance of his regular duties.

The compliance officer shall be informed when this person returns to his regular duties.

Sub-section 2 - Watch list

Article 315-2

To ensure compliance with the abstention requirement set forth in Articles 8, 10 and 14 of Regulation (EU) n° 596/2014 of the European Parliament and of the Council of 16 April 2014, investment services providers shall establish and maintain an appropriate procedure for monitoring the issuers and financial instruments on which they have inside information. Such monitoring shall cover:

1 • Transactions in financial instruments by the investment services provider for its own account;

2 • Personal transactions, as defined in Article 29 of Commission delegated Regulation (EU) n° 2017/565 of 25 April 2016, made by or on behalf of the relevant persons referred to in Paragraph 1 of Article 29 of the same Regulation;

3 • Investment recommendations, within the meaning of Point 35 of Paragraph 1 of Article 3 of Regulation (EU) n° 596/2014 of the European Parliament and of the Council of 16 April 2014, disseminated by the investment services provider.

To this end, the compliance officer shall draw up a watch list of the issuers and financial instruments on which the investment services provider has inside information.

The relevant entities shall inform the compliance officer at once when they believe they possess inside information.

In such case, the issuer or the financial instruments to which the inside information pertains shall be put on the watch list, under

the supervision of the compliance officer.

The watch list shall indicate the reason for adding an issuer or financial instrument to the list and the names of the persons who have access to the inside information about it.

The provisions of the foregoing subparagraph shall not apply where the investment services provider, in its capacity as issuer of financial instruments, maintains the list provided for in Article 18 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.

The relevant entities shall inform the compliance officer when they believe that information they had previously reported pursuant to the sixth subparagraph has ceased to be inside information.

The contents of the watch list are confidential. Dissemination of items on the watch list is restricted to the persons designated by name in the procedures referred to in the first subparagraph of Article 315-1.

Article 315-3

The investment services provider shall exercise supervision in accordance with the procedures set forth in Article 315-2. It shall take appropriate measures if it detects an anomaly.

The investment services provider shall keep a record on a durable medium of the measures it has taken in the event of an anomaly or, if it takes no measures, of the reasons for so doing.

Sub-section 3 - Restricted list

Article 315-4

I. – Investment services providers shall establish and maintain an appropriate procedure for monitoring compliance with any restrictions that apply to:

1 • Transactions in financial instruments by the investment services provider for its own account;

2 • Personal transactions, as defined in Article 28 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016, made by or on behalf of the relevant persons referred to in Paragraph 1 of Article 29 of the same Regulation;

3 • Investment recommendations, within the meaning of Point 35 of Paragraph 1 of Article 3 of Regulation (EU) n° 596/2014 of the European Parliament and of the Council of 16 April 2014, disseminated by the investment services provider.

II. - To this end, the compliance officer shall establish a restricted list. This list includes those issuers or financial instruments in which the investment services provider must restrict its activities, or the activities of relevant persons, because of:

1 • Legal or regulatory provisions to which the investment services provider is subject other than those resulting from the abstention requirements set forth in Articles 8, 10 and 14 of Regulation (EU) n° 596/2014 of the European Parliament and of the Council of 16 April 2014;

2 • Undertakings made on the occasion of a financial offering.

When an investment services provider deems it necessary to prohibit or restrict the performance of an investment service, an investment activity or an ancillary service in respect of certain issuers or financial instruments, those issuers and financial instruments shall also be included on the restricted list.

Article 315-5

Investment services providers shall determine, based on the restricted list, which entities are subject to the restrictions referred to

in Article 315-4 and how those restrictions shall apply.

They shall inform the relevant persons affected by the restrictions of the list and the nature of the restrictions.

### Sub-section 4 - Listing of a company's securities on a regulated market in financial instruments

#### Article 315-6

In allotting securities, the lead manager, in cooperation with the company concerned, ensures that the various categories of investors, other than those connected with the issuer (e.g. suppliers, clients, shareholders, senior managers, employees or third parties whom such persons are authorised to represent), are treated fairly. When several allotment procedures intended specifically for individual investors are applied concurrently, the lead manager shall ensure that the allotment percentages resulting therefrom are substantially equivalent.

The lead manager shall make its best efforts to satisfy demand for the securities from individual investors to a meaningful extent. This objective is deemed to have been met when there is a procedure, centralised by the market operator and characterised by an allotment proportional to applications submitted, under which at least 10% of the overall offering amount is put on the market and made accessible to individual investors.

The lead manager shall endeavour to avoid an obvious imbalance, to the detriment of individual investors, between the allotment for such investors and the allotment for institutional investors. Thus, when a placing procedure intended specifically for institutional investors coexists with one or more procedures intended specifically for individual investors, the lead manager shall endeavour to provide for a transfer mechanism to avoid an imbalance of the kind mentioned above.

## Section 2 - Derogations to the publication of transactions (Article 315-7)

Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation

Commission Delegated Regulation (EU) 2017/583 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of bonds, structured finance products, emission allowances and derivatives

Commission Delegated Regulation (EU) 2017/590 of 28 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the reporting of transactions to competent authorities

Commission Delegated Regulation (EU) 2017/587 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of shares, depositary receipts, exchange-traded funds, certificates and other similar financial instruments and on transaction execution obligations in respect of certain shares on a trading venue or by a systematic internaliser

#### Article 315-7

The AMF may authorise an investment services provider to defer the publication of transactions in the financial instruments referred to in paragraph 1 of Article 21 of Regulation (EU) No 600/2014 of 15 May 2014 in the cases described in paragraph 4 of this same Article.

Section 3 - Obligations of investment services providers relating to the prevention of money laundering and terrorist financing (Article 315-8)

Article 315-8

Investment services providers shall have organisational structures and procedures that enable them to comply with the vigilance and disclosure requirements provided for in Title VI of Book V of the Monetary and Financial Code relating to the fight against money laundering and terrorist financing.

Section 4 - Handling and monitoring of subscription applications and book entry (Article 315-9)

Article 315-9

When it makes offers of financial securities via a website on the terms set out in Article 325-48, the investment services provider may provide a subscription application handling and monitoring service that includes the registration of financial securities in a securities account.

This service shall be formalised in an agreement between the investment services provider and the mandating issuer setting out in particular the obligations of the investment services provider and the fees charged. For this purpose, it shall collect notably the personal data of subscribers and transmit it to the issuer for registration in the records of the latter.

The investment services provider shall implement a procedure setting out:

1° The terms for handling and monitoring subscription applications, notably in the event of oversubscription.

2°The procedure for registering financial securities in a securities account.

This procedure shall provide for time stamping of the subscription applications on receipt.

The investment services provider shall act with diligence and professionalism when processing subscription applications and registering financial securities in a securities account.

It shall keep a record of the service provided on a durable medium.

If the offer is cancelled, it shall inform the client promptly.

Section 5 - Accepted market practices (Article 315-10)

Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC

Commission Delegated Regulation (EU) 2016/908 of 26 February 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council laying down regulatory technical standards on the criteria, the procedure and the requirements for establishing an accepted market practice and the requirements for maintaining it, terminating it or modifying the conditions for its acceptance

Article 315-10

Any investment services provider resorting to an accepted market practice shall comply with the requirements arising from the AMF decision to incorporate that market practice in accordance with Article 13 of the Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014.

## Section 6 - Provisions for orders with instructions for deferred settlement and delivery and derivatives markets (Articles 315-11 à 315-23)

### Sub-section 1 - Orders with instructions for deferred settlement and delivery

#### Article 315-11

The provisions of Articles 315-12 to 315-22 shall apply to authorised investment services providers receiving orders for deferred settlement and delivery as well as to custody account keepers.

Where the market rules provide for the possibility referred to in the first paragraph of Article 516-1, an investment services provider who receives an order for deferred settlement or delivery shall not accept it unless the investor remits a margin deposit, either in the provider's books or in the books of the custody account keeper if the provider does not perform that function.

#### Article 315-12

An investment services provider who does not keep his client's account cannot consent to transmit or execute an order for deferred settlement and delivery unless it is able, under an agreement with the client's custody account keeper, to ascertain that the necessary margin has been duly deposited with the custody account keeper before it transmits or executes that order.

The investment services provider who keeps the client's account shall be subject to the provisions of this section.

#### Article 315-13

The investment services provider shall be subject to the rules governing the posting and composition of clients' mandatory margin deposits.

Margin is calculated as a percentage of the position and according to the type of assets pursuant to the following indications:

1 • cash (euros and other currencies in circulation in the European Union), Treasury bills, units or shares of “short-term money market” or “money market” UCITS: 20%;

2 • debt instruments admitted for trading on a regulated market of a State that is party to the Agreement on the European Economic Area, negotiable debt securities and other debt instruments of States party to the Agreement on the European Economic Area, units or shares of UCITS classified as “bonds and other debt securities in euros”, units or shares of UCITS classified as “international bonds and other debt securities”: 25%;

3 • equity instruments admitted for trading on a regulated market of a State that is party to the Agreement on the European Economic Area, units or shares of UCITS classified as “French equities”, units or shares of UCITS classified as “eurozone equities”, units or shares of UCITS classified as “equities of European Union countries”, units or shares of UCITS classified as “international equities”: 40%.

#### Article 315-14

Should a client fail, within the required time period, to remit or top up the margin deposit or to fulfil the commitments arising from the order executed on his behalf, the investment services provider shall liquidate some or all of the client's commitments or positions.

The AMF can, where necessary, set more stringent margin deposit rules for a given financial instrument or market, either temporarily or permanently.

#### Article 315-15

Where a margin deposit consists of financial instruments, the investment services provider can legally refuse any such instrument that:

1 • it considers he would be unable to realise at any time or on his own initiative;

2 • it deems will not provide adequate collateral, having regard to the type of position to be collateralised.

In any event, long positions in a given financial instrument cannot be collateralised with the same financial instrument.

Article 315-16

Cheques cannot be accepted as margin until they have been cashed.

Article 315-17

An investment services provider must be able to inform his client, upon request, of the value of the margin deposited under the three categories set forth in article 315-13 and, pursuant to the same article, of the position that may be taken or the increase in an existing position that may be realised.

Article 315-18

The AMF can increase the minimum margin rates provided for in Article 315-13 for one or more designated financial instruments, as specified in that article. The new rates cannot come into force for at least two trading days after they have been published.

Article 315-19

Initial margin deposits are readjusted, if need be, in view of the daily marking to market of the position and the assets accepted as collateral therefor, so that the deposits comply at all times with the minimum regulatory requirement.

The investment services provider shall order the client, by any and all means, to top up or restore its collateral within one trading day.

If the collateral is not topped up or restored in due time, the investment services provider shall take the necessary measures so that the client's position is once again collateralised. Unless the provider and the client have agreed on a different procedure, the investment services provider shall begin by reducing the position before realising some or all of the collateral.

Article 315-20

Absent a contractual agreement, an investment services provider who wishes to increase the collateral on a client's position by higher rates than those provided for in article 315-13 shall warn the client of the new rates by registered letter with return receipt. That letter shall be sent at least eight calendar days before the effective date of the increase.

Article 315-21

Where an investment services provider reduces a client's position or realises some or all of its collateral, pursuant to the third paragraph of Article 315-19, it shall send the corresponding trade confirmations and account statements to the client by registered letter with return receipt.

Article 315-22

Notwithstanding the first paragraph of Article 315-12, a member of a regulated market who does not hold the account of a client is not required to ascertain that margin has been deposited if the order is sent to it by an investment services provider acting as an order receiver-transmitter.

### Sub-section 2 - Derivatives markets

Article 315-23

An investment services provider who receives an order for execution on a regulated market in derivative financial instruments shall not accept such order unless the client remits a margin deposit, either in the provider's books or in the books of the custody account keeper if the provider does not perform that function.

By way of derogation from the first paragraph, where the client is a professional client or an eligible counterparty within the meaning of Articles D. 533-11 and D. 533-13 of the Monetary and Financial Code, the investment services provider may grant it a period of time in which to remit the margin. Such period may not exceed the period granted by the clearing house to the clearing

member with whom the positions are recorded.

The margin referred to in the first paragraph shall be equal to or greater than that required by the market rules, if called from market members, or that required by the clearing house rules, if called from clearing house members. Since the aforementioned margin levels are minimum requirements, the investment services provider may, upon receiving the orders and at any time, call additional margin from the client.

If, in light of market conditions, the margin posted by the client falls below the amount required under the third paragraph, additional margin shall be deposited in the same conditions and time limits as those specified in the second and third paragraphs.

Should a client fail to post margin or remit additional margin within the above time limits, the investment services provider shall liquidate some or all of the client's commitments or positions.

## Chapter VI - Systematic internalisers (Articles 315-24 à 315-26)

Regulation (EU) no 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012

Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive

Commission Delegated Regulation (EU) 2017/567 of 18 May 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to definitions, transparency, portfolio compression and supervisory measures on product intervention and positions

Commission Delegated Regulation (EU) 2017/575 of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards concerning the data to be published by execution venues on the quality of execution of transactions

Commission Delegated Regulation (EU) 2017/576 of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution

Commission Delegated Regulation (EU) 2017/583 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of bonds, structured finance products, emission allowances and derivatives

Commission Delegated Regulation (EU) 2017/585 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the data standards and formats for financial instrument reference data and technical measures in relation to arrangements to be made by the European Securities and Markets Authority and competent authorities

Commission Delegated Regulation (EU) 2017/587 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of shares, depositary receipts, exchange-traded funds, certificates and other similar financial instruments and on transaction execution obligations in respect of certain shares on a trading venue or by a systematic internaliser

Commission Delegated Regulation (EU) 2017/590 of 28 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the reporting of transactions to competent authorities

Section 1 - Informing the AMF (Article 315-24)

Article 315-24
A systematic internaliser within the meaning of Article L. 533-32 of the Monetary and Financial Code shall inform the AMF when it acts as a systematic internaliser for one of the categories of financial instruments mentioned in paragraph 1 of Articles 14 and 18 of Regulation (EU) No. 600/2014 of 15 May 2014 and when it ceases to act as a systematic internaliser for this category.

Section 2 - Derogations to the publication of transactions (Articles 315-25 à 315-26)

Article 315-25
A systematic internaliser may, in accordance with paragraph 2 of Article 18 of Regulation (EU) No 600/2014, be waived from pre-trade disclosure requirements in the cases described in paragraph 1 of Article 9 of said Regulation, following notification to the AMF of its request(s) for a waiver for each financial instrument concerned.

Article 315-26
The AMF may authorise systematic internalisers to defer publication of transactions in the financial instruments referred to in Article 21, paragraph 1 of Regulation (EU) No 600/2014 of 15 May 2014 in the cases described in paragraph 4 of said Article.

## Title I bis - Asset management companies of AIFs (Articles 316-1 à 320-25)

Article 316-1
For the application of this Title:

1 • The term "asset management company" shall mean a French asset management company;

2 • The term "management company" shall mean a company established in another Member State of the European Union;

3 • The term "manager" shall mean a manager established in a third country.

Article 316-2
I. - This Title is applicable:

1 • To asset management companies managing AIFs whose assets exceed the thresholds set out in Article R. 532-12-1 of the Monetary and Financial Code;

2 • To asset management companies managing the "Other AIFs" referred to in Article L. 214-24, III, 1 of the Monetary and Financial Code;

3 • To asset management companies or legal entities managing AIFs whose assets are below the thresholds set out in Article R. 532-12-1 of the Monetary and Financial Code or the "Other AIFs" referred to in Article L. 214-24, III, 2 and 3 of the Monetary and Financial Code or, in the case referred to in the last paragraph of the same Article L. 214-24, III, when these asset management companies or legal entities have chosen to submit these AIFs or "Other AIFs" to the present title.

II. - Unless otherwise provided, asset management companies authorised under Directive 2009/65/EC of the European Parliament and Council of 13 July 2009 and authorised under Directive 2011/61/EU of the European Parliament and Council of 8 June 2011 must apply Titles I *ter* and I *bis* of the present Book cumulatively.

III. - An asset management company may apply for authorisation to provide investment services comprising the reception and transmission of orders on behalf of a third party, portfolio management or investment advice referred to in 1, 4 and 5 of Article L. 321-1 of the Monetary and Financial Code.

IV. - When an asset management company is authorised to provide one or more of the investment services referred to in III or when it markets units or shares of AIFs or UCITS in France in accordance with Article 421-26 and Article 411-129, to perform these activities it shall comply with the provisions of this Title as well as the provisions applicable to investment services providers contained in Title I.

V. - When an asset management company markets financial instruments in France in accordance with Article L. 533-24-1 of the Monetary and Financial Code, it shall comply with section 2 of Chapter III of Title I.

## Chapter I - Procedures for authorisation, programme of operations and passport (Articles 316-3 à 316-14)

Commission Implementing Regulation (EU) No 447/2013 of 15 May 2013 establishing the procedure for AIFMs which choose to opt in under Directive 2011/61/EU of the European Parliament and of the Council

### Section 1 - Authorisation and programme of operations (Articles 316-3 à 316-9)

#### Sub-section 1 - Authorisation

Article 316-3

The authorisation of asset management companies referred to in Article L. 532-9 of the Monetary and Financial Code requires submission to the AMF of an application specifying the scope of the authorisation, together with a file complying with the model provided for in Article R. 532-10 of the said Code.

The application file must contain the following information:

1 • Information on the persons who effectively manage the activities of the asset management company;

2 • Information on the identity of the shareholders or members, either direct or indirect, of the asset management company who have qualifying holdings, and the amounts of such holdings;

3 • A programme of operations for each of the services that the asset management company intends to provide, specifying the conditions in which it expects to provide those services and indicating the type of transactions envisaged and its organisational structure. This programme of operations is completed, as appropriate, by any additional information corresponding to the assets used by the asset management company;

4 • Information about remuneration policies and practices;

5 • Information on the terms it has defined for delegating or sub-delegating its asset management company functions to third parties;

6 • Information about each AIF it manages or intends to manage;

7 • The rules or instruments of incorporation of each AIF it intends to manage;

- Information on the arrangements made for the appointment of the depositary for each AIF it intends to manage;

- All or any addition information provided for in the third paragraph of Article L. 214-24-19 of the Monetary and Financial Code for each AIF it manages or intends to manage.

If the asset management company is already authorised by the AMF under Directive 2009/65/ CE of the European Parliament and Council of 13 July 2009, it is not required to provide the AMF again with the information or documents it already supplied to it in its authorisation application under the said directive, provided that this information and these documents are up to date.

The AMF shall issue an acknowledgement of receipt when it receives this file.

Article 316-4

In deciding whether to grant authorisation to an asset management company, the AMF shall review the items in the file referred to in Article 316-3, along with the items set out in Chapter II of this Title. The AMF may require the applicant to produce any additional information it needs to make its decision.

It may restrict the scope of the authorisation, notably relating to the investment strategies of the AIFs the applicant shall be authorised to manage.

The AMF rules on the authorisation application within a period of three months as of submission of the full file.

It may extend this period by up to an additional three months if it deems necessary on account of the specific circumstances of the case at hand and after informing the applicant to this effect.

For the purposes of the present article, an application is deemed to be complete when the applicant's file contains at least the information referred to in points 1 to 4 and 6 of Article 316-3.

The applicant may commence its AIF management activity as soon as it receives its authorisation, but no earlier than one month after submitting all the missing information referred to in points 5 and 7 to 9 of Article 316-3.

The procedure and the terms and conditions of authorisation are set out in an AMF instruction.

The AMF informs the European Authority on a quarterly basis of the authorisations it has granted under the terms of the present Chapter.

Article 316-5

Any changes to the information contained in the authorisation file of the asset management company shall require, as applicable, a declaration, a notification or an application for prior approval to be made to the AMF.

On receiving the declaration, notification or application for prior approval from the asset management company, the AMF shall issue a receipt.

Pursuant to Article L. 532-9-1, II of the Monetary and Financial Code, when the asset management company submits an application for prior approval of a material change to the information contained in its authorisation file, the AMF shall have one month to inform it of its refusal or of any restrictions placed upon its application.

The AMF may, if the particular circumstances of the case at hand so justify, inform the asset management company of an extension of this deadline by a period of as much as one month.

The changes are implemented after the one-month assessment period as extended, if appropriate.

Article 316-6

Except in cases where the company requests withdrawal, the AMF, whenever it envisages withdrawing an asset management company's authorisation pursuant to Article L. 532-10 of the Monetary and Financial Code, shall so inform the company, specifying the reasons for which such decision is envisaged. The company shall have one month from receipt of such notification to submit any observations it may have.

Article 316-7

When the asset management company requests the AMF to withdraw its authorisation, the company must comply with 1 to 3 and the last paragraph of Article L. 532-10 of the Monetary and Financial Code.

When the AMF decides of its own accord to withdraw an authorisation, the company concerned shall be notified of the AMF's decision by registered letter with acknowledgement of receipt. The AMF shall inform the public of the withdrawal by inserting notices in newspapers or other publications of its choosing.

This decision shall specify the timetable and method for implementing the withdrawal.

During this period:

a) The company shall be put under the supervision of an administrator appointed by the AMF on the basis of his or her skills. The administrator shall be bound by professional secrecy rules. The administrator appointment decision shall specify the terms of their monthly compensation, allowing, in particular, for the nature and importance of the work and the position of the appointed administrator. If he manages another company, said company may not acquire the clientele directly or indirectly;

b) The administrator shall choose another asset management company to manage the collective investments. For employee investment undertakings, this choice shall be subject to ratification by the supervisory board of each fund. If the administrator does not find an asset management company, he shall invite the custodians to enter into proceedings for liquidation of the collective investments;

c) The company may make only such transactions as are strictly necessary to protect the interests of the unitholders or shareholders of the managed collective investments and its clients;

d) The company shall inform the custodians and unitholders or shareholders of the managed collective investments of the withdrawal of authorisation, as well as the custody account-keepers of the individual portfolios under discretionary management and its clients;

e) The company shall ask its clients in writing to request transfer of their accounts to another investment service provider, or to request liquidation of their portfolios, or to manage their portfolios themselves;

f) The company shall update its website notably by removing all references to its capacity of asset management company;

g) On the day the withdrawal of authorisation comes into effect, the company shall change its company name and its corporate object.

The AMF informs the European Securities and Markets Authority on a quarterly basis of the authorisations it has withdrawn under the terms of the present article.

Article 316-8

When the AMF pronounces a deregistration pursuant to Article L. 532-12 of the Monetary and Financial Code, the AMF shall notify the company of its decision with the conditions stipulated in Article 316-7. The AMF shall inform the public by inserting notices in newspapers or other publications of its choosing.

Article 316-9

When it is considering demanding the resignation of a company from its capacity as the asset management company of an AIF pursuant to Article L. 621-13-4 of the Monetary and Financial Code, the AMF informs the company to this effect, specifying the reasons for which such decision is envisaged. The company shall have one month from receipt of such notification to submit any observations it may have.

When it decides to demand the resignation of a company from its capacity as the asset management company of an AIF, the AMF shall inform the company of its decision by registered letter with acknowledgement of receipt. The AMF shall inform the public of its decision by inserting notices in newspapers or other publications of its choosing.

The decision shall specify the terms and implementation timeframe for the resignation.

During this period:

a) The company shall be put under the supervision of an administrator appointed by the AMF on the basis of his or her skills. The administrator shall be bound by professional secrecy rules. The administrator appointment decision shall specify the terms of their monthly compensation, allowing, in particular, for the nature and importance of the work and the position of the appointed administrator. If he manages another company, said company may not take over management of the relevant AIF directly or indirectly;

b) The administrator shall choose another asset management company to manage the relevant AIF. If the administrator does not find an asset management company, he shall invite the custodian to enter into proceedings for liquidation of the relevant AIF;

c) The company may make only such transactions as are strictly necessary to protect the interests of the unitholders or shareholders of the relevant AIF;

d) The company shall inform the custodian and the unitholders or shareholders of the relevant AIF of its resignation.

The units or shares in the AIF in question must no longer be marketed in France or, as applicable, in the other Member States of the European Union.

Where necessary, the AMF informs the competent authorities of the host Member States of the asset management company of its decision immediately.

## Section 2 - Passport for asset management companies seeking to manage aifs or provide investment services in the other member states of the european union (Article 316-10)

Article 316-10

An asset management company seeking to create and manage an AIF or provide investment services in another State of the European Union, under the freedom to provide services or under the right of establishment, shall notify the AMF of its plans in accordance with Articles R. 532-25-1 et R. 532-30 of the Monetary and Financial Code.

## Section 3 - Specific rules on the authorisation of managers seeking to manage european union aifs or to market aifs of the european union or third countries under their management in the european union with a passport (Articles 316-11 à 316-14)

Commission Implementing Regulation (EU) No 448/2013 of 15 May 2013 establishing a procedure for determining the Member State of reference of a non-EU AIFM pursuant to Directive 2011/61/EU of the European Parliament and of the Council

Article 316-11

The date of entry into force of the present Section is set in accordance with the provisions of the European Commission delegated act provided for in Paragraph 6 of Article 67 of Directive 2011/61/EU of the European Parliament and Council of 8 June 2011.

Article 316-12

Without prejudice to Article L. 532-9 of the Monetary and Financial Code, no authorisation shall be granted unless the following additional conditions are fulfilled:

1 • The manager appoints France as its reference Member States in accordance with the criteria set out in Article R. 532-31 of the same Code and the appointment is backed up by the disclosure of its marketing strategy;

2 • The manager has appointed a legal representative established in France;

3 • The legal representative is, with the manager, the contact point of the manager for holders of units or shares in the AIFs in question, for the European Securities and Markets Authority and for the AMF and the competent authorities concerning the activities for which the manager is authorised in the European Union and shall be equipped to perform its compliance function by virtue of the legislative and regulatory provisions applicable to asset management companies;

4 • There are appropriate cooperation arrangements in place between France, the competent authorities of the Member State of reference of the European Union AIFs concerned and the supervisory authorities of the third country where the manager is established in order to ensure an efficient exchange of information that allows the AMF and the competent authorities to carry out the duties incumbent upon them;

5 • The third country where the manager is established is not listed as a Non-Cooperative Country and Territory by FATF;

6 • The third country where the manager is established has signed an agreement with France, which fully complies with the standards laid down in Article 26 of the OECD Model Tax Convention on Income and on Capital and ensures an effective exchange of information in tax matters, including any multilateral tax agreements;

7 • The effective exercise by the AMF of its supervisory functions is neither prevented by the laws, regulations or administrative provisions of the third country governing the manager, nor by limitations in the supervisory and investigatory powers of that third country's supervisory authorities.

Article 316-13

The authorisation of the AIF manager shall be granted in accordance with Article L. 532-36 of the Monetary and Financial Code, subject to the following criteria:

1 • The information referred to in Article L. 532-9 of the same code is supplemented by:

a • A justification by the manager of its assessment regarding the Member State of reference in accordance with the criteria set out in Article R. 532-31 of the same code with information on the marketing strategy;

b • A list of the legislative and regulatory provisions applicable to asset management companies of AIFs for which compliance by the manager is impossible, as compliance by the manager with those provisions is incompatible with compliance with a mandatory provision in the law to which the manager established in a third country or the third-country AIF marketed in the Union is subject;

c • Written evidence based on the regulatory technical standards developed by ESMA that the relevant third-country law in question provides for a rule equivalent to the provisions for which compliance is impossible, which has the same regulatory purpose and offers the same level of protection to the investors of the relevant AIFs and that the manager complies with that equivalent rule. Such written evidence shall be supported by a legal opinion on the existence of the relevant incompatible mandatory provision in the law of the third country and including a description of the regulatory

purpose and the nature of the investor protection pursued by it;

d • The name of the legal representative of the manager and the place where it is established;

2 • The information referred to in Article 316-3, Points 1 to 6 may be limited to the EU AIFs the manager intends to manage and to those AIFs it manages and intends to market in the European Union with a passport;

3 • The second paragraph of Article L. 532-9, II of the Monetary and Financial Code is without prejudice to Article L. 532- 31 of the same code;

4 • Point 1 of Article L. 532-9, II of the Monetary and Financial Code is not applicable;

5 • The fifth paragraph of Article 316-4 shall be understood as including a reference to the "information referred to in Article L. 532-37 of the Monetary and Financial Code".

Article 316-14
*[Empty]*

## Chapter II - Authorisation requirements for aif asset management companies and for acquiring or increasing an equity interest in an aif asset management company (Articles 317-1 à 317-14)

### Section 1 - Authorisation requirements (Articles 317-1 à 317-6)

Articles 12 to 15 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

Article 317-1
The asset management company shall have its registered office in France. It may be incorporated in any form, subject to a review of the compatibility of its instruments of incorporation with the laws and regulations applicable to it, and provided that its accounts are subject to a statutory audit.

Article 317-2
I. - The share capital of asset management companies shall be equal to a minimum of EUR 125,000 and must be fully paid in cash at least to this minimum amount.

II. - When authorisation is granted and in subsequent financial years, the asset management company must be able to prove at any time that its level of own funds is at least equal to the higher of the two amounts referred to in Points 1 and 2 below:

1 • EUR 125,000 plus an amount equal to 0.02 % of the amount by which the assets under management by the asset management company exceeds EUR 250 million.

The total own funds requirement shall not exceed EUR 10 million.

The assets included in the calculation of the additional own funds requirement referred to in the third paragraph are:

a • French or foreign AIFs in corporate form that have globally delegated management of their portfolio to the asset

management company;

b • French or foreign AIFs in fund form managed by the asset management company, including portfolios for which it has delegated management but excluding portfolios that it manages on a delegated basis.

Up to 50% of the additional own funds requirement may be met by a guarantee given by a credit institution or insurance undertaking having its registered office in a State that is a party to the European Economic Area agreement, or in another State, provided the guarantor is subject to prudential rules considered by the AMF to be equivalent to those applicable to credit institutions and insurance undertakings having their registered offices in States that are parties to the European Economic Area agreement.

2 • One-quarter of general operating expenses for the previous financial year calculated in accordance with Articles 34 *ter* to 34 *quinter* of Commission Regulation (EU) No 241/2014 of 7 January 2014.

III. - The own funds requirement at the time of authorisation shall be calculated on the basis of forecast data.

For subsequent years, the amount of general operating expenses and the total value of portfolio assets used to determine the own funds requirement shall be calculated on the basis of the most recent of the following asset management company documents: financial statements for the previous financial year, interim statement of financial position certified by the statutory auditor or the data sheet referred to in Article 318-37.

IV. - To cover any potential professional liability risks resulting from AIF management activities, the asset management company must:

1 • Either have additional own funds of an amount sufficient to cover potential liability risks arising from professional negligence;

2 • Or hold a professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered.

V. - When the asset management company is also authorised by the AMF by the terms of Directive 2009/65/EC of the European Parliament and Council of 13 July 2009, it is not subject to points I, II and III the present Article.

Article 317-3

I. The asset management company's own funds, including any additional own funds, must be invested in liquid assets or assets that can easily be converted into cash in the short term and that do not include speculative positions.

II. However, if own funds exceed 130 % at least of the regulatory own funds mentioned in Article 317-2, the excess portion of this amount may be invested in assets that do not meet the requirements of I, provided that these assets do not create a material risk for the company's regulatory own funds.

Article 317-4

The asset management company shall disclose the identities of legal entities or individuals who are direct or indirect shareholders with qualifying holdings as well as the amounts of their holdings. The AMF shall assess the quality of the company's shareholders having regard to the need for sound and prudent management and proper performance of its own supervisory responsibilities. It shall make the same assessment of partners and members in an economic interest grouping.

Article 317-5

The asset management company shall be effectively directed by at least two persons of sufficiently good repute and sufficient experience for their duties, so as to ensure sound and prudent management.

The directors must, among other things, be sufficiently experienced as regards the investment strategies pursued by the AIFs managed by the asset management company.

At least one of these two persons must be a company officer with the power to represent the company in its dealings with third parties.

The other person may be the chairman of the board of directors or a person specifically empowered by the company's governing bodies or instruments of incorporation to direct the company and determine its policies.

Article 317-6

The persons effectively managing the asset management company as defined in Article 317-5 undertake to inform the AMF promptly of any modification of their situation as declared at the time of their appointment.

Section 2 - Content of the programme of operations (Articles 317-7 à 317-9)

Article 317-7

The asset management company shall have a programme of operations in accordance with Chapter III.

The programme of operations also contains information on the remuneration policies and practices implemented pursuant to Article L. 533-22-2 of the Monetary and Financial Code, and information concerning the AIFs the asset management company intends to manage:

1 • Information about the investment strategies, including the types of underlying funds if the AIF is a fund of funds, and the manager's policy as regards the use of leverage, and the risk profiles and other characteristics of the AIFs it manages or intends to manage, including information about the Member States or third countries in which such AIFs are established or are expected to be established;

2 • Information on where the master AIF is established if the AIF is a feeder AIF;

3 • The rules or instruments of incorporation of each AIF the asset management company intends to manage;

4 • Information on the arrangements made for the appointment of the depositary for each AIF in question;

5 • For each AIF the asset management company manages or intends to manage, any additional information disclosed to investors pursuant to the third paragraph of Article L. 214-24-19 of the Monetary and Financial Code

Article 317-8

The asset management company may also hold equity interests in companies set up for purposes that represent an extension of its own activities. These holdings must be compatible with the provisions the asset management company is required to implement to detect and prevent or manage any conflicts of interest likely to arise from these holdings.

Article 317-9

If an AIF is split pursuant to the second paragraph of Article L. 214-24-33 or the second paragraph of Article L. 214-24-41 of the Monetary and Financial Code, the authorisation granted to the asset management company managing the AIF in question permits it to manage the contractual scheme that has been created by the split in order to house the assets whose disposal would not be in the best interests of the holders of shares or units in the AIF that has been split.

Section 3 - Requirements for acquiring or increasing an equity interest in an asset management company (Articles 317-10 à 317-14)

Article 317-10

The AMF shall be notified of any transaction that enables a person acting alone or in concert with other persons, within the meaning of Article L. 233-10 of the Commercial Code, to acquire, increase or decrease or cease owning, directly or indirectly, a qualifying holding in an asset management company. The notice must be given to the AMF by the person or persons concerned before the transaction is executed, if one of the following conditions is met:

1 • The capital or voting rights held by the person(s) exceed or fall below one-tenth, one-fifth, one-third or one-half of the capital or voting rights;

2 • The asset management company becomes or stops being a subsidiary of the person(s) concerned;

3 • The person or persons gain or lose significant influence over management of the management company as a result of the transaction.

Article 317-11

For the purposes of this Chapter:

1 • A “qualifying holding” means, pursuant to sub-paragraph h of Article 4(1) of Directive 2011/61/EU of 8 June 2011, “a direct or indirect holding in a management company which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of the management company in which that holding subsists”;

2 • Voting rights are calculated in accordance with the provisions of Article L. 233-4, points I and IV of Article L. 233-7 and Article L. 233-9 of the Commercial Code;

3 • The capital holding is calculated by adding up, as applicable, the direct holding and any indirect holdings in the capital of the asset management company. Indirect holdings are calculated by multiplying together the fractions held in the capital of each intermediate entity and in the capital of the asset management company;

4 • The fraction of capital or voting rights held by investment firms or credit institutions as a result of underwriting or guaranteed placement of financial instruments, within the meaning of 6-1 or 6-2 of Article D. 321-1 of the Monetary and Financial Code, shall not be counted, as long as these rights are not exercised or used in any other way to influence the issuer's management and provided that they are sold within one year of acquisition;

5 • In the case of an indirect holding, any person likely to acquire, sell or lose a qualifying holding must notify the AMF of this.

However, without prejudice to the obligations of the direct holder, the final holder may make notifications for and on behalf of the entities under its control, provided it includes the relevant information on these entities.

Article 317-12

Transactions to acquire or increase qualifying holdings are subject to prior authorisation by the AMF under the following conditions:

1 • Within two trading days of receipt of the notice and all the documents required, the AMF shall provide the applicant with written acknowledgement of receipt.

The AMF shall have up to sixty trading days, starting from the date of the written acknowledgement of receipt of the notice, in which to assess the transaction. The written acknowledgement of receipt shall specify the expiry date of the assessment period.

2 • During the assessment period and by the fiftieth trading day thereof at the latest, the AMF may request any further information to complete the assessment. This request shall be made in writing and shall specify additional necessary information. Within two trading days of receipt of the further information, the AMF shall send the applicant a written acknowledgement of receipt.

The assessment period shall be suspended from the date of the AMF's request for further information until the receipt of the applicant's response to this request. The suspension shall not last more than twenty trading days. The AMF may make further requests for more information or clarifications, but these requests shall not suspend the assessment period.

3 • The AMF may extend the suspension referred to in the previous paragraph to thirty trading days, if the applicant:

a) is established outside the European Union or is governed by non-European Union regulations;

b) or is a person who is not subject to monitoring under the terms of European Directives 2013/36/EU, 2009/65/EC, 2009/138/EC or 2014/65/EU.

4 • If, after the assessment, the AMF decides to object to a planned acquisition it shall give written notice of its decision to the applicant within two trading days and before the end of the assessment period, giving the grounds for its decision. The asset management company shall also be notified.

At the request of the applicant, the AMF shall publish the grounds for its decision on the website referred to in Article R. 532-15-2 of the Monetary and Financial Code.

5 • If the AMF has not made a written objection to the planned acquisition by the end of the assessment period, the acquisition shall be deemed to be approved.

6 • The AMF may set a deadline for completing the planned acquisition and may extend this deadline, if appropriate.

7 • If the AMF receives several notifications under the terms of Article L. 532-9-1 of the Monetary and Financial Code concerning the same asset management company, it shall examine them jointly in such a way as to ensure equal treatment of the applicants.

Notwithstanding the preceding provisions, the AMF shall be notified only of transactions that occur between companies directly or indirectly owned and controlled by the same company and that change the structure of ownership among the existing shareholders holding, prior to the transaction, a determined participating interest among the existing shareholders of the asset management company, unless such transactions result in the transfer of control or ownership of some or all of the abovementioned rights to persons that are not subject to the laws of a State party to the European Economic Area agreement.

When the number or distribution of voting rights is restricted in relation to the number or distribution of the relevant shares or units under the provisions of legislation or the instruments of incorporation, the percentages stipulated in this Chapter and in Article 317-11 shall be calculated and implemented in terms of shares or units respectively.

### Article 317-13

Transactions involving the sale or decrease qualifying holdings in an asset management company mentioned in Article 317-10 shall entail a re-examination of the authorisation in view of the need to ensure sound and prudent management.

### Article 317-14

The AMF may ask asset management companies for the identity of partners or shareholders who report holdings of less than one twentieth, but more than 0.5%, or the relevant figure set by the instruments of incorporation for the purposes of Article L. 233-7 of the Commercial Code.

## Chapter III - Organisational rules (Articles 318-1 à 318-62)

### Article 318-1

The asset management company shall use, at all times, adequate and appropriate human and technical resources that are necessary for the proper management of AIFs.

Given the nature of the AIFs it manages, it shall have sound administrative and accounting procedures, control and safeguard arrangements for electronic data processing and adequate internal control mechanisms including, in particular, rules for personal transactions by its employees or for the holding or management of investments in order to invest on its own account and

ensuring, at least, that each transaction involving the AIFs may be reconstructed according to its origin, the parties to it, its nature, and the time and place at which it was effected and that the assets of the AIFs managed by the AIFM are invested in accordance with the AIF rules or instruments of incorporation and the legal provisions in force.

Article 318-2
The annual financial statements of the asset management company shall be certified by a statutory auditor. Within six months of the end of the financial year, asset management companies shall file copies of their balance sheet, income statement and the notes to the financial statements, along with their annual management reports and notes, the statutory auditors' general and special reports with the AMF. If applicable, the companies shall also produce consolidated financial statements.

Section 1 - Organisational rules (Article 318-3)

Articles 57 to 59 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

Article 318-3
*[Empty]*

Section 2 - Compliance system (Articles 318-4 à 318-5)

Articles 61 and 62 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

Article 318-4
Asset management companies shall apply the compliance policy provided for in Article 61 of Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 as well as the provisions relating to the responsibilities of the management body referred to in Article 60 of the same Regulation, to the professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code that do not fall under the scope of application of the Articles of that Regulation.

Article 318-5
The compliance officer referred to in Article 61, 3, b of Commission Delegated Regulation (EU) n° 231/2013 of 19 December 2012 shall hold a professional licence issued on the terms defined in Section 8 of this Chapter.

Section 3 - Responsibilities of senior management and supervisory bodies (Article 318-6)

Article 318-6
In application of Article L. 621-8-4 of the Monetary and Financial Code, the effective managers within the meaning of Article L. 532-9, II, 4 of said Code shall immediately inform the AMF of any incidents that could lead to a loss or gain for the asset management company, a cost linked to its civil or criminal liability, an administrative sanction or reputational damage and resulting from non-compliance with Articles 57 to 59 of Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012, of an amount that exceeds 5% of its regulatory capital. Under the same conditions, they shall inform the AMF of any event preventing the asset management company from meeting the requirements of its authorisation. They shall provide the AMF with an incident report indicating the nature of the incident, the measures implemented after it happened and the initiatives taken to prevent similar incidents from taking place in the future.

Section 4 - Verification of the knowledge of specified persons (Articles 318-7 à 318-9)

Article 318-7

I.- The asset management company shall ensure that natural persons acting on its behalf have the minimum qualification as well as a sufficient level of knowledge.

II. - It verifies that the persons carrying out one of the following functions can prove they have the minimum level of knowledge set forth in Point 1° of II of Article 318-9:

a) Asset manager within the meaning of Article 318-8;

b) Compliance and internal control officer within the meaning of Article 318-21.

III. - The asset management company shall not carry out the verification provided for in II with regard to persons employed at 1st July 2010. Persons having passed one of the examinations referred to in Article 38-9, II, 3° shall be deemed to have the minimum knowledge required to perform their duties.

IV. - To conduct the verification referred to in II, the asset management company shall have six months from the date on which the employee starts to perform one of the above functions.

However, when the employee has been taken on under a work/study contract, as provided in Articles L. 6222-1 and L. 6325-1 of the Labour Code, the asset management company may choose not to perform any such verification. If it decides to hire the employee when his or her training period finishes, the asset management company shall ensure that he or she has the minimum qualification as well as a sufficient level of knowledge, as referred to in I, at the latest by the end of the contract training period.

The asset management company shall ensure that any employee whose minimum knowledge has not yet been verified is appropriately supervised.

Article 318-8

An asset manager is any person authorised to take investment decisions within the framework of the management of one or several AIFs.

Article 318-9

I. - The AMF has formed a Financial Skills Certification Board.

1 • The Financial Skills Certification Board issues opinions at the request of the AMF concerning certification of the professional knowledge of natural persons acting under the authority or on behalf of asset management companies and performing one of the functions referred to in II of Article 318-7;

2 • When rendering opinions, the Financial Skills Certification Board considers the possibility of establishing equivalencies with similar schemes abroad.

II. - Further to an opinion of the Financial Skills Certification Board, the AMF:

1 • Determines the content of the minimum knowledge to be acquired by natural persons acting under the authority or on behalf of an asset management company and performing one of the functions referred to in II of Article 318-7. It shall publish that content;

2 • Sees to it that the minimum knowledge content is updated;

3 • Determines and verifies the arrangements for the examinations that validate acquisition of the minimum knowledge;

4 • Certifies examinations for a two-year period within three months of the filing of applications. This deadline shall be extended as necessary until requests for further information are met. Certification can be renewed for a three-year period.

5 • The AMF shall charge an application fee when applications for certification are filed. The AMF shall determine the amount of this fee.

III. - The Financial Skills Certification Board has at least seven members:

1 • One AMF representative;

2 • At least four members named by the AMF on the basis of their professional skills, after consulting with the main professional associations representing investment services providers;

3 • Two independent persons named by the AMF and skilled in the fields of education or vocational training in finance.

The Financial Skills Certification Board chooses one of its members as chairman.

The members of the Financial Skills Certification Board are appointed for a renewable three-year term.

The AMF publishes the list of members.

IV. - The Financial Skills Certification Board shall draw up bylaws, approved by the AMF.

V. - Members are of the Financial Skills Certification Board receive no remuneration.

### Section 5 - Complaint handling (Articles 318-10 à 318-10-1)

#### Article 318-10

The asset management company shall establish and maintain operational an effective and transparent procedure for reasonable and prompt handling of complaints received from all holders of units or shares in AIFs, when no investment service is provided to them upon subscription.

Holders of units or shares may file complaints free of charge with the asset management company.

The asset management company shall respond to the complaint within a maximum of two months as of the date of receipt of the said complaint, except in duly justified special circumstances.

They shall implement a system enabling fair and consistent handling of complaints from the holders of units or shares. This system shall be allocated the necessary resources and expertise.

It shall record each complaint and the measures taken to handle it. It shall also implement a complaint monitoring system enabling it, among other things, to identify problems and implement appropriate corrective measures.

Information on the complaint handling procedure shall be made available free of charge to the holders of units or shares.

The complaint handling procedure shall be proportionate to the size and structure of the asset management company.

#### Article 318-10-1

The asset management company shall establish appropriate procedures and arrangements to ensure that it deals properly with complaints from AIF unit or shareholders and that there are no restrictions on these persons exercising their rights if they reside in

another European Union Member State. These measures shall allow AIF unit or shareholders to send a complaint in the official language or one of the official languages of the Member State in which the AIF is marketed and to receive a response in the same language.

The asset management company shall also establish appropriate procedures and arrangements to supply information, at the request of the public.

These provisions shall apply if no investment service is provided upon subscription.

### Section 6 - Personal transactions (Article 318-11)

> Article 63 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

#### Article 318-11

*[Empty]*

### Section 7 - Conflicts of interest (Articles 318-12 à 318-19)

> Articles 30 to 36 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

#### Article 318-12

This Section is applicable to management of French AIFs by asset management companies except, for branches established in other European Union Member States, for AIFs they manage in that Member State.

It is also applicable to branches established in France by management companies or managers.

#### Article 318-13

I. - The asset management company shall take all reasonable steps to identify conflicts of interest that arise in the course of managing AIFs between:

1 • The asset management company, including its managers, employees or any person directly or indirectly linked to the asset management company by control, and the AIF managed by the asset management company or the unit or shareholders in that AIF;

2 • The AIF or the unit or shareholders in that AIF, and another AIF or the unit or shareholders in that other AIF;

3 • The AIF or the unit or shareholders in that AIF, and another client of the asset management company;

4 • The AIF or the unit or shareholders in that AIF, and a UCITS managed by the asset management company or the unit or shareholders in that UCITS; or

5 • Two clients of the asset management company.

The asset management company shall maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps designed to identify, prevent, manage and monitor conflicts of interest in order to prevent them from adversely affecting the interests of the AIFs and their unit or shareholders.

The asset management company shall segregate, within its own operating environment, tasks and responsibilities which may be regarded as incompatible with each other or which may potentially generate systematic conflicts of interest. It shall assess whether their operating conditions may involve any other material conflicts of interest and disclose them to the unit or shareholders of the AIFs.

II. - Where organisational arrangements made by an asset management company to identify, prevent, manage and monitor conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of unit or shareholders will be prevented, the asset management company shall clearly disclose the general nature or sources of conflicts of interest to such holders before undertaking business on their behalf, and develop appropriate policies and procedures.

III. - Where the asset management company, on behalf of an AIF, uses the services of a prime broker, the terms shall be set out in a written contract. In particular any possibility of transfer and reuse of AIF assets shall be provided for in that contract and shall comply with the AIF rules or instruments of incorporation. The contract shall provide that the depositary be informed of the contract.

The asset management company shall exercise due skill, care and diligence in the selection and appointment of prime brokers with whom a contract is to be concluded.

Article 318-14
When collective investment scheme or investment funds managed by the asset management company or a related company are acquired or subscribed on behalf of an AIF, the investor information document of that AIF must make provision for such a possibility.

Article 318-15
*[Empty]*

Article 318-16
*[Empty]*

Article 318-17
*[Empty]*

Article 318-18
*[Empty]*

Article 318-19
*[Empty]*

Section 8 - Professional licences (Articles 318-20 à 318-35)

Paragraph 1 - General provisions

Article 318-20
The compliance and internal control officer must hold a professional licence issued by the AMF, pursuant to Article 318-29.

Article 318-21

The persons referred to in Article 318-56 shall fulfill the function of compliance and internal control officer.

Article 318-22
A natural person may perform the function of compliance and internal control officer, on a probationary or temporary basis, without holding the required professional licence, for a maximum period of six months, that can be renewable once.

The function of compliance and internal control officer may only be performed on a probationary or temporary basis with the prior consent of the AMF.

Article 318-23
Issuance of a professional license shall require the applicant to compile an application for authorisation, which shall be submitted to the AMF.

Article 318-24
The application for authorisation shall be kept on file by the AMF for ten years after the licensee has ceased to perform the functions that gave rise to the issuance of the professional licence.

Article 318-25
Where a person provisionally ceases to perform the activity that required a professional licence, such interruption shall not result in withdrawal of the licence.

The person shall be deemed to have permanently ceased to perform the activity that gave rise to the issuance of the license when the interruption exceeds twelve months, except in exceptional cases as assesses by the AMF.

Article 318-26
When a person definitively ceases to perform the function for which a professional licence was issued, the licence shall be withdrawn. This withdrawal is performed by the AMF.

The asset management company on behalf of which the licensee is acting informs the AMF promptly when a person definitively ceases the activity as referred to in the previous paragraph.

Article 318-27
Whenever an asset management company takes disciplinary measures against a person holding a professional licence because of a breach of their professional obligations, it shall notify the AMF to this effect within one month.

Article 318-28
The AMF shall keep a register of professional licences.

It is kept informed of the appointment of the compliance and internal control officer.

The information in the register of professional licences shall be kept on file for ten years after the professional licence has been withdrawn.

### Paragraph 2 - Compliance and internal control officer professional licence issuance

Article 318-29
The AMF shall issue compliance and internal control officer professional licenses to the persons performing such functions. For this purpose, the AMF shall organise a professional examination under the terms referred to in Articles 318-33 to 318-35.

However, where asset management companies appoint one of their effective managers within the meaning of Article L. 532-9, II, 4° of the Monetary and Financial Code to the function of compliance and internal officer, that person shall hold the relevant professional license. He or she shall not be required to take the examination provided for in the first paragraph.

Article 318-30

Before issuing the professional license, the AMF shall verify:

1 • That the relevant natural person is fit and proper, that he is familiar with the professional requirements and capable of performing the functions of compliance and internal control officer.

2 • That pursuant to Article 318-7, II, the asset management company has conducted an internal verification or an examination as provided for in Article 318-9, II, 3 to ensure that the person in question has the minimum knowledge referred to in Article 318-9, II, 1.

3 • That the asset management company complies with Article 318-4.

Article 318-31

The AMF may waive the examination requirement for a person who has performed comparable functions with another asset management company having equivalent business activities and organisational structures, provided that person has already passed the examination and that the asset management company planning to appoint him or her has already presented a candidate who passed the examination.

Article 318-32

If an asset management company requires compliance and internal control officer professional licenses to be issued to several persons, the AMF shall ensure that the number of license holders is proportionate to the nature and risks of the asset management company's business activities, size and organisational structure.

Asset management companies shall provide precise written definitions of the attributions of each professional license holder.

Article 318-33

The examination shall consist of an interview of the professional license applicant by a jury. The applicants shall be presented by the asset management companies on whose behalf they are to perform their functions.

The AMF shall hold the examinations at least twice a year. It shall decide who sits on the jury, set the examination dates and determine the amount of examination fees. This information shall be made known to asset management companies.

The AMF shall collect the examination fees from the asset management companies presenting applicants.

Article 318-34

The members of the jury referred to in the first paragraph of Article 318-33 shall be:

1 • A serving compliance officer, chair;

2 • A person holding an operational function in an asset management company;

3 • A member of the AMF staff.

If an applicant considers that a member of the jury has a conflict of interest with regard to him, he or she may ask the AMF to be examined by another jury.

Article 318-35

If the jury deems that the conditions referred to in Article 318-30 have been met, it shall propose that the AMF issue a professional license.

However, if the jury considers that the applicant has the necessary qualities to perform the function of compliance and internal

control officer, but that the asset management company does not allow him proper independence or does not provide him with adequate resources, the jury may propose that issuance of a professional license be subject to the condition that the asset management company remedies the situation and notifies the AMF of the measures taken to this effect.

If outsourcing of the compliance and internal control officer function is being considered, the jury may be asked for its opinion.

Section 9 - Record keeping (Article 318-36)

Articles 64 to 66 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

Article 318-36
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Section 10 - Annual data sheet (Article 318-37)

Article 318-37
Within four and a half months of the close of the financial year, asset management companies shall send the AMF the information specified on a data sheet.

Section 11 - Risk management (Articles 318-38 à 318-43)

Articles 38 to 45 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

Article 318-38
Asset management companies shall functionally and hierarchically separate the functions of risk management from the operating units, including from the functions of portfolio management.

Article 318-39
The functional and hierarchical separation of the functions of risk management, pursuant to Article 318-38, shall be examined in accordance with the principle of proportionality, on the understanding that the asset management company shall, in any event, be able to demonstrate that specific safeguards against conflicts of interest allow for the independent performance of risk management activities and that the risk management process satisfies the requirements of this Article and is consistently effective.

Article 318-40
The asset management company shall implement adequate risk management systems in order to identify, measure, manage and monitor appropriately all risks relevant to each AIF investment strategy and to which each AIF is or may be exposed.

In particular, the asset management company shall not make exclusive or mechanical use of credit ratings issued by credit ratings agencies within the meaning of Article 3, Paragraph 1, point b of Regulation (EC) n° 1060/2009 of the European Parliament and Council of 16 September 2009 on credit ratings agencies, to assess the creditworthiness of AIF assets.

The asset management company examines the risk management systems, at appropriate intervals and at least once a year, and adapts them if necessary.

Article 318-41
Asset management companies shall at least:

1 • Implement an appropriate, documented and regularly updated due diligence process when investing on behalf of the AIF, according to the investment strategy, objectives and risk profile of the AIF;

2 • Ensure that the risks associated with each investment position of the AIF and their overall effect on the AIF's portfolio can be properly identified, measured, managed and monitored on an ongoing basis, including through the use of appropriate stress testing procedures;

3 • Ensure that the risk profile of the AIF shall correspond to the size, portfolio structure and investment strategies and objectives of the AIF as laid down in the AIF rules or instruments of incorporation, prospectus and offering documents.

Article 318-42
The asset management company shall set a maximum level of leverage which they may employ on behalf of each AIF they manage as well as the extent of the right to reuse collateral or any guarantee that could be granted under the leveraging arrangement, taking into account, inter alia:

1 • The type of the AIF;

2 • The investment strategy of the AIF;

3 • The sources of leverage of the AIF;

4 • Any other interlinkage or relevant relationships with other financial services institutions, which could pose systemic risk;

5 • The need to limit the exposure to any single counterparty;

6 • The extent to which the leverage is collateralised;

7 • The asset-liability ratio;

8 • The scale, nature and extent of the activity of the asset management company on the markets concerned.

Article 318-43
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Section 12 - Liquidity management (Articles 318-44 à 318-46)

Articles 46 to 49 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

Article 318-44

Asset management companies shall, for each AIF that they manage which is not an unleveraged closed-ended AIF, employ an appropriate liquidity management system and adopt procedures which enable them to monitor the liquidity risk of the AIF and to ensure that the liquidity profile of the investments of the AIF complies with its underlying obligations.

Asset management companies shall regularly conduct stress tests, under normal and exceptional liquidity conditions, which enable them to assess the liquidity risk of the AIFs and monitor the liquidity risk of the AIFs accordingly.

Article 318-45
Asset management companies shall ensure that, for each AIF that they manage, the investment strategy, liquidity profile and redemption policy are consistent.

Article 318-46
*[Empty]*

Section 13 - Information transmission on financial contracts (Article 318-47)

Article 318-47
Asset management companies shall, for each AIF they manage, send the AMF and update at least once a year, information providing a true image of the types of financial contracts, underlying risks, quantitative limits and methods chosen to estimate the risks related to operations on financial contracts.

The AMF may check that this information is regular and exhaustive and ask for explanations relating to it.

Section 14 - Internal audit (Article 318-48)

> Article 62 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

Article 318-48
*[Empty]*

Section 15 - Organisation of compliance and internal control functions (Articles 318-49 à 318-57)

Sub-section 1 - Compliance and internal control systems

Article 318-49
The compliance and internal control system includes monitoring described in Article 318-50, internal audits and consulting and assistance assignments.

Article 318-50
Monitoring includes the compliance function referred to in of Article 61, 2, a of Commission Delegated Regulation (EU) n° 231/2013 of 19 December 2012, the control system referred to in Article 57, 6 of the same Regulation and the control system for compliance with the professional obligations referred to in Article L. 621-15, II of the Monetary and Financial Code and the risk control system provided for in Section 11 of this Chapter.

Article 318-51
First-level control shall be exercised by persons in operational functions.

Monitoring shall be conducted through second-level controls to ensure proper execution of first-level controls.

Monitoring shall be performed exclusively, subject to the provisions of Article 318-55, by staff appointed solely to that function.

### Sub-section 2 - Compliance and internal control officers

#### Article 318-52
Compliance and internal control officers shall be responsible for the compliance function referred to in Article 61, 2 of Commission Delegated Regulation n° 231/2013 of 19 December 2012, for the monitoring referred to in Article 318-50 and for the internal audits referred to in Article 62 of the same Delegated Regulation.

#### Article 318-53
If an asset management company establishes a separate and independent internal audit function, that function shall be performed by an internal audit manager who is not the same person as the compliance and continuing monitoring officer.

#### Article 318-54
Asset management companies may give responsibility for monitoring, other than compliance monitoring, and responsibility for compliance monitoring to two different people.

#### Article 318-55
When the manager carries out the function of compliance and internal control officer, he or she shall also be responsible for internal audit and monitoring, other than compliance monitoring.

#### Article 318-56
The following persons shall hold professional licenses:

1 • The officer referred to in Article 318-52;

2 • The compliance and monitoring officer referred to in Article 318-53;

3 • The officer for monitoring, other than compliance monitoring, referred to in Article 318-54 and the compliance officer referred to in the said Article, if the two functions are separate.

Employees of asset management companies or employees of other entities in their group may hold professional licenses if the asset management companies present them for the examination.

The AMF shall ensure that the number of professional license holders is proportionate to the nature and the risks of the asset management company's business activities, scale and organisational structure.

The internal audit officer referred to in Article 318-53 shall not hold a professional license.

#### Article 318-57
Asset management companies shall establish a procedure that enables all their employees and all natural persons acting on their behalf to discuss questions they might have about deficiencies they have noted in the actual implementation of compliance obligations with the compliance and internal control officer.

### Section 16 - Outsourcing (Articles 318-58 à 318-61)

#### Article 318-58
If asset management companies outsource the execution of critical operational tasks and functions or tasks and functions that are important for the provision of a service or the conduct of business, they shall take reasonable measures to prevent an undue exacerbation of operating risk.

Outsourcing of critical or important operational tasks or functions must not be done in such a way that it materially impairs the quality of internal control and prevents the AMF from verifying that the asset management company complies with all its obligations.

Outsourcing to an extent that makes the asset management company into a letter box entity must be deemed to be in violation of the requirements that the asset management company must comply with to obtain and keep its authorisation.

Article 318-59

Outsourcing shall consist of any agreement, in any form, between an asset management company and a service provider under which the service provider takes over a process, service or activity that otherwise would have been performed by the asset management company itself.

Article 318-60

I. An operational task or function shall be regarded as critical or important if a defect or failure in its performance would materially impair the asset management company's capacity for continuing compliance with the conditions and obligations of its authorisation or its professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code, or its financial performance, or the continuity of its business.

II. - Without prejudice to the status of any other task or function, the following tasks or functions shall not be considered as critical or important:

1 • The provision to the asset management company of advisory services, and other services which do not form part of the investment services of the firm, including the provision of legal advice, the training of personnel, billing services and the security of the asset management company's premises and personnel;

2 • The purchase of standard services, including market information services and the provision of price feeds.

Article 318-61

I. - Asset management companies that outsource an operational task or function shall remain fully responsible for complying with all their professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code and complying, in particular, with the following conditions:

1 • Outsourcing must not result in the delegation by senior management of its responsibility.

2 • The relationship and obligations of the asset management company towards its clients must not be altered.

3 • The conditions or commitments with which the company must comply in order to be authorised must not be undermined.

II. - Asset management companies shall exercise due skill, care and diligence when entering into, managing or terminating an outsourcing contract for critical or important operational tasks or functions.

In particular, asset management companies must take the necessary steps to ensure that the following conditions are satisfied:

1 • The service provider must have the ability, capacity, and any authorisation required to perform the outsourced tasks or functions reliably and professionally.

2 • The service provider must carry out the outsourced services effectively. To this end, the asset management company must establish methods for assessing the standard of performance of the service provider.

3 • The service provider must properly supervise the carrying out of the outsourced tasks or functions, and adequately manage the risks stemming from outsourcing.

4 • Asset management companies must take appropriate action if it appears that the service provider may not be carrying out the functions effectively and in compliance with the professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code applying to them.

5 • Asset management companies must retain the necessary expertise to supervise the outsourced tasks or functions effectively and manage the risks stemming from outsourcing and must supervise those tasks and manage those risks.

6 • The service provider must disclose to the asset management company any development that may have a material impact on its ability to carry out the outsourced tasks or functions effectively and in compliance with the professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code applying to them.

7 • The procedures for terminating outsourcing contracts at the initiative of either party must ensure the continuity and the quality of the activities carried out.

8 • The service provider must cooperate with the AMF in connection with the outsourced tasks or functions.

9 • The asset management company, its auditors and the relevant competent authorities must have effective access to data related to the outsourced tasks or functions, as well as to the business premises of the service provider.

0 • The service provider must protect any confidential information relating to the asset management company and its clients.

1 • The asset management company and the service provider must establish and maintain an effective contingency plan for disaster recovery and periodic testing of backup facilities, where that is necessary having regard to the nature of the outsourced task or function.

III. - The respective rights and obligations of asset management companies and service providers shall be clearly defined in a contract.

IV. - Where the asset management company and the service provider are members of the same group, the asset management company may, for the purposes of determining how this Article shall apply, take into account the extent to which it controls the service provider or has the ability to influence its actions.

V. - Asset management companies must provide the AMF, at its request, all information necessary to enable it to supervise the compliance of the performance of the outsourced tasks or functions with the requirements of this Book.

## Section 17 - Delegation of AIF management (Article 318-62)

Articles 75 to 82 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

### Article 318-62

I. - When an asset management company delegates the management of an AIF, the following conditions shall be met:

1 • It shall notify the AMF of the delegation before the delegation arrangements become effective;

2 • It must be able to justify its entire delegation structure on objective reasons;

3 • The delegate must dispose of sufficient resources to perform the respective tasks and the persons who effectively conduct the business of the delegate must be of sufficiently good repute and sufficiently experienced;

4 • Where the delegation concerns asset management or risk management, it may be conferred only on a person authorised for the purposes of asset management and subject to supervision within the meaning of and as set forth under Article 78 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 or, if those conditions cannot be met subject to prior approval by the AMF;

5 • Where the delegation concerns asset management or risk management of an AIF that is open to professional investors and is conferred upon a third country undertaking, under the conditions specified in point 4°, cooperation between the AMF and the supervisory authority of the undertaking must be ensured;

6 • The delegation must not prevent the effectiveness of supervision of the asset management company, and, in particular, must not prevent the asset management company from acting, or the AIF from being managed, in the best interests of its unit or shareholders;

7 • The asset management company must be able to demonstrate that the delegate is qualified and capable of undertaking the functions in question, that it was selected with all due care and that the asset management company is in a position to monitor effectively at any time the delegated activity, to give at any time further instructions to the delegate and to withdraw the delegation with immediate effect when this is in the interest of the unit or shareholders of the AIF.

The asset management company shall review the services provided by each delegate on an ongoing basis.

II. - No delegation of portfolio management or risk management shall be conferred upon:

1 • The depositary or a delegate of the depositary;

2 • Any other entity whose interests may conflict with those of the asset management company or the unit or shareholders of the AIF, unless such entity has functionally and hierarchically separated the performance of its portfolio management or risk management tasks from its other potentially conflicting tasks, and the potential conflicts of interest are properly identified, managed, monitored and disclosed to the unit and shareholders of the AIF.

III. - The liability of the asset management company towards the AIF and its unit or shareholders shall not be affected by the fact that it has delegated functions to a third party, or by any further sub-delegation. The asset management company shall not delegate its functions to the extent that it becomes a letter-box entity.

IV. - The delegate may sub-delegate any of the functions delegated to it, provided that the following conditions are met:

1 • The delegating asset management company consented prior to the sub-delegation;

2 • The delegating asset management company notified the AMF before the sub-delegation arrangements become effective;

3 • The conditions set out in Paragraph I are met, on the understanding that all references to the "delegate" are read as references to the "sub-delegate".

V. - No sub-delegation of portfolio management or risk management shall be conferred upon entities referred to in Paragraph II. The relevant delegate shall review the services provided by each sub-delegate on an ongoing basis.

VI. - Where the sub-delegate further delegates any of the functions delegated to it, the conditions set out in Paragraph 4 shall apply *mutatis mutandis*.

## Chapter IV - Conduct of business rules (Articles 319-1 à 319-27)

### Section 1 - General provisions (Articles 319-1 à 319-8)

#### Article 319-1

This Chapter shall apply to management of AIFs by asset management companies, except, for branches established in other European Union Member States, for the AIFs they manage in that State.

Pursuant to Article L. 532-21-3 of the Monetary and Financial Code, this Chapter shall also apply to management of French AIFs by branches established in France by management companies.

Pursuant to Article L. 532-30 of the Monetary and Financial Code, this Chapter shall also apply to management of AIFs by branches established in France by managers.

Asset management companies shall ensure that the relevant persons are reminded that they are bound by the obligation of professional confidentiality, subject to the terms and penalties prescribed by law.

For the application of this Chapter, the term "client" shall designate existing and potential clients, including, where relevant, AIFs or their unit holders or shareholders.

#### Sub-section 1 - Approval of codes of conduct

#### Article 319-2

Where a professional organisation draws up a code of conduct applicable to AIF management, the AMF shall verify whether the code's provisions are consistent with this General Regulation.

The professional organisation may ask the AMF to approve all or part of the code as professional standards.

If, having sought the opinion of the *Association Française des Etablissements de Crédit et des Entreprises d'Investissement* (AFECEI), the AMF considers that some or all the provisions of such code should be recommended to investment services providers, the AMF shall announce its decision by publishing it on its website.

#### Sub-section 2 - Primacy of the AIF and its unit holders or shareholders' interest and market integrity

> Articles 17 to 23 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

#### Article 319-3

The asset management company shall:

1 • Act honestly, with due skill, care and diligence and fairly in conducting their activities;

2 • Act in the best interests of the AIFs or the unit and shareholders of the AIFs they manage and the integrity of the market;

3 • Have and employ effectively the resources and procedures that are necessary for the proper performance of their business activities;

4 • Take all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, to identify, manage and monitor and, where applicable, disclose, those conflicts of interest in order to prevent them from adversely affecting the interests of the AIFs and their unit and shareholders and to ensure that the AIFs they manage are fairly treated;

5 • Comply with all regulatory requirements applicable to the conduct of their business activities so as to promote the best interests of the AIFs or the unit and shareholders of the AIFs they manage and the integrity of the market;

6 • Treat all AIF unit or shareholders fairly. No unit or shareholder in an AIF shall obtain preferential treatment, unless such preferential treatment is disclosed in the relevant AIF's rules or instruments of incorporation.

Article 319-4
*[Empty]*

Article 319-5
*[Empty]*

Article 319-6
Asset management companies that market units or shares in AIFs shall comply with the provisions relating to the assessment of the suitability and appropriateness of the service to be provided set out in Section 4 of Chapter IV of Title I of this Book.

Article 319-7
*[Empty]*

Article 319-8
*[Empty]*

Section 2 - Order handling and execution

Section 3 - Fees (Articles 319-9 à 319-20)

Articles 24 and 107 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

Article 319-9
*[Empty]*

Sub-section 1 - Remuneration policy within the framework of AIF management

Article 319-10
I. - When establishing and applying the total remuneration policies, inclusive of salaries and discretionary pension benefits, for those categories of staff referred to in Article L. 533-22-2 of the Monetary and Financial Code, asset management companies shall comply with the following principles in a way and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities:

1 • The remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the AIFs they manage;

2 • The remuneration policy is in line with the business strategy, objectives, values and interests of the asset management company and the AIFs it manages or the unit and shareholders in such AIFs, and includes measures to avoid conflicts of interest;

3 • The management body of the asset management company, in its supervisory function, adopts and periodically reviews the general principles of the remuneration policy and is responsible for its implementation;

4 • The implementation of remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the management body in its supervisory function;

5 • Staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control;

6 • The remuneration of the senior officers in the risk management and compliance functions is directly overseen by the remuneration committee;

7 • Where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit or AIF concerned and of the overall results of the asset management company. When assessing individual performance, financial as well as non-financial criteria are taken into account;

8 • Assessment of performance is set in a multi-year framework appropriate to the life-cycle of the AIFs managed by the asset management company, in order to ensure that it is based on longer term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes account of the redemption policy of the AIFs it manages and their investment risks;

9 • Guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year;

0 • Fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy, on variable remuneration components, including the possibility to pay no variable remuneration;

1 • Payments related to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;

2 • The measurement of performance, when used to calculate individual or collective variable remuneration components, includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;

3 • Subject to the legal structure of the AIF and its rules or instruments of incorporation, a substantial portion, and in any event at least 50% of any variable remuneration consists of units or shares of the AIF concerned, or equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments, unless the management of AIFs accounts for less than 50% of the total portfolio managed by the asset management company, in which case the minimum of 50% does not apply.

The instruments referred to in this paragraph shall be subject to an appropriate retention policy designed to align incentives with the interests of the asset management company and the AIFs it manages and the unit or shareholders of such AIFs;

4 • Payment of a substantial portion, and in any event at least 40%, of the variable remuneration component, is deferred over a period which is appropriate in view of the life cycle and redemption policy of the AIF concerned. This portion is fairly proportionate to the nature of the risks of the AIF in question.

The period referred to in the previous paragraph shall be at least three to five years unless the life cycle of the AIF concerned is shorter. The remuneration payable under deferral arrangements vests no faster than on a pro-rata basis.

In the case of a variable remuneration component of a particularly high amount, at least 60% of the amount is deferred;

5 • The variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the asset management company as a whole, and justified according to the performance of the business unit, the AIF and the individual concerned.

The total variable remuneration shall generally be considerably reduced where subdued or negative financial performance of the asset management company or of the AIF concerned occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or clawback arrangements;

6 • The pension policy is in line with the business strategy, objectives, values and long-term interests of the asset management company and the AIFs it manages.

If the employee leaves the asset management company before retirement, discretionary pension benefits shall be held by the asset management company for a period of five years in the form of instruments defined in point 13. In the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments defined in point 13, subject to a five-year retention period;

7 • Staff are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;

8 • Variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements of the legislative and regulatory provisions applicable to asset management companies.

II. - The principles set out in paragraph I shall apply to remuneration of any type paid by the asset management company, to any amount paid directly by the AIF itself, including carried interest, and to any transfer of units or shares of the AIF, made to the benefits of those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on their risk profile or the risk profiles of the AIF that they manage.

III. - Asset management companies that are significant in terms of their size or the size of the AIFs they manage, their internal organisation and the nature, the scope and the complexity of their activities shall establish a remuneration committee. The remuneration committee shall be constituted in a way that enables it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk.

The remuneration committee shall be responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the asset management company or the AIF concerned and which are to be taken by the management body in its supervisory function. The remuneration committee shall be chaired by a member of the management body who does not perform any executive functions in the asset management company concerned. The members of the remuneration committee shall be members of the management body who do not perform any executive functions in the asset management company concerned.

Article 319-11

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Sub-section 2 - Other provisions

Article 319-12

Asset management companies shall be remunerated for their management of AIFs by a management fee and, if applicable, a proportionate share of subscription and redemption fees or by incidental fees, under the conditions and within the limits set by Articles 319-13 to 319-20 and 422-91. These conditions and limits shall apply whether the fees are charged directly or indirectly.

Article 319-13

The management fee referred to in Article 319-12 may include a variable portion tied to the outperformance of the AIF relative to the investment objective, provided that:

1 • It is expressly provided for in the key investor information document or, failing this, in the information document for investors in the AIF;

2 • It is consistent with the investment management objective as set out in the prospectus and the key investor information document or, failing this, in the information document for investors in the AIF;

3 • The share in the outperformance of the AIF allocated to the asset management company must not induce that company to take excessive risk with regard to the investment strategy, investment objective and risk profile set out in the prospectus and the key investor information document or, failing this, in the information document for investors in the AIF.

Article 319-14

All fees and commissions paid by the AIF for transactions in the portfolios under management, with the exception of subscription and redemption transactions relating to collective investment scheme, shall be trading costs. They include:

1 • Intermediation costs, taxes and duties included, charged directly or indirectly by third parties that provide:

a) The reception and transmission of orders service and the order execution service for third parties referred to in Article L. 321-1 of the Monetary and Financial Code;

b) The investment decision assistance service;

2 • As appropriate, a turnover commission shared exclusively between the asset management company and the depositary of the AIF.

This turnover commission may also benefit:

a) A company to which the financial management of the portfolio has been delegated;

b) Persons to which the depositary of the AIF has delegated all or part of the responsibility for safekeeping of portfolio assets;

c) An affiliated company conducting only AIF management business, order reception, transmission and execution services, principally on behalf of AIFs managed by the asset management company or by an affiliated company as part of its AIF management activity.

These provisions shall not apply to fees and commissions incurred in connection with advisory and arrangement services, financial engineering, advice on industrial strategy, mergers and acquisitions, or initial public offerings of unlisted securities in which a venture capital fund (fonds de capital investissement), a specialised professional fund or professional venture capital fund has invested.

The sharing of any of the fees or commissions referred to in Point 1 is prohibited unless it would be exclusively and directly of benefit to the AIF. Agreements under which the asset management company shares some of the intermediation fees referred to in Point 1, a, on the occasion of a transaction in a financial instrument shall be prohibited.

Article 319-15

The provisions of Article 319-14 shall not apply to fees and commissions for real-estate advice or operations relating to the purchase or sale of the assets referred to in Article L. 214-36, I, 2, a to c of the Monetary and Financial Code in which the assets of a real-estate collective investment undertakings or a professional real-estate collective investment undertakings are invested.

The nature and terms of calculation of these fees and commissions are expressly mentioned in the prospectus and the key investor information document of the real-estate collective investment undertakings or professional real-estate collective investment undertakings.

Pursuant to Article 319-14, the sharing of fees or commissions shall be prohibited unless it would be exclusively and directly of benefit to the real-estate collective investment undertakings or the professional real-estate collective investment undertakings. Agreements under which the broker, intermediary or counterparty in a transaction involving one of the assets referred to in Article L. 214-36, I, 2, a to c of the Monetary and Financial Code shares the fees referred to in Point 1° of Article 319-14 or the fees referred to in the first paragraph of this Article shall constitute such sharing of fees and commissions.

Article 319-16

Without prejudice to Article 319-13, the income, fees and capital gains generated by AIF management, along with any rights attached thereto, shall belong to the unit and shareholders. The AIF shall be the sole beneficiary of the sharing of management fees and subscription and redemption commissions arising from its investments in collective investment scheme.

The asset management company, the delegate of the asset management company for financial management, the depositary, the delegate of the depositary and the company referred to in Article 319-14, 2, c may receive a share of the income from temporary acquisitions and disposals of securities belonging to the AIF on the terms set out in the prospectus or, failing that, the information document for investors in the AIF.

The prospectus or, failing that, the information document for investors in the AIF may provide for payment of a donation to one or several organisations complying with at least one of the following conditions:

1 • It holds an administrative ruling certifying that it falls under the category of associations exclusively for purposes of assistance, charity, scientific or medical research, or a religious association;

2 • It holds a tax ruling attesting that it is eligible for the scheme of Articles 200 or 238 *bis* of the French General Tax Code entitling to tax rebates on donations;

3° It is a religious congregation that has been legally recognised by decree further to an opinion issued by the Conseil d'État in compliance with Article 13 of the Law of 1st July 1901.

Article 319-17

Asset management companies may enter into written commission-sharing agreements under which the investment services provider providing the order execution service shares the portion of the intermediation fees that it charges for investment decision-making aid services and order execution services with the third party providing such services.

Asset management companies may enter into such agreements provided that they comply with the principles referred to in Articles 319-18 and 319-19.

Article 319-18

The intermediation fees referred to in Article 319-14 shall pay for services that are of direct interest to the AIF.

These fees shall be assessed periodically by the asset management company.

If the asset management company uses investment decision aid and order execution services and if the intermediation fees for the previous year came to more than EUR 500,000, it shall compile a document entitled "Report on Intermediation Fees" that shall be updated as needed. The report shall specify the terms and conditions on which the asset management company used such investment decision aid and order execution services, along with the breakdown between:

1 • Intermediation fees related to order reception, transmission and execution services;

2 • Intermediation fees related to investment decision aid and order execution services.

The breakdown of costs shall be expressed as a percentage and based on an established method using relevant and objective criteria. It may be applied to:

1 • Either all the assets in a single category of AIF;

2 • Or any other procedure suited to the method used for applying costs.

If applicable, the "Report on Intermediation Fees" shall specify the percentage of all intermediation fees in the previous year paid to third parties under the terms of the commission sharing agreements referred to in Article 319-17 for the fees referred to in Article 319-14, 1, b.

It shall also give an account of the measures implemented to prevent or deal with any potential conflicts of interest in the selection of service providers.

This document shall be posted to the asset management company's website, if it has one. The management report of each AIF shall refer expressly to this document. If the asset management company does not have a website, the document shall be included in the management report for each AIF.

Article 319-19

The intermediation fees referred to in Article 319-14, 1, b:

1 • Must be directly related to order execution;

2 • Must not cover:

a) The provision of goods or services that correspond to resources that the portfolio management should have for its programme of activity, such as administrative or accounting management, the purchase or leasing of premises, or compensation for staff;

b) The provision of services for which the asset management company receives a management commission.

Article 319-20

Where units or shares in collective investment scheme managed by an asset management company are purchased or subscribed by that asset management company or an affiliated company on behalf of an AIF, subscription and redemption commissions shall be prohibited, except for the portion retained by the AIF in which the investment has been made.

Section 4 - Information about AIF management (Articles 319-21 à 319-26)

Article 37 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

Article 319-21

Asset management companies shall draw up a document entitled "Voting Policy", which shall be updated as necessary and sets out the terms and conditions on which they intend to exercise the voting rights attached to the securities held by the AIFs that they manage under paragraphs 1, 2 and 6 of sub-section 2, of paragraph 2 or sub-paragraph 1 of paragraph 1 of sub-section 3, or

sub-section 4 of section 2 of Book II, Title I, Chapter IV of the Monetary and Financial Code.

In particular, this document shall describe:

1 • The organisational structure within the asset management company that enables it to exercise such voting rights. It shall specify which bodies within the asset management company are responsible for examining and analysing the resolutions put forward and which bodies are responsible for deciding how the votes shall be cast;

2 • The principles to which the asset management company intends to refer in determining in which cases it will exercise the voting rights. These principles may include holding thresholds that the asset management companies set for taking part in voting on resolutions submitted to general meetings. In such cases, asset management companies shall explain their choice of threshold. These principles may also concern the nationality of the issuing companies whose securities are held by AIFs managed by the asset management company, the investment policy of the AIFs and the use of securities financing transactions by the asset management company;

3 • The principles to which the asset management company intends to refer when exercising voting rights. The asset management company's document shall present its voting policy, heading by heading, corresponding to the types of resolution submitted at general meetings. The headings shall cover, inter alia:

a) Decisions requiring an amendment of the instruments of incorporation;

b) Approval of the financial statements and allocation of any profits or losses;

c) Appointment and dismissal of governing bodies;

d) "Regulated" agreements;

e) Equity security issuance and buyback programmes;

f) Appointment of statutory auditors;

g) Any other specific type of resolution that the asset management company wishes to identify;

4 • A description of procedures to detect, prevent and manage conflicts of interest that might affect the asset management company's independent exercise of voting rights;

5 • An indication of the way in which it customarily exercises voting rights, such as by physically attending general meetings, using proxies without indicating a specific proxy holder, or voting by mail.

This document shall be held at the disposal of the AMF. It may be viewed on the asset management company's website or at its registered office under the terms and conditions specified in the prospectus. It is placed at the disposal, free of charge, of the holders of units or shares in the AIF upon request.

Article 319-22

In a report drawn up within four months of the end of its financial year and appended to the management report of the board of directors or executive board, as the case may be, asset management companies shall report on how they have exercised voting rights in the past year.

This report shall specify, inter alia:

1 • The number of companies in which the asset management company exercised voting rights, compared with the total number

of companies in which it had voting rights;

2 • The cases in which the asset management company considered that it could not adhere to the principles set out in its voting policy document;

3 • The conflicts of interest that the asset management company had to deal with in exercising voting rights attaching to securities held by the AIFs that it manages.

This report shall be held at the disposal of the AMF. It must be available for viewing on the asset management company's website or at its registered office under the terms and conditions specified in the prospectus.

Where an asset management company has not exercised any voting rights during the financial year, further to the voting policy it has drawn up under Article 319-21, it does not prepare the report referred to in this article but shall ensure that clients and investors can access said voting policy on its website.

Article 319-23

At the request of the AMF, asset management companies shall disclose to the AMF how they voted, or whether they abstained from voting, on each resolution and the reasons for those votes or abstentions.

To any AIF unit or shareholder who so requests, asset management companies shall make disclosures available relating to the exercise of voting rights on each resolution submitted to the general meeting of an issuer, whenever the number of that issuer's securities held by the AIF managed by the asset management company reaches or exceeds the holding threshold specified in the voting policy document referred to in Article 319-21.

These disclosures must be available for viewing at the registered office of the asset management company and on its website.

Article 319-24

In the annual reports of venture capital funds, specialised professional funds and professional venture capital funds, asset management companies shall report on their practice for the use of voting rights attaching to securities held in the funds.

The measures referred to in Articles 319-21 to 319-23 shall apply for securities held by venture capital funds, specialised professional funds and professional venture capital funds that are traded on a regulated market of a State that is a party to the European Economic Area agreement or on a recognised foreign market.

Article 319-25

The diligence referred to in Articles 319-21 to 319-23 shall apply to asset management companies for the Employee Investment Funds (FCPE) they manage, when they have received a delegation to exercise the voting rights attaching to securities held by the funds.

Article 319-26

Pursuant to Article L. 621-8-4 of the Monetary and Financial Code, asset management companies shall provide the AMF with data on the composition of the AIFs they manage.

### Section 5 - Obligations in the case of offers of financial securities or minibons via a website (Article 319-27)

Article 319-27

I. – Asset management companies making offers of financial securities or minibons described in Article L. 223-6 of the Monetary and Financial Code via a website on the terms set out in Article 325-48 must, for each project and prior to any subscription, provide the client with the information supplied by the issuer pursuant to Article 217-1 unless a prospectus has been drafted and approved by the AMF. In the latter case, the prospectus is sent to the client.

II. – These items shall be completed by information on:

1 • The terms for collecting subscription applications and transmitting them to the issuer, and the rules applied in the event of oversubscription;

2 • Detail of the fees charged to the investor and the possibility of obtaining, on request, a description of the services provided to the issuer of the securities to which subscription is being considered, and the related fees;

3 • The risks inherent to the project and, in particular, the risk of total or partial loss of the capital, illiquidity risk and the risk of an absence of valuation.

If the issuer is not the company carrying out the project, asset management companies must provide the client, via their website and prior to any subscription, with the information referred to in Article 217-1 pertaining to the company carrying out the project and, where applicable, to those companies intervening between the company carrying out the project and that making the offer. Information must be provided on any contractual agreements between the abovementioned companies, whenever such agreements exist.

Asset management companies are responsible for checking the consistency, clarity and balance of this information.

To make this information easily accessible, all these items must be written in non-technical language.

III. – All marketing information must contain prominent and easily-accessible reference to the risks inherent to the proposed investments and, in particular, the risk of total or partial loss of capital and illiquidity risk.

IV. – Asset management companies shall ensure that the articles of the company carrying out the project presented to investors comply with the laws and regulations on companies making offers that are not subject to publication of a prospectus and are made via a website.

This provision is applicable to companies intervening between the company carrying out the project and that making the offer.

V. – The provisions of 3° of Article 325-51, the final paragraph of Article 325-52 and the second to last paragraph of Article 325-57 shall apply to asset management companies offering the minibons mentioned in Article L. 223-6 of the Monetary and Financial Code via a website, under the conditions stated in Article 325-48.

## Chapter V - Other provisions (Articles 320-1 à 320-25)

### Article 320-1

*[Empty]*

### Section 1 - Management of inside information and restrictions to be applied within the asset management companies of aifs (Articles 320-2 à 320-13)

#### Sub-section 1 - Rules to prevent undue circulation of inside information

### Article 320-2

Asset management companies shall establish and maintain effective and adequate procedures to control the circulation and use of inside information, as defined in Article 7 of the market abuse regulation (regulation n° 596/2014/EU), with the exception of paragraph 1.c of that same Article, taking account of the activities conducted by the group to which they belong and the organisation adopted by the company. These procedures, referred to as "information barriers", shall provide for:

1 • Identification of business segments, divisions, departments or any other entities likely to possess inside information;

2 • The organisation, in particular physical organisation, implemented so as to separate entities within which the relevant persons referred to in point 2 of Article 1 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012 are likely

to possess inside information;

3 • The prohibition of disclosure of inside information by the persons possessing it to other persons, except as provided for in Article 10 the market abuse regulation (regulation n° 596/2014/EU) and after informing the compliance and internal control officer;

4 • The conditions in which the asset management company may authorise a relevant person assigned to a given entity to provide assistance to another entity, whenever one of the two entities is likely to possess inside information. The compliance and internal control officer shall be informed whenever the relevant person assists the entity possessing inside information;

5 • The manner in which the relevant person benefiting from the authorisation provided for in 4° is informed of the temporary consequences thereof on the performance of his regular duties.

The compliance and internal control officer shall be informed when this person returns to his regular duties.

Sub-section 2 - Watch list

Article 320-3

To ensure compliance with the abstention requirement set out in Articles 8, 10 and 14 of the market abuse regulation (regulation n° 596/2014/EU), asset management companies shall establish and maintain an appropriate procedure for supervising the issuers and financial instruments on which they have inside information.

Such supervision shall cover:

1 • Transactions in financial instruments by the asset management company for its own account;

2 • Personal transactions, as defined in Article 63 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012, made by or on behalf of the relevant persons referred to in point 2 of Article 1 of the same Regulation;

To this end, the compliance and internal control officer shall draw up a watch list of the issuers and financial instruments on which the asset management company has inside information.

The relevant entities shall inform the compliance and internal control officer when they believe they possess inside information.

In such case, the issuer or the financial instruments to which the inside information pertains shall be put on the watch list, under the supervision of the compliance and internal control officer.

The watch list shall indicate the reason for adding an issuer or financial instrument to the list and the names of the persons who have access to the inside information.

The provisions of the foregoing paragraph shall not apply where the asset management company, in its capacity as issuer of financial instruments, maintains the list provided for in Article 18 of the market abuse regulation (regulation n° 596/2014/EU).

The relevant entities shall inform the compliance and internal control officer when they believe that information they had previously reported pursuant to the fifth paragraph has ceased to be inside information.

The contents of the watch list are confidential. Dissemination of items in the watch list is restricted to the persons designated by name in the procedures referred to in the first paragraph of Article 320-2.

Article 320-4

The asset management company shall exercise its supervision in accordance with the procedures set out in Article 320-3. It shall

take appropriate measures whenever it detects an anomaly.

The asset management company shall keep a record on a durable medium of the measures it has taken in the event of a material anomaly or, if it takes no measures, of the reasons for so doing.

Sub-section 3 - Restricted list

Article 320-5

I. - Asset management companies shall establish and maintain an appropriate procedure for monitoring compliance with any restrictions that apply to:

1 • Transactions in financial instruments by the asset management company for its own account;

2 • Personal transactions, within the meaning of Article 63 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012, made by or on behalf of the relevant persons referred to in point 2 of Article 1 of the same Regulation;

II. - To this end, the compliance and internal control officer shall establish a restricted list. This list includes those issuers or financial instruments in which the authorised provider must restrict its activities, or the activities of relevant persons, because of:

1 • Legal or regulatory provisions to which the asset management company is subject, other than those resulting from the abstention requirements set out in Articles 8, 10 and 14 of the market abuse regulation (regulation n° 596/2014/EU);

2 • The application of undertakings given on the occasion of a financial transaction.

When an asset management company deems it necessary to prohibit or restrict the performance of an investment service, an investment activity or an ancillary service in respect of certain issuers or financial instruments, those issuers and financial instruments shall also be included on the restricted list.

Article 320-6

Asset management companies shall determine, based on the restricted list, which entities are subject to the restrictions referred to in Article 320-5 and how those restrictions shall apply.

They shall inform the relevant persons affected by the restrictions of the list and the nature of the restrictions.

Article 320-7

*[Empty]*

Article 320-8

*[Empty]*

Article 320-9

*[Empty]*

Article 320-10

*[Empty]*

Article 320-13

*[Empty]*

Section 2 - Obligations relating to prevention of money laundering and financing of terrorism (Articles 320-14 à 320-23)

Article 320-14

Asset management companies shall have organisational structures and procedures that enable them to comply with the vigilance and disclosure requirements provided for in Book V, Title VI of the Monetary and Financial Code relating to the prevention of money laundering and terrorist financing.

Article 320-15

The asset management company shall be subject to the provisions of this section by virtue of the marketing of shares or units in an AIF, either by itself or through an agent, whether it manages the fund or not.

Article 320-16

The asset management company shall establish systems for assessing and managing the risks of money laundering and terrorist financing.

It shall set up suitable organisational structures, internal procedures and a supervision system to ensure compliance with the obligations relating to the prevention of money laundering and terrorist financing.

Article 320-17

The asset management company shall appoint a member of management to be responsible for implementing the anti-money laundering and terrorist financing system stipulated in Article L. 561-32 of the Monetary and Financial Code.

This manager may delegate some or all of the implementation under the following conditions:

1 • The empowered person must have the necessary authority, resources and skills, and access to all relevant information;

2 • The empowered person must not be involved in the execution of the services and activities under supervision.

The manager shall remain responsible for the delegated activities.

Article 320-18

The asset management company shall ensure that the reporting party and correspondent referred to in Articles R. 561-23 and R. 561-24 of the Monetary and Financial Code have access to all the information they need to perform their duties. The company shall provide them with the appropriate tools and resources to comply with their obligations relating to the prevention of money laundering and terrorist financing.

The abovementioned reporting party and correspondent shall also be informed of:

1 • Incidents relating to the prevention of money laundering and terrorist financing that are brought to light by internal control systems.

2 • Shortcomings found by domestic or foreign supervisory authorities in the implementation of provisions relating to the prevention of money laundering and terrorist financing.

Article 320-19

In order to establish the systems referred to in Article 320-16, the asset management company shall compile and periodically update a classification of the money laundering and terrorist financing risks involved in the services that it provides. It shall assess its exposure to these risks in accordance with the terms and conditions under which the services are provided and the characteristics of its clients.

For this purpose, it shall consider the information published by the international body for cooperation and coordination in the prevention of money laundering and by the Minister for the Economy.

Article 320-20

The asset management company shall draft and implement written internal procedures to ensure compliance with the provisions relating to the prevention of money laundering and terrorist financing. It shall update them periodically.

These internal procedures shall focus on:

1 • Assessing, monitoring and managing the risks of money laundering and terrorist financing;

2 • Implementing vigilance measures, such as:

a • The requirements and procedures for accepting new clients and occasional clients;

b • Due diligence for identifying and obtaining knowledge about clients, beneficial owners and the purpose and nature of the business relationship. The frequency of these information updates shall be specified;

c • The additional vigilance measures referred to in Articles L. 561-10 and L. 561-10-2 of the Monetary and Financial Code and the requirements and procedures for their implementation.

d • The information to be gathered and retained about the transactions referred to in II of Article L. 561-10-2 of the Monetary and Financial Code;

e • The vigilance measures to be implemented with regard to any other risks identified by the risk classification referred to in Article 320-19;

f • The procedures for implementing these vigilance obligations through a third party pursuant to Article L. 561-7 of the Monetary and Financial Code;

g • The vigilance measures for determining the conditions in which it needs to sign the agreement referred to in Article R. 561-9 of the Monetary and Financial Code.

3 • If the asset management company belongs to a financial group, a mixed group or a financial conglomerate, the procedures for circulating the information needed to organise the prevention of money laundering and terrorist financing within the group as stipulated in Article L. 511-34 of the Monetary and Financial Code, while ensuring that this information is not used for any other purpose than the prevention of money laundering and terrorist financing;

4 • Detecting and dealing with unusual or suspicious transactions;

5 • Implementing the obligation to report and send information to the national financial intelligence unit;

6 • Procedures for sharing information about suspicious transaction reports sent to the national financial intelligence unit, when the entities concerned belong to a group or act on behalf of the same client and in the same transaction as stipulated in Articles L. 561-20 and L. 561-21 of the Monetary and Financial Code;

7 • The record-keeping procedures for the purposes of 2, as well as:

a • The results of the enhanced examination referred to in Article R. 561-22 of the Monetary and Financial Code;

b • The information, documents and reports about the transactions referred to in Article L. 561-15 of the Monetary and Financial Code.

Article 320-21

The internal procedures shall also specify under what conditions the asset management company applies the provisions of Article L. 561-34 of the Monetary and Financial Code in terms of vigilance and record-keeping with regard to its branches and subsidiaries in other countries.

Article 320-22

When it implements its investment policies for its own account or for third parties, the asset management company shall assess the risk of money laundering and terrorist financing and establish procedures to oversee the investment selections made by its employees.

Article 320-23

When recruiting employees, the asset management company shall consider the risks relating to the prevention of money laundering and terrorist financing, in accordance with employees' level of responsibility.

At the time of hiring, and periodically thereafter, it shall provide its personnel with information on and training in the applicable regulations and amendments, current money-laundering techniques, prevention and detection measures, and the procedures and terms referred to in Article 320-17. They shall be adapted to the functions performed, members, locations and risk classification.

It shall draft and implement written procedures to ensure compliance with the provisions relating to the prevention of money laundering and terrorist financing.

### Section 3 - Miscellaneous provisions (Article 320-24)

Articles 50 to 56 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

Article 320-24

Chapters III, IV and V of this Title and Article 316-2 (V) apply to the relevant persons referred to in point 2 of Article 1 of Delegated Regulation (EU) N° 231/2013 of the Commission of 19 December 2012.

The rules adopted by the asset management company under the provisions of Chapters III, IV and V of this Title and Article 316 2 (V) and applying to the relevant persons referred to in point 2 of Article 1 of Delegated Regulation No. 231/2013 mentioned above shall constitute professional obligations for those persons.

Chapters IV and V of this Title and Article 316-2 (V) shall apply to the relevant persons referred to in point 2 of Article 1 of Delegated Regulation N° 231/2013 mentioned above in branches established in France by management companies or managers.

### Section 4 - Handling and monitoring of subscription applications and book (Article 320-25)

Article 320-25

When it makes offers of financial securities via a website on the terms set out in Article 325-48, the asset management company may provide a subscription application handling and monitoring service that includes the registration of financial securities in a securities account. This service shall be formalised in an agreement between the asset management company and the mandating issuer setting out in particular the obligations of the asset management company and the fees charged. For this purpose, it shall collect notably the personal data of subscribers and transmit it to the issuer for registration in the records of the latter.

The asset management company shall implement a procedure setting out:

1 • The terms for handling and monitoring subscription applications, notably in the event of oversubscription.

2 • The procedure for registering financial securities in a securities account.

This procedure shall provide for time stamping of the subscription applications on receipt.

The asset management company shall act with diligence and professionalism when processing subscription applications and registering financial securities in a securities account.

It shall keep a record of the service provided on a durable medium.

If the offer is cancelled, it shall inform the client promptly.

## Title I ter - Asset management companies of UCITS (Articles 321-1 à 321-152)

Article 321-1

I. - The present Title is applicable to asset management companies that are authorised to manage UCITS.

II. - An asset management company may apply for authorisation to provide investment services comprising portfolio management on behalf of a third party or investment advice referred to in 4 and 5 of Article L. 321-1 of the Monetary and Financial Code.

III. - When it is authorised to provide one or more of the investment services referred to in II or when it markets units or shares of UCITS or AIFs in France in accordance with Article 411-129 and Article 421-26, to perform these activities it shall comply with the provisions of this Title as well as the provisions applicable to investment services providers contained in Title I.

IV. - When an asset management company markets financial instruments in accordance with Article L. 533-24-1 of the Monetary and Financial Code, it shall comply with section 2 of Chapter III of Title I.

V. - Unless otherwise provided, asset management companies that are authorised in accordance with Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 and authorised in accordance with Directive 2011/61/EU of the Parliament and of the Council of 8 June 2011 shall cumulatively apply Title I *bis* and Title I *ter* of the present Book.

### Chapter I - Procedures for authorisation, programme of operations and passport (Articles 321-2 à 321-8)

#### Section 1 - Authorisation and programme of operations (Articles 321-2 à 321-7)

##### Sub-section 1 - Authorisation

Article 321-2

The authorisation of an asset management company referred to in Article L. 532-9 of the Monetary and Financial Code requires submission to the AMF of an application specifying the scope of the authorisation, together with a file that complies with the model provided for in Article R. 532-10 of the Monetary and Financial Code.

The file shall include a programme of operations for each of the services that the asset management company intends to provide, specifying the conditions in which it expects to provide those services and indicating the type of transactions envisaged and its organisational structure. The programme of operations is supplemented, where necessary, by additional information corresponding to the assets used by the asset management company. The AMF issues an acknowledgement of receipt when it receives this file.

Article 321-3

In deciding whether to grant authorisation to an asset management company, the AMF shall review the items in the file referred to in Article 321-2, along with the items set forth in Chapter II of this Title. The AMF may require the applicant to produce any additional information it needs to make its decision. The AMF shall outline the scope of the authorisation.

The AMF shall reach a decision on the application within three months of receiving the file.

It may extend this deadline by up to three months where it considers this necessary due to special circumstances, having notified the asset management company.

Article 321-4

For any amendments to the information provided in the asset management company's authorisation file pursuant to Article 321 2, a prior declaration, notification or application for authorisation, as appropriate, is made to the AMF.

On receiving the prior declaration, notification or application for authorisation from the asset management company, the AMF issues a receipt.

In accordance with II of Article L. 532-9-1 of the Monetary and Financial Code, when the asset management company submits an application for authorisation prior to making a material change to the information in its authorisation file, the AMF has one month to notify the company of its rejection or of any restrictions placed on its application.

Should the specific circumstances of the case so justify, the AMF may notify the applicant that this deadline has been extended by up to one month.

The changes are implemented at the end of the one-month assessment period, extended as appropriate.

### Sub-section 2 - Withdrawal of authorisation and deregistration

Article 321-5

Except in cases where the company requests withdrawal, the AMF, whenever it envisages withdrawing a management company's authorisation pursuant to Article L. 532-10 of the Monetary and Financial Code, shall so inform the company, specifying the reasons for which such decision is envisaged. The company shall have one month from receipt of such notification to submit any observations it may have.

Where the asset management company manages a UCITS established in another European Union Member State or in another State party to the European Economic Area agreement, the AMF consults the competent authorities of the home Member State before withdrawing the authorisation of the management company of the UCITS.

Where the AMF is consulted by the competent authorities of the home Member State of an asset management company that manages a French UCITS, it shall take appropriate measures to safeguard the interests of the UCITS's unit holders or shareholders. These measures may include measures preventing the asset management company from carrying out new transactions on the behalf of the UCITS.

Article 321-6

When the asset management company requests the AMF to withdraw its authorisation, the company must comply with 1 to 3 and the last paragraph of Article L. 532-10 of the Monetary and Financial Code.

When the AMF decides of its own accord to withdraw an authorisation, the company concerned shall be notified of the AMF's decision by registered letter with acknowledgement of receipt. The AMF shall inform the public of the withdrawal by inserting notices in newspapers or other publications of its choosing.

During this period:

a) The company shall be put under the supervision of an administrator appointed by the AMF on the basis of his or her skills. The administrator shall be bound by professional secrecy rules. The administrator appointment decision shall specify the terms of their monthly compensation, allowing, in particular, for the nature and importance of the work and the position of the appointed administrator. If he manages another company, said company may not acquire the clientele directly or indirectly;

b) The administrator shall choose another asset management company to manage the collective investments. If the administrator does not find an asset management company, he shall invite the custodians to enter into proceedings for liquidation of the collective investments;

c) The company may make only such transactions as are strictly necessary to protect the interests of the unitholders or shareholders of the managed collective investments and its clients;

d) The company shall inform the custodians and unitholders or shareholders of the managed collective investments of the withdrawal of authorisation, as well as the custody account-keepers of the individual portfolios under discretionary management and its clients;

e) The company shall ask its clients in writing to request transfer of their accounts to another investment service provider, or to request liquidation of their portfolios, or to manage their portfolios themselves;

f) The company shall update its website notably by removing all references to its capacity of asset management company;

g) On the day the withdrawal of authorisation comes into effect, the company shall change its company name and its corporate object.

Article 321-7
When the AMF deregisters the company pursuant to Article L. 532-12 of the Monetary and Financial Code, the AMF shall notify the company of its decision in accordance with the conditions stipulated in Article 321-6. The AMF shall inform the public by inserting notices in newspapers or other publications of its choosing.

### Section 2 - Passport (Article 321-8)

Article 321-8
An asset management company seeking to create and manage a UCITS or to provide investment services under the freedom to provide services or under the right of establishment in another European Union Member State or in another State party to the European Economic Area agreement, shall notify the AMF of its plans in accordance with Articles R. 532-24, R. 532-25, R. 532 28 and R. 532-29 of the Monetary and Financial Code.

## Chapter II - Authorisation requirements for asset management companies and for acquiring or increasing an equity interest in an asset management company (Articles 321-9 à 321-22)

### Section 1 - Authorisation requirements (Articles 321-9 à 321-14)

Article 321-9
The asset management company shall have its registered office in France. It may be incorporated in any form, subject to a review of its constitutive rules to ensure they are consistent with the laws and regulations applicable to the company and provided its accounts are subject to a statutory audit.

Article 321-10
I. - The share capital of an asset management company must be at least EUR 125,000 and must be fully paid in cash at least to this minimum amount.

II. - When authorisation is granted and in subsequent financial years, the asset management company must be able to prove at

any time that its capital is at least equal to the higher of the two amounts specified in Points 1° and 2° below:

1 • EUR 125,000 plus an amount equal to 0.02 % of assets under management by the asset management company in excess of EUR 250 million.

The total capital requirement shall not exceed EUR 10 million.

The assets included in the calculation of the additional capital requirement referred to in the third paragraph are:

a) French or collective investments, organised as companies, that have delegated the overall management of their portfolio to the asset management company;

b) French or foreign collective investments in the form of funds, managed by the asset management company, including portfolios for which it has delegated management to another entity, but excluding portfolios that it manages on a delegated basis.

Up to 50% of the additional capital requirement may be met by a guarantee given by a credit institution or insurance undertaking having its registered office in another State party to the European Economic Area agreement, or in another State, provided the guarantor is subject to prudential rules that the AMF deems equivalent to those applicable to credit institutions and insurance undertakings having their registered offices in States parties to the European Economic Area agreement.

2 • One-quarter of general operating expenses for the preceding financial year, calculated in accordance with Articles 34 *ter* to 34 *quinter* of Commission Regulation (EU) No. 241/2014 of 7 January 2014.

Where an asset management company is also authorised to manage a securitisation vehicle mentioned in I of Article L. 214-167 of the Monetary and Financial Code, it is not subject to the provisions of this section II.

III. - The capital requirement at the time of authorisation shall be calculated on the basis of forecast data.

For subsequent years, the amount of general operating expenses and the total value of portfolio assets used to determine the capital requirement shall be calculated on the basis of the most recent of the asset management company's financial statements for the preceding financial year, interim statement of financial position certified by the statutory auditor, or the data sheet referred to in Article 321-75.

Article 321-11

I. - The asset management company's own funds must be invested in liquid assets or assets that can easily be converted into cash in the short term and that do not include speculative positions.

II. - However, if own funds exceed 130% at least of the regulatory own funds mentioned in Article 321-10, the excess portion of this amount may be invested in assets that do not meet the requirements of I, provided that these assets do not create a material risk for the company's regulatory own funds.

Article 321-12

The asset management company shall disclose the identities of legal entities or individuals who are direct or indirect shareholders with qualifying holdings as well as the amounts of their holdings. The AMF shall assess the quality of the company's shareholders having regard to the need for sound and prudent management and proper performance of its own supervisory responsibilities. It shall make the same assessment of partners and members in an economic interest grouping.

Article 321-13

The asset management company shall be effectively directed by at least two persons of sufficiently good repute and sufficient experience for their duties, so as to ensure sound and prudent management.

At least one of these two persons must be a company officer with the power to represent the company in its dealings with third parties.

The other person may be the chairman of the board of directors or a person specifically empowered by the company's governing bodies or bylaws to direct the company and determine its policies.

Article 321-14
The persons who effectively manage the asset management company within the meaning of Article 321-13 shall undertake to inform the AMF without delay of any changes in the situation they declared when they were appointed.

Section 2 - Content of the programme of operations (Articles 321-15 à 321-17)

Article 321-15
The asset management company shall have a programme of operations that complies with the provisions of Chapter III.

Article 321-16
An asset management company may hold equity interests in companies set up for purposes that represent an extension of its own activities. These holdings shall be compatible with the measures that the asset management company is required to take in order to detect and prevent or manage the conflicts of interest that may arise from these holdings.

Article 321-17
*[Empty]*

Section 3 - Requirements for acquiring or increasing an equity interest in an asset management company (Articles 321-18 à 321-22)

Article 321-18
The AMF shall be notified of any transaction that enables a person acting alone or in concert with other persons, within the meaning of Article L. 233-10 of the Commercial Code, to acquire, increase or decrease or cease owning, directly or indirectly, a qualifying holding in an asset management company. The notice must be given to the AMF by the person or persons concerned before the transaction is executed, if one of the following conditions is met:

1 • The capital or voting rights held by the person(s) exceed or fall below one-tenth, one-fifth, one-third or one-half of the capital or voting rights;

2 • The asset management company becomes or stops being a subsidiary of the person(s) concerned;

3 • The person or persons gain or lose significant influence over the management of the management company as a result of the transaction.

Article 321-19
For the purposes of this Chapter:

1 • A “qualifying holding” means, pursuant to sub-paragraph j of Article 2(1) of Directive 2009/65/EC of 13 July 2009, “a direct or indirect holding in a management company which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of the management company in which that holding subsists”;

2 • Voting rights are calculated in accordance with the provisions of Article L. 233-4, points I and IV of Article L. 233-7 and Article L. 233-9 of the Commercial Code;

3 • The capital holding is calculated by adding up, as applicable, the direct holding and any indirect holdings in the capital of the

asset management company. Indirect holdings are calculated by multiplying together the fractions held in the capital of each intermediate entity and in the capital of the asset management company;

4 • The fraction of capital or voting rights held by investment firms or credit institutions as a result of underwriting or guaranteed placement of financial instruments, within the meaning of 6-1 or 6-2 of Article D. 321-1 of the Monetary and Financial Code, shall not be counted, as long as these rights are not exercised or used in any other way to influence the issuer's management and provided that they are sold within one year of acquisition;

5 • In the case of an indirect holding, any person likely to acquire, sell or lose a qualifying holding must notify the AMF of this. However, without prejudice to the obligations of the direct holder, the final holder may make notifications for and on behalf of the entities under its control, provided it includes the relevant information on these entities.

Article 321-20

Transactions to acquire or increase qualifying holdings are subject to prior authorisation by the AMF under the following conditions:

1 • Within two trading days of receipt of the notice and all the documents required, the AMF shall provide the applicant with written acknowledgement of receipt.

The AMF shall have up to sixty trading days, starting from the date of the written acknowledgement of receipt of the notice, in which to assess the transaction. The written acknowledgement of receipt shall specify the expiry date of the assessment period.

2 • During the assessment period and by the fiftieth trading day thereof at the latest, the AMF may request further information to complete the assessment. This request shall be made in writing and shall specify additional necessary information. Within two trading days of receipt of the further information, the AMF shall send the applicant a written acknowledgement of receipt.

The assessment period shall be suspended from the date of the AMF's request for further information until the receipt of the applicant's response to this request. The suspension shall not last more than twenty trading days. The AMF may make further requests for more information or clarifications, but these requests shall not suspend the assessment period.

3 • The AMF may extend the suspension mentioned in the preceding paragraph to thirty trading days, if the applicant:

a) Is located outside of the European Union or is covered by regulations from outside the Union;

b) Is not subject to monitoring under the terms of European Directives 2006/48/EC, 85/611/EC, 92/49/EEC, 2002/83/EC, 2004/39/EC or 2005/68/EC.

4 • If the AMF decides to object to a planned acquisition after the assessment, it shall give written notice of its decision to the applicant within two trading days and before the end of the assessment period. The AMF shall give the grounds for its decision. The asset management company shall also be notified.

At the request of the applicant, the AMF shall publish the grounds for its decision on the website mentioned in Article R. 532-15-2 of the Monetary and Financial Code.

5 • If the AMF has not made a written objection to the planned acquisition by the end of the assessment period, the acquisition shall be deemed to be approved.

6 • The AMF may set a deadline for completing the planned acquisition and may extend this deadline.

7 • If the AMF receives several notifications under the terms of Article L. 532-9-1 of the Monetary and Financial Code concerning

the same asset management company, it shall examine them jointly in such a way as to ensure equal treatment of the applicants.

Notwithstanding the preceding provisions, the AMF shall be notified only of transactions that occur between companies directly or indirectly owned and controlled by the same company and that change the structure of ownership among the existing shareholders holding, prior to the transaction, a determined participating interest among the existing shareholders of the asset management company, unless such transactions result in the transfer of control or ownership of some or all of the abovementioned rights to persons that are not subject to the laws of a State party to the European Economic Area agreement.

When the number or distribution of voting rights is restricted in relation to the number or distribution of the relevant shares or units under the provisions of legislation or the articles of association, the percentages stipulated in this Chapter and in Article 321-19 shall be calculated in terms of shares or units respectively.

Article 321-21

Transactions involving the sale or decrease qualifying holdings in an asset management company mentioned in Article 321-18 shall entail a re-examination of the authorisation in view of the need to ensure sound and prudent management.

Article 321-22

The AMF may ask asset management companies for the identity of partners or shareholders who report holdings of less than one twentieth, but more than 0.5%, or the relevant figure set by the articles of association for the purposes of Article L. 233-7 of the Commercial Code.

## Chapter III - Organisational requirements (Articles 321-23 à 321-97)

### Section 1 - General organisational requirements (Articles 321-23 à 321-29)

Article 321-23

I. - Asset management companies must use adequate and appropriate resources, including material, financial and human resources at all times.

II. - They shall establish and maintain effective decision-making procedures and an organisational structure that clearly and in a documented manner specifies reporting lines and allocates functions and responsibilities.

III. - They shall ensure that their relevant persons are aware of the procedures which must be followed for the proper discharge of their responsibilities.

IV. - They shall establish and maintain effective and adequate internal control mechanisms designed to secure compliance with decisions and procedures at all levels of the asset management company.

V. - They shall employ personnel with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them.

VI. - They shall establish and maintain effective and effective internal reporting and communication of information at all relevant levels.

VII. - They shall maintain adequate and orderly records of their business and internal organisation.

VIII. - They shall ensure that the performance of multiple functions by relevant persons does not and is not likely to prevent those persons from discharging any particular function soundly, honestly, and professionally.

IX. - For the purposes of I to VIII above, asset management companies shall take into account the nature, scale, complexity and range of the services that they provide and the businesses that they engage in.

Article 321-24
Asset management companies shall establish and maintain effective systems and procedures that are adequate to safeguard the security, integrity and confidentiality of information, taking into account the nature of the information in question.

Article 321-25
Asset management companies shall establish and maintain effective business continuity plans aimed to ensure, in the case of an interruption to their systems and procedures, the preservation of essential data and functions, and the maintenance of their UCITS management activity, or, where that is not possible, the timely recovery of such data and functions and the timely resumption of their activities.

Article 321-26
Asset management companies shall establish and maintain effective accounting policies and procedures that enable them, at the request of the AMF, to deliver in a timely manner financial reports which reflect a true and fair view of their financial position and which comply with all applicable accounting standards and rules.

Article 321-27
Asset management companies shall monitor and, on a regular basis, to evaluate the adequacy and effectiveness of their systems, internal control mechanisms and other arrangements established in accordance with Articles 321-23 to 321-26, and to take appropriate measures to address any deficiencies.

Article 321-28
The annual financial statements of the asset management company must be certified by a statutory auditor. Within six months of the end of the financial year, asset management companies shall file copies of their balance sheet, income statement and the notes to the financial statements, along with their annual management reports and notes, the statutory auditors' general and special reports with the AMF. If applicable, the companies shall also produce consolidated financial statements.

Article 321-29
The asset management company shall:

1 • Ensure that the accounting procedures referred to in Article 321-26 are applied so that unit holders and shareholders in the UCITS are protected;

2 • Establish appropriate procedures to ensure the proper and accurate valuation of the assets and liabilities of the UCITS, as consistent with the applicable rules referred to in Article L. 214-17-1 of the Monetary and Financial Code;

3 • Ensure compliance with Articles 411-24 to 411-33.

## Section 2 - Compliance system (Articles 321-30 à 321-33)

### Sub-section 1 - General provisions

Article 321-30
Asset management companies shall establish and maintain appropriate operational policies, procedures and measures to detect any risk of non-compliance with the professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code and the subsequent risks and to attenuate those risks.

For the purposes of the preceding paragraph, asset management companies shall take into account the nature, scale, complexity and range of the businesses that they engage in.

Article 321-31

I. - The asset management company shall establish and maintain an effective compliance function that operates independently. Its role is to:

1 • Monitor and, on a regular basis, assess the adequacy and effectiveness of policies, procedures and measures implemented for the purposes of Article 321-30, and actions taken to remedy any deficiency in compliance of asset management company and the relevant persons with their professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code;

2 • Advise and assist the relevant persons in charge of the management company's services and business so that they comply with the asset management company's professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code.

II. - In this Title, a relevant person is any person who is:

1 • A manager, member of the board of directors, the supervisory board, or the executive board, managing director or deputy managing director, or any other company officer or tied agent of the asset management company referred to in Article L. 545-1 of the Monetary and Financial Code;

2 • A manager, member of the board of directors, the supervisory board, or the executive board, managing director or deputy managing director, or any other company officer of any tied agent of the asset management company;

3 • An employee of the asset management company or of a tied agent of the asset management company;

4 • A natural person that is seconded to and placed under the authority of the asset management company or of a tied agent of the asset management company and that takes part in the management of a collective investment scheme by the asset management company;

5 • A natural person who takes part, under a delegation of authority to manage a collective investment scheme, in the investment asset management company's management of such a scheme.

Article 321-32

Asset management companies shall ensure that the following conditions are met to enable the compliance function to perform its tasks properly and independently:

1 • The compliance function must have the necessary authority, resources and expertise and access to all relevant information;

2 • A compliance and internal control officer must be appointed and must be responsible for this function and for reporting as to compliance, including the report referred to in Article 321-36.

3 • The relevant persons involved in the compliance function are not involved in the performance of the services and activities that they monitor;

4 • The method for determining the remuneration of the relevant persons involved in the compliance function must not compromise their objectivity and must not be likely to do so.

However, asset management companies shall not be required to comply with Points 3° or 4° if they are able to demonstrate that, in view of the nature, scale, complexity and range of the businesses that they engage in, the requirements under Points 3° or 4° are not proportionate and that their compliance function continues to be effective.

Sub-section 2 - Appointment and responsibilities of the compliance and internal control officer

Article 321-33

The compliance and internal control officer referred to in Point 2° of Article 321-32 shall hold a professional license issued under the conditions defined in Section 8 of this Chapter.

Senior management shall apprise the board of directors, the supervisory board or, failing that, the body responsible for supervision, if such a body exists, of the appointment of the compliance and internal control officer.

Section 3 - Responsibilities of senior management and supervisory bodies (Articles 321-34 à 321-36)

Article 321-34

For the purposes of this Section, the supervisory body shall be the board of directors, the supervisory board or, failing that, the body responsible for supervision of senior management referred to in Article L. 532-9 of the Monetary and Financial Code, if such a body exists,.

Article 321-35

The responsibility for ensuring that asset management companies comply with their professional obligations stipulated in II of Article L. 621-15 of the Monetary and Financial Code shall lie with senior management and, where appropriate, with the supervisory body.

More specifically, senior management and, where appropriate, the supervisory body, shall periodically assess and review the effectiveness of the policies, systems and procedures that the asset management company has established to comply with its professional obligations and take the appropriate measures to remedy any deficiencies.

The asset management company shall ensure that its senior management:

a) is responsible, with regard to each UCITS and managed by the asset management company, for implementing the general investment policy set forth in the SICAV's prospectus, rules or articles of association, as the case may be;

b) oversees the approval of investment strategies for each managed UCITS;

c) is responsible for ensuring that the asset management company has a permanent and effective compliance function, within the meaning of Article 321-31, even if this function is performed by a third party;

d) ensures and verifies on a periodic basis that the general investment policy, the investment strategies and the risk limits of each managed UCITS are properly and effectively implemented and complied with, even if the risk management function is performed by third parties;

e) approves and reviews on a periodic basis the adequacy of the internal procedures for undertaking investment decisions for each UCITS, so as to ensure that such decisions are consistent with the approved investment strategies;

f) approves and reviews on a periodic basis the risk management policy and arrangements, processes and techniques for implementing that policy, as referred to in Article 321-78, including the risk limit system for each managed UCITS;

g) in application of Article L. 621-8-4 of the Monetary and Financial Code, informs the AMF immediately of any incidents that could lead to a loss or gain for the asset management company, a cost linked to its civil or criminal liability, an administrative sanction or reputational damage and resulting from non-compliance with Articles 321-23 to 321-26, of an amount that exceeds 5% of its regulatory capital. Under the same conditions, they shall also inform the AMF of any event preventing the asset management company from meeting the requirements of its authorisation. They shall provide the AMF with an incident report indicating the nature of the incident, the measures implemented after it happened and the initiatives taken to prevent similar incidents from taking place in the future.

Article 321-36

Asset management companies shall ensure that senior management receives frequent compliance, risk control and periodic control reports at least once a year specifying if the appropriate measures have been taken in the event of deficiencies.

Asset management companies shall also ensure that its supervisory body, if such a body exists, receives periodic written reports on the same topics.

These reports give information about the implementation of investment strategies and internal procedures for approving the investment decisions referred to in items b to e of Article 321-35.

### Section 4 - Verification of the knowledge of specified persons (Articles 321-37 à 321-39)

#### Article 321-37

I.- The asset management company shall ensure that natural persons acting on its behalf have the minimum qualification as well as a sufficient level of knowledge.

II. - It verifies that the persons carrying out one of the following functions can prove they have the minimum level of knowledge set forth in Point 1° of II of Article 321-39:

a) asset manager, within the meaning of Article 321-38;

b) compliance and internal control officer, within the meaning of Article 321-53;

III. - The asset management company shall not carry out the verification provided for in II with regard to persons employed as at 1 July 2010. Persons having passed one of the examinations referred to in Point 3° of II of Article 321-39 shall be deemed to have the minimum knowledge required to perform their duties.

IV. - To conduct the verification referred to in II, asset management company has six months from the date on which the employee starts to perform one of the above functions. However, where the employee has been taken on under a work/study contract, as provided in Articles L. 6222-1 and L. 6325-1 of the labour code, the asset management company may not conduct such verification. If it decides to hire the employee when his or her training period finishes, the asset management company shall ensure that he or she has the minimum qualification as well as a sufficient level of knowledge as referred to in I, at the latest by the end of the contract training period.

The asset management company shall ensure that any employee whose minimum knowledge has not yet been verified is appropriately supervised.

#### Article 321-38

An asset manager is any person authorised to take investment decisions in connection with the management of one or more UCITS.

#### Article 321-39

I. - The AMF has formed a Financial Skills Certification Board.

1 • The Financial Skills Certification Board issues opinions at the request of the AMF concerning certification of the professional knowledge of natural persons acting under the authority or on behalf of asset management companies and performing one of the functions referred to in II of Article 321-37;

2 • When rendering opinions, the Financial Skills Certification Board considers the possibility of establishing equivalencies with similar schemes abroad.

II. - Further to an opinion of the Financial Skills Certification Board, the AMF:

1 • Determines the content of the minimum knowledge to be acquired by natural persons acting under the authority or on behalf of an asset management company and performing one of the functions referred to in II of Article 321-37. It shall publish that content;

2 • Sees to it that the minimum knowledge content is updated;

3 • Determines and verifies the arrangements for the examinations that validate acquisition of the minimum knowledge;

4 • Certifies examinations for a two-year period within three months of the filing of applications.

This deadline shall be extended as necessary until requests for further information are met.

Certification can be renewed for a three-year period.

5 • The AMF shall charge an application fee when applications for certification are filed. The AMF shall determine the amount of this fee.

III. - The Financial Skills Certification Board has at least seven members:

1 • One AMF representative;

2 • At least four members named by the AMF on the basis of their professional skills, after consulting with the main professional associations representing investment services providers;

3 • Two independent persons named by the AMF and skilled in the fields of education or vocational training in finance.

The Financial Skills Certification Board chooses one of its members as chairman.

The members of the Financial Skills Certification Board are appointed for a renewable three-year term.

The AMF publishes the list of members.

IV. - The Financial Skills Certification Board shall draw up bylaws, approved by the AMF.

V. - Members are of the Financial Skills Certification Board receive no remuneration.

### Section 5 - Complaint handling (Articles 321-40 à 321-41)

#### Article 321-40

Asset management companies shall establish and maintain an effective and transparent procedure for reasonable and prompt handling of complaints received from holders of units or shares in a UCITS when no investment service is provided to them when they subscribe.

These unitholders or shareholders can file complaints free of charge with the asset management company.

Asset management companies shall respond to the complaint within a maximum of two months from the date of receipt of the complaint, except in duly justified exceptional circumstances.

They shall implement a procedure for handling complaints from unitholders and shareholders in an equal and consistent manner. This procedure shall be allocated the necessary resources and expertise.

Asset management companies shall record each complaint and the measures taken to handle it. They shall also implement a complaint handling monitoring system enabling them to identify problems and implement the appropriate corrective measures.

Information on the complaint handling procedure shall be made available to unitholders and shareholders free of charge.

The complaint handling procedure shall be proportionate to the size and structure of the asset management company.

Article 321-41

Asset management companies shall take measures in accordance with Article 411-138 and establish appropriate procedures and arrangements to ensure that they deal properly with complaints from all holders of units or shares in a UCITS and that there are no restrictions on these persons exercising their rights if they reside in another European Union Member State or State party to the European Economic Area agreement. These measures shall allow holders of units or shares in a UCITS to send a complaint in the official language or one of the official languages of the Member State in which the UCITS is sold and to receive a response in the same language.

Asset management companies shall also establish appropriate procedures and arrangements to supply information, at the request of the public or, where the asset management company manages a UCITS established in another European Union Member State or State party to the European Economic Area agreement, of the competent authorities of the home Member State of that UCITS.

These provisions apply if no investment service is provided upon subscription.

Section 6 - Personal transactions (Articles 321-42 à 321-45)

Article 321-42

I. - For the purposes of this Title, "personal transaction" shall refer to a transaction carried out by or on behalf of a relevant person where at least one of the following criteria is met:

1 • The relevant person is acting outside of the scope of his functions;

2 • The transaction is carried out on behalf of one of the following persons: the relevant person, any person with whom he has a family relationship or close links, a person whose relationship with the relevant person is such that the relevant person has a material direct or indirect in the outcome of the trade, other than the payment of a fee or commission for the execution of the trade.

II. - A person with a family relationship with the relevant person means any of the following:

1 • The spouse of the relevant person or the partner of the relevant person under the terms of a civil solidarity pact;

2 • Children over whom the relevant person holds parental authority or resident in his household, or who are his permanent wards;

3 • Any other relative of the relevant person resident in his household for at least one year on the date of the personal transaction concerned.

III. - A situation in which a person has close links with the relevant person shall mean a situation where natural or legal persons are linked:

1 • By an equity holding, meaning a direct holding or a holding through a controlled entity of 20% or more of the voting rights or the share capital of a company;

2 • Or by control, meaning the relationship between a parent company and a subsidiary, in any of the cases referred to in Article

L. 233-3 of the Commercial Code or a similar relationship between any natural or legal person and an undertaking, any subsidiary undertaking of a subsidiary undertaking also being considered a subsidiary of the parent undertaking which is at the head of those undertakings.

A situation where two or more natural or legal persons are permanently linked to one and the same person by a control relationship shall also be regarded as constituting a close link between such persons.

Article 321-43

Asset management companies shall establish and maintain effective and adequate arrangements aimed at preventing the following activities in the case of any relevant person, or person acting on behalf of a relevant person, who is involved in activities that may give rise to a conflict of interest, or who has access to inside information defined in Article 7 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 or to other confidential information relating to clients or transactions with or for clients by virtue of the performance of his functions within the asset management company:

1 • Entering into a personal transaction that meets at least one of the following criteria:

a) The transaction is prohibited by the provisions of Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014;

b) The transaction involves the misuse or improper disclosure of inside or confidential information;

c) The transaction conflicts or is likely to conflict with the asset management company's professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code.

2 • Advising or procuring, other than in the proper course of the relevant person's function, any other person to enter into a transaction in financial instruments which, if it were a personal transaction of the relevant person, would be covered by III of Article 321-107;

3 • Disclosing, other than in the proper course of his employment, any information or opinion to any other person if the relevant person knows, or reasonably ought to know, that as a result of that disclosure that other person will or would be likely to take either of the following steps:

a) Entering into a transaction in financial instruments which, if it were a personal transaction of the relevant person, would be covered by III of Article 321-107;

b) Advising or procuring another person to enter into such a transaction.

Article 321-44

For the purposes of the provisions of Article 321-43, asset management companies must specifically ensure that:

1 • All the relevant persons referred to in Article 321-43 are aware of the restrictions on personal transactions, and of the measures decided by the asset management company in connection with personal transactions and disclosure for the purposes of Article 321-43;

2 • The asset management company is informed promptly of any personal transaction entered into by a relevant person referred to in the first paragraph of Article 321-43, either by notification of any such transaction or by other procedures enabling the asset management company to identify such transactions;

If the asset management company has entered into an outsourcing contract, it must ensure that the service provider to which the task or function has been outsourced keeps a record of personal transactions entered into by any relevant person and is able to provide such information to the asset management company promptly on request.

3 • A record is kept of the personal transaction notified to the asset management company or identified by it. The record shall also mention any authorisation or prohibition in connection with the transaction.

Article 321-45

Articles 321-43 and 321-44 do not apply to the following personal transactions:

1 • Personal transactions executed as part of a third-party portfolio management service and without any prior instruction concerning the transaction between the portfolio manager and the relevant person or another person on whose behalf the transaction is executed;

2 • Personal transactions in units or shares in a collective investment scheme, provided that the relevant person or any other person on whose behalf the transactions are executed is not involved in the management of such scheme.

The foregoing provision shall not apply to the collective investment schemes governed by Article L. 214-154 of the Monetary and Financial Code, or to the schemes referred to in Articles L. 214-144 to L. 214-147 ibid. that rely on the waiver provided for in III of Article R. 214-193 *ibid*.

## Section 7 - Conflicts of interest (Articles 321-46 à 321-52)

### Sub-section 1 - Principles

Article 321-46

The asset management company shall take all reasonable measures to detect conflicts of interest that arise in the course of providing management of UCITS:

1 • Either between itself, relevant persons, or any person directly or indirectly linked to the asset management company by control, on the one hand, and its clients, on the other hand;

2 • Or between two UCITS.

This Section is applicable to all collective investment schemes managed by the asset management company.

Article 321-47

In order to detect conflicts of interest that could damage a UCIT' interests for the purposes of Article 321-46, the asset management company shall at least take into account the possibility that the persons referred to in Article 321-46 might find themselves in one of the following situations, whether as a result of providing management of a UCITS or other activities:

1 • The asset management company or that person is likely to make a financial gain or avoid a financial loss, at the expense of the UCITS;

2 • The asset management company or that person has an interest in the outcome of a service provided to a client or a UCITS, or of a transaction carried out on behalf of the client or the UCITS, which is distinct from the UCITS' interest in that outcome;

3 • The asset management company or that person has a financial or other incentive to favour the interest of another client or a group of clients or a UCITS over the interest of the UCITS to whom the service is being provided;

4 • The asset management company or that person carries on the same business for the UCITS as the client;

5 • The asset management company or that person receives or will receive from a person other than the UCITS an inducement in relation to a service provided to the UCITS in any form whatsoever, other than the commissions or fees usually charged for such service.

Article 321-48

Asset management companies shall establish and maintain an effective conflicts of interest policy, set out in writing and appropriate to their size and organisation and to the nature, scale and complexity of their business.

Where an asset management company is a member of a group, its conflicts of interest policy must also take into account any circumstances, of which it is or should be aware, that may give rise to a conflict of interest as a result of the structure and business activities of the other members of the group.

Article 321-49

I. - The conflicts of interest policy established in compliance with Article 321-48 must specifically:

1 • Identify, with reference to the asset management company's collective asset management activities, the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of the UCITS or one or more clients when providing management of a UCITS;

2 • Specify procedures to be followed and measures to be adopted in order to manage such conflicts.

II. - The procedures and measures provided for in Point 2° shall be designed to ensure that relevant persons engaged in different business activities involving a conflict of interest of the kind specified in Point 1° carry on those activities at a level of independence appropriate to the size and activities of the asset management company and of the group to which it belongs, and to the materiality of the risk of damage to clients' interests.

The procedures to be followed and measures to be adopted shall include such of the following as are necessary and appropriate for the asset management company to ensure the requisite degree of independence:

1 • Effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may damage the interests of one or more clients;

2 • Separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the asset management company;

3 • Elimination of any direct links between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, other relevant persons principally engaged in another activity, where a conflict of interest is likely to arise in relation to those activities;

4 • Measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out his activities;

5 • Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate activities other than collective asset management where such involvement may impair the proper management of conflicts of interest;

6 • Measures to ensure that a relevant person may only provide paid advisory services in that capacity and on behalf of the asset management company to companies issuing the securities held by the UCITS under the company's management or the securities that it plans to acquire, regardless of whether it is the company concerned or the UCITS under management that pays for those services.

If the adoption or the practice of one or more of those measures and procedures does not ensure the requisite degree of independence, asset management companies shall adopt such alternative or additional measures and procedures as are necessary and appropriate for those purposes.

Article 321-50

The asset management company shall keep and regularly update a log of the collective asset management activities carried out by it or on its behalf where a conflict of interest entailing a material risk of damage to the interests of a UCITS or one or more clients has arisen or, in the case of ongoing activities, is likely to arise.

### Sub-section 3 - Disclosure to holders of units or shares

Article 321-51

Where the organisational or administrative arrangements made by the asset management company for the management of conflicts of interest are not sufficient to ensure with reasonable confidence that the risk of damage to the interest of the UCITS or its unit holders or shareholders will be prevented, the senior management or other competent internal body of the asset management company shall be promptly informed in order for them to take any necessary decision to ensure that in any case the asset management company acts in the best interests of the UCITS and of its unit holders or shareholders.

Unit holders or shareholders in the UCITS shall be informed, using a durable medium, of the decision taken by the asset management company.

Article 321-52

When collective investment schemes or third country investment funds managed by the asset management company or by an affiliated company are purchased or subscribed on behalf of a UCITS, the prospectus of this UCITS must provide for this possibility.

## Section 8 - Professional licences (Articles 321-53 à 321-68)

### Sub-section 1 - General provisions

Article 321-53

The compliance and internal control officer must hold a professional licence issued by the AMF, pursuant to Article 321-62.

Article 321-54

The persons referred to in Article 321-91 shall fulfill the function of compliance and internal control officer.

Article 321-55

A natural person may perform the function of compliance and internal control officer, on a probationary or temporary basis, without holding the required professional licence, for a maximum period of six months, that can be renewable once.

The function of compliance and internal control officer may only be performed on a probationary or temporary basis with the prior consent of the AMF.

Article 321-56

Issuance of a professional license shall require the applicant to compile an application for authorisation, which shall be submitted to the AMF.

Article 321-57

The application for authorisation shall be kept on file by the AMF for ten years after the licensee has ceased to perform the functions that gave rise to the issuance of the professional licence.

Article 321-58

Where a person provisionally ceases to perform the activity that required a professional licence, such interruption shall not result in withdrawal of the licence.

Article 321-59

When a person definitively ceases to perform the function for which a professional licence was issued, the licence shall be

withdrawn. This withdrawal is performed by the AMF.

The asset management company on behalf of which the licensee is acting informs the AMF promptly when a person definitively ceases the activity as referred to in the previous paragraph.

Article 321-60
Whenever an asset management company takes disciplinary measures against a person holding a professional licence because of a breach of their professional obligations, it shall notify the AMF to this effect within one month.

Article 321-61
The AMF shall keep a register of professional licences.

It is kept informed of the appointment of the compliance and internal control officer.

The information in the register of professional licences shall be kept on file for ten years after the professional licence has been withdrawn.

Sub-section 2 - Compliance and internal control officer professional licence issuance

Article 321-62
The AMF shall issue compliance and internal control officer professional licenses to the persons performing such functions. For this purpose, the AMF shall organise a professional examination under the terms referred to in Articles 321-66 to 321-68.

However, where asset management companies appoint one of their effective managers within the meaning of Article L. 532-9, II, 4° of the Monetary and Financial Code to the function of compliance and internal officer, that person shall hold the relevant professional license. He or she shall not be required to take the examination provided for in the first paragraph.

Article 321-63
Before issuing the professional license, the AMF shall verify:

1 • That the relevant natural person is fit and proper, that he is familiar with the professional requirements and capable of performing the functions of compliance and internal control officer.

2 • That pursuant to Article 321-37, II, the asset management company has conducted an internal verification or an examination as provided for in Article 321-39, II, 3 to ensure that the person in question has the minimum knowledge referred to in Article 321-39, II, 1.

3 • That the asset management company complies with Article 321-32.

Article 321-64
The AMF may waive the examination requirement for a person who has performed comparable functions with another asset management company having equivalent business activities and organisational structures, provided that person has already passed the examination and that the asset management company planning to appoint him or her has already presented a candidate who passed the examination.

Article 321-65
If an asset management company requires compliance and internal control officer professional licenses to be issued to several persons, the AMF shall ensure that the number of license holders is proportionate to the nature and risks of the asset management company's business activities, size and organisational structure.

Asset management companies shall provide precise written definitions of the attributions of each professional license holder.

Article 321-66

The examination shall consist of an interview of the professional license applicant by a jury. The applicants shall be presented by the asset management companies on whose behalf they are to perform their functions.

An AMF instruction shall specify the examination programme and procedures.

The AMF shall hold the examinations at least twice a year. It shall decide who sits on the jury, set the examination dates and determine the amount of examination fees. This information shall be made known to asset management companies.

The AMF shall collect the examination fees from the asset management companies presenting applicants.

Article 321-67

The members of the jury referred to in the first paragraph of Article 321-66 shall be:

1 • A serving compliance officer, chair;

2 • A person holding an operational function in an asset management company;

3 • A member of the AMF staff.

If an applicant considers that a member of the jury has a conflict of interest with regard to him, he or she may ask the AMF to be examined by another jury.

Article 321-68

If the jury deems that the conditions referred to in Article 321-63 have been met, it shall propose that the AMF issue a professional license.

However, if the jury considers that the applicant has the necessary qualities to perform the function of compliance and internal control officer, but that the asset management company does not allow him proper independence or does not provide him with adequate resources, the jury may propose that issuance of a professional license be subject to the condition that the asset management company remedies the situation and notifies the AMF of the measures taken to this effect.

If outsourcing of the compliance and internal control officer function is being considered, the jury may be asked for its opinion.

Section 9 - Record keeping (Articles 321-69 à 321-74)

Article 321-69

I.

1 • Asset management companies shall make appropriate arrangements for suitable electronic systems so as to permit a timely and proper recording of the information referred to in II concerning each portfolio transaction.

2 • They shall ensure a high level of security during the electronic data processing as well as integrity and confidentiality of the recorded information, as appropriate.

II. - They shall ensure that, for each portfolio transaction relating to the UCITS, a record of information which is sufficient to reconstruct the details of the order and the executed transaction is produced without delay.

The record referred to in the above paragraph shall include:

a) the name or designation of the UCITS and of the person acting on behalf of the UCITS;

b) the details necessary to identify the UCITS in question;

c) the quantity;

d) the type of the order or transaction;

e) the price;

f) for orders, the date and exact time of the transmission of the order and name or other designation of the person to whom the order was transmitted, or for transactions, the date and exact time of the decision to deal and execution of the transaction;

g) the name of the person transmitting the order or executing the transaction;

h) where applicable, the reasons for the revocation of the order;

i) for executed transactions, the identification of the counterparty and of the execution venue, within the meaning of Article 321-110.

III.

1 • Asset management companies shall ensure that the entity placed in charge of centralising subscription and redemption orders for shares or units of the UCITS pursuant to Article L. 214-13 of the Monetary and Financial Code is able to record promptly and correctly all the information relating to the subscription and redemption orders referred to in II of Article 411-65.

2 • Asset management companies shall ensure a high level of security during the electronic processing of the data referred to in the above paragraph as well as integrity and confidentiality of the recorded information.

Article 321-70

Asset management companies shall retain the records referred to in Article L. 533-8 and in 5 of Article L. 533-10 of the Monetary and Financial Code for at least five years.

If the asset management company's authorisation is revoked, the AMF may require said company to retain all the relevant records for the five-year period stipulated in the first paragraph.

The AMF may, in exceptional circumstances, require asset management companies to retain any or all those records for longer periods, to the extent justified by the nature of the instrument or transaction, if that is necessary to enable it to exercise its supervisory functions.

Where the UCITS is managed by a new asset management company, arrangements shall be made such that records for the past five years are accessible to that company.

Article 321-71

The records shall be retained in a medium that allows the storage of information in a way accessible for future reference by the AMF, and in such a form and manner that the following conditions are met:

1 • The AMF must be able to access them readily and to reconstitute each key stage of the handling of each transaction;

2 • It must be possible for any corrections or other amendments, and the contents of the records prior to such corrections or amendments, to be easily ascertained;

3 • It must not be possible for the records otherwise to be manipulated or altered.

Article 321-72

Asset management companies shall make arrangements under conditions that comply with laws and regulations for recording telephone conversations:

1 • Of traders of financial instruments within the meaning of Article 312-21;

2 • Of relevant persons, other than traders, who are involved in business relationships with clients, whenever the compliance officer deems it necessary in view of the amounts involved and the risks incurred with regard to the orders.

However, the asset management company may specifically empower traders who are likely to carry out a trade in a financial instrument outside of the usual business hours and away from the usual site of the department to which they report. It shall establish a procedure setting the conditions for such trades, so that they are executed with the required security.

Article 321-73

The purpose of recording telephone conversations shall be to facilitate monitoring to ensure that transactions are lawful and that they comply with clients' instructions

The compliance and internal control officer may listen to the recordings of telephone conversations made pursuant to Article 321-72. If the compliance and internal control officer does not himself listen to the recording, it may not be listened to without his agreement or the agreement of a person designated by him.

The persons referred to in Article 321-72, whose telephone conversations may be recorded, shall be notified of the conditions under which they are able to listen to the relevant recordings.

The retention period for telephone recordings required under this Regulation shall be at least six months. It must not be more than five years.

Article 321-74

Asset management companies shall retain information about the monitoring and assessments referred to in I of Article 321-31 in accordance with the requirements referred to in Article 321-71.

### Section 10 - Annual data sheet (Article 321-75)

Article 321-75

Within four and a half months of the close of the financial year, asset management companies shall send the AMF the information specified on the data sheet.

### Section 11 - Risk management (Articles 321-76 à 321-81)

Article 321-76

The following terms shall have the following meanings for the purposes of this Section:

— "counterparty risk" means the risk of loss for the UCITS resulting from the fact that the counterparty to the transaction or to a contract may default on its obligations prior to the final settlement of the transaction's cash flow;

— "liquidity risk" means the risk that a position in the portfolio cannot be sold, liquidated or closed out at limited cost in an adequately short time frame and that the ability of the UCITS to comply at any time with the provisions of the third paragraph of Article L. 214-7 or Article L. 214-8 of the Monetary and Financial Code is thereby compromised;

— "market risk" means the risk of loss for the UCITS resulting from fluctuation in the market value of positions in the CIS portfolio

attributable to changes in market variables, such as interest rates, foreign exchange rates, equity and commodity prices, or an issuer's creditworthiness;

— "operational risk" means the risk of loss for the UCITS resulting from inadequate internal processes and failures in relation to people and systems of the asset management company or from external events, and includes legal and documentation risk and risk resulting from the trading, settlement and valuation procedures operated on behalf of the UCITS;

— "board of directors" means the board of directors, executive board or any equivalent body of the asset management company.

Sub-section 1 - Risk management policy and risk measurement

Paragraph 1 - Permanent risk management function

Article 321-77

I. – The asset management company shall establish and maintain a permanent risk management function.

II. - The permanent risk management function shall be hierarchically and functionally independent from operating units.

However, the asset management company may derogate from this obligation where the derogation is appropriate and proportionate in view of the nature, scale diversity and complexity of its business and of the UCITS it manages.

The asset management company shall be able to demonstrate that appropriate safeguards against conflicts of interest have been adopted so as to allow an independent performance of risk management activities and that its risk management process satisfies the requirements of Article L. 533-10-1 du Monetary and Financial Code.

III. - The permanent risk management function shall:

a) implement the risk management policy and procedures;

b) ensure compliance with the UCITS risk limit system, including statutory limits concerning global exposure and counterparty risk in accordance with Articles 411-71-1 to 411-83;

c) provide advice to the board of directors as regards the identification of the risk profile of each managed UCITS;

d) provide regular reports to the board of directors and, where it exists, the supervisory function, on:

i) the consistency between the current levels of risk incurred by each managed UCITS and the risk profile agreed for that UCITS;

ii) the compliance of each managed UCITS with relevant risk limit systems;

iii) the adequacy and effectiveness of the risk management process, indicating in particular whether appropriate remedial measures have been taken in the event of any deficiencies;

e) provide regular reports to the senior management outlining the current level of risk incurred by each managed UCITS any actual or foreseeable breaches to their limits, so as to ensure that prompt and appropriate action can be taken;

f) review and support, where appropriate, the arrangements and procedures for the valuation of OTC derivatives as referred to in Article 411-84.

IV. - The permanent risk management function shall have the necessary authority and access to all relevant information necessary

to fulfil the tasks set out in III.

Paragraph 2 - Risk management policy

Article 321-78

I. - Asset management companies shall establish, implement and maintain an adequate and documented risk management policy which identifies the risks to which the UCITS they manage are or might be exposed to.

In particular, the asset management company shall not solely or mechanistically rely on credit ratings issued by credit rating agencies as defined in Article 3(1)(b) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies for assessing the creditworthiness of the assets of UCITS.

II. - The risk management policy shall comprise such procedures as are necessary to enable the asset management company to assess for each UCITS it manages the exposure of that UCITS to market, liquidity and counterparty risks, and the exposure of the UCITS to all other risks, including operational risks, which may be material for each UCITS portfolio it manages.

III. - The risk management policy shall address at least the following:

a) the techniques, tools and arrangements that enable them to comply with the obligations set out in Articles 321-81, 411-72 and 411-73;

b) the allocation of responsibilities within the asset management company pertaining to risk management.

IV. - Asset management companies shall ensure that the risk management policy referred to in I states the terms, contents and frequency of reporting of the risk management function referred to in Article 321-77 to the board of directors and to senior management and, where appropriate, to the supervisory function.

V. - For the purposes of this article, asset management companies take into account the nature, scale and complexity of their business and the UCITS they manage.

Article 321-79

Asset management companies shall establish, implement and maintain a risk management policy and procedures that are efficient, appropriate and documented, making it possible to identify the risks relating to their business, processes and systems, and, where needed, to determine the level of risk they can tolerate.

Paragraph 3 - Assessment, monitoring and review of risk management policy

Article 321-80

The asset management company shall assess, monitor and periodically review:

a) the adequacy and effectiveness of the risk management policy and of the arrangements, processes and techniques referred to in Articles 321-81, 411-72 and 411-73;

b) the level of compliance by the asset management company with the risk management policy and with arrangements, processes and techniques referred to in Articles 321-81, 411-72 and 411-73

c) the adequacy and effectiveness of measures taken to address any deficiencies in the performance of the risk management process or shortcomings in these arrangements and procedures, including any misconduct by persons concerned by the requirements of these arrangements or procedures.

Sub-section 2 - Risk management processes, counterparty risk exposure and issuer concentration

Article 321-81

I. - Asset management companies shall adopt adequate and effective arrangements, processes and techniques in order to:

a) measure and manage at any time the risks which the UCITS they manage are or might be exposed to;

b) ensure compliance with limits applicable to UCITS concerning global exposure and counterparty risk, in accordance with Articles 411-72 and 411-73 and Articles 411-82 to 411-83.

Those arrangements, processes and techniques shall be proportionate to the nature, scale and complexity of the business of the asset management companies and of the UCITS they manage and be consistent with the risk profile of these UCITS.

II. - For the purposes of I, asset management companies shall take the following actions for each UCITS they manage:

a) put in place such risk measurement arrangements, processes and techniques as are necessary to ensure that the risks of taken positions and their contribution to the overall risk profile are accurately measured on the basis of sound and reliable data and that the risk measurement arrangements, processes and techniques are adequately documented;

b) conduct, where appropriate, periodic back-tests in order to review the validity of risk measurement arrangements which include model-based forecasts and estimates;

c) conduct, where appropriate, periodic stress tests and scenario analyses to address risks arising from potential changes in market conditions that might adversely impact the UCITS they manage;

d) establish, implement and maintain a documented system of internal limits concerning the measures used to manage and control the relevant risks for each UCITS taking into account all risks which may be material to the UCITS as referred to in Article 321-76 and ensuring consistency with the risk-profile of the UCITS;

e) ensure that the current level of risk complies with the risk limit system as set out in d) for each UCITS;

f) establish, implement and maintain adequate procedures that, in the event of actual or anticipated breaches to the risk limit system of the UCITS, result in timely remedial actions in the best interests of unit holders or shareholders.

III. - Asset management companies shall use an appropriate liquidity risk management process for each UCITS they manage.

This procedure shall enable them in particular to ensure that all the UCITS they manage comply at all times with the requirement set out in the third paragraph of Article L. 214-7 or Article L. 214-8 of the Monetary and Financial Code.

Where appropriate, investment services providers companies shall conduct stress tests which enable assessment of the liquidity risk of the UCITS under exceptional circumstances.

IV. - Investment services providers shall ensure that for each UCITS they manage the liquidity profile of the investments of the UCITS is appropriate to the redemption policy laid down in the fund rules or the instruments of incorporation or the prospectus.

V. - Investment services providers shall ensure that the UCITS is able at all times to respond to all the payment and delivery obligations to which they committed themselves when concluding a derivative instrument.

VI. - The risk management procedure shall enable asset management companies to satisfy at all times with the requirements referred to in V.

Section 12 - Transmission of information on derivative instruments (Article 321-82)

Article 321-82

Asset management companies shall deliver to the AMF and update on at least an annual basis, reports containing information which gives a true and fair view of the types of derivative instruments used for each managed UCITS, the underlying risks, the quantitative limits and the methods which are chosen to estimate the risks associated with the derivative transactions.

The AMF may review the regularity and completeness of this information and ask for explications about it.

### Section 13 - Internal audit (Article 321-83)

Article 321-83

Asset management companies, where appropriate and proportionate in view of the nature, scale, complexity and range of their business, shall establish and maintain an effective internal audit function which is separate and independent from their other functions and activities and which has the following responsibilities:

1 • To establish and maintain an effective audit plan to examine and evaluate the adequacy and effectiveness of the asset management company's systems, internal control mechanisms and arrangements;

2 • To issue recommendations based on the result of work carried out in accordance with 1°;

3 • To verify compliance with those recommendations;

4 • To provide reports on internal audit issues in accordance with Article 321-36.

### Section 14 - Organisation of compliance and internal control functions (Articles 321-84 à 321-92)

#### Sub-section 1 - Compliance and internal control systems

Article 321-84

The compliance and internal control systems shall include a monitoring system as described in Article 321-85 and internal audits as described in Article 321-83.

Article 321-85

The monitoring system shall include the compliance monitoring system referred to in I of Article 321-31, the monitoring system referred to in Article 321-27 and the risk management system provided for in Articles 321-76 to 321-81.

Article 321-86

First-level control shall be exercised by persons in operational functions.

Monitoring shall be conducted through second-level controls to ensure proper execution of first-level controls.

Monitoring shall be performed exclusively, subject to the provisions of Article 321-90, by staff appointed solely to that function.

#### Sub-section 2 - Compliance and internal control officers

Article 321-87

The compliance and internal control officers shall be responsible for the compliance function referred to in I of Article 321-31, the monitoring system referred to in Article 321-85 and the internal audits referred to in Article 321-83.

Article 321-88

If an asset management company establishes a separate and independent internal audit function for the purposes of Article 321-83, that function shall be performed by an internal audit manager who is not the same person as the compliance and continuing monitoring officer.

Article 321-89

Asset management companies may give the responsibility for monitoring, other than compliance monitoring, and the responsibility for compliance monitoring to two different people.

Article 321-90

When the manager carries out the function of compliance and internal control officer, he shall also be responsible for internal audit and monitoring, other than compliance monitoring.

Article 321-91

The following persons shall hold professional licenses:

1 • The compliance and internal control officer referred to in Article 321-87;

2 • The compliance and monitoring manager referred to in Article 321-88;

3 • The manager for monitoring, other than compliance monitoring, referred to in Article 321-89 and the compliance officer referred to in the said Article, if the two functions are separate.

Employees of asset management companies or employees of another entity in their group may hold professional licenses if the asset management companies present them for the examination.

The AMF shall ensure that the number of professional license holders is proportionate to the nature and the risks of the asset management company's business activities, scale and organisational structure.

The internal audit manager referred to in Article 321-88 shall not hold a professional license.

Article 321-92

Asset management companies shall establish a procedure that enables all their employees and all natural persons acting on their behalf to discuss questions they have about deficiencies that they have noted in the actual implementation of compliance obligations with the compliance and internal control officer.

Section 15 - Outsourcing (Articles 321-93 à 321-96)

Article 321-93

If asset management companies outsource the execution of critical operational tasks and functions or tasks and functions that are important for the provision of a service or the conduct of business, they shall take reasonable measures to prevent an undue exacerbation of operating risk.

Outsourcing of critical or important operational tasks or functions must not be done in such a way that it materially impairs the quality of internal control and prevents the AMF from verifying that the asset management company complies with all its obligations.

Outsourcing to an extent that makes the asset management company into a letter box entity must be deemed to be in violation of the requirements that the asset management company must comply with to obtain and keep its authorisation.

Article 321-94

Outsourcing shall consist of any agreement, in any form, between an asset management company and a service provider under which the service provider takes over a process, service or activity that otherwise would have been performed by the asset management company itself.

Article 321-95

I. An operational task or function shall be regarded as critical or important if a defect or failure in its performance would

materially impair the asset management company's capacity for continuing compliance with the conditions and obligations of its authorisation or its professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code, or its financial performance, or the continuity of its business.

II. - Without prejudice to the status of any other task or function, the following tasks or functions shall not be considered as critical or important:

1 • The provision to the asset management company of advisory services, and other services which do not form part of the investment services of the firm, including the provision of legal advice, the training of personnel, billing services and the security of the asset management company's premises and personnel;

2 • The purchase of standard services, including market information services and the provision of price feeds.

Article 321-96

I. - Asset management companies that outsource an operational task or function shall remain fully responsible for complying with all their professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code and complying, in particular, with the following conditions:

1 • Outsourcing must not result in the delegation by senior management of its responsibility.

2 • The relationship and obligations of the asset management company towards its clients must not be altered.

3 • The conditions or commitments with which the company must comply in order to be authorised must not be undermined.

II. - Asset management companies shall exercise due skill, care and diligence when entering into, managing or terminating an outsourcing contract for critical or important operational tasks or functions.

In particular, asset management companies must take the necessary steps to ensure that the following conditions are satisfied:

1 • The service provider must have the ability, capacity, and any authorisation required to perform the outsourced tasks or functions reliably and professionally.

2 • The service provider must carry out the outsourced services effectively. To this end, the asset management company must establish methods for assessing the standard of performance of the service provider.

3 • The service provider must properly supervise the carrying out of the outsourced tasks or functions, and adequately manage the risks stemming from outsourcing.

4 • Asset management companies must take appropriate action if it appears that the service provider may not be carrying out the functions effectively and in compliance with the professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code applying to them.

5 • Asset management companies must retain the necessary expertise to supervise the outsourced tasks or functions effectively and manage the risks stemming from outsourcing and must supervise those tasks and manage those risks.

6 • The service provider must disclose to the asset management company any development that may have a material impact on its ability to carry out the outsourced tasks or functions effectively and in compliance with the professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code applying to them.

7 • The procedures for terminating outsourcing contracts at the initiative of either party must ensure the continuity and the quality of the activities carried out.

8 • The service provider must cooperate with the AMF in connection with the outsourced tasks or functions.

9 • The asset management company, its auditors and the relevant competent authorities must have effective access to data related to the outsourced tasks or functions, as well as to the business premises of the service provider.

0 • The service provider must protect any confidential information relating to the asset management company and its clients.

1 • The asset management company and the service provider must establish and maintain an effective contingency plan for disaster recovery and periodic testing of backup facilities, where that is necessary having regard to the nature of the outsourced task or function.

III. - The respective rights and obligations of asset management companies and service providers shall be clearly defined in a contract.

IV. - Where the asset management company and the service provider are members of the same group, the asset management company may, for the purposes of determining how this Article shall apply, take into account the extent to which it controls the service provider or has the ability to influence its actions.

V. - Asset management companies must provide the AMF, at its request, all information necessary to enable it to supervise the compliance of the performance of the outsourced tasks or functions with the requirements of this Book.

### Section 16 - Delegation management of UCITS (Article 321-97)

#### Article 321-97

When the asset management company delegates the management of a UCITS, it shall be bound by the following conditions:

1 • It shall inform the AMF about the mandate without delay. Where the asset management company manages a UCITS in another European Union Member State or State party to the European Economic Area agreement, the AMF sends the information without delay to the competent authorities of the home Member State of the UCITS in question;

2 • Delegation shall not prevent the effectiveness of the AMF's supervision over the delegating asset management company and, in particular, must not prevent the management company from acting, or the UCITS from being managed in the best interests of its unit holders or shareholders;

3 • Financial management can only be delegated to a person authorised for the purpose of asset management; the delegation must be in accordance with the investment allocation criteria laid down periodically by the delegating asset management company.

For the purposes of this point, the following are considered authorised for the purpose of asset management:

a) Asset management companies authorised to manage UCITS or AIFs;

b) Investment services providers authorised to provide portfolio management services on behalf of third parties;

c) Entities equivalent to those referred to in a) and b) which are authorised in a State that is party to the European Economic Area agreement;

d) Entities equivalent to those referred to in a) and b) which are authorised in a State that is not party to the European Economic Area agreement;

4 • Financial management cannot be delegated to a person established in a State that is not party to the European Economic Area

agreement except in the conditions specified in point 3° and provided that an effective cooperation has been entered into between the AMF and the supervisory authority of that State;

5 • The mandate shall not be likely to generate conflicts of interest; delegation of financial management to the depositary is prohibited;

6 • The asset management company has implemented measures enabling its senior management to effectively monitor at all times the entity to which management has been delegated;

7 • The mandate must not prevent the persons who conduct the business of the asset management company from giving further instructions to the entity to which functions are delegated at any time or from withdrawing the mandate with immediate effect when this is in the interest of unit holders or shareholders of the UCITS;

8 • The entity to which management is delegated must be qualified and capable of undertaking the delegated functions;

9 • The prospectus for the UCITS shall list the functions that the AMF has allowed the asset management company to delegate in accordance with this article.

The liability of the asset management company or the depositary shall not be affected by delegation by the management company of any functions to third parties.

The management company shall not delegate its functions to the extent that it becomes a letter-box entity.

The asset management company shall maintain the resources and expertise needed to effectively supervise the activities undertaken by third parties under an agreement with them, notably as regards management of the risk associated with that agreement.

## Chapter IV - Conduct of business rules (Articles 321-98 à 321-135)

### Section 1 - General provisions (Articles 321-98 à 321-106)

#### Article 321-98

This Chapter is applicable to management of UCITS by asset management companies except, for branches established in other European Union Member States or States that are parties to the European Economic Area agreement, for UCITS they manage in these States.

Pursuant to the final sub-paragraph of Article L. 532-20-1 of the Monetary and Financial Code, this Chapter shall also apply to the management of French UCITS by the branches established in France of asset management companies authorised in other European Union Member State or State party to the European Economic Area agreement.

Asset management companies shall ensure that relevant persons are reminded that they are bound by the obligation of professional confidentiality, subject to the terms and penalties prescribed by law.

For the purposes of this Chapter, the term "client" shall designate existing and potential clients, which includes, where relevant, UCITS or their unit holders or shareholders.

#### Sub-section 1 - Approval of codes of conduct

#### Article 321-99

Where a professional organisation draws up a code of conduct applicable to management of a UCITS, the AMF shall verify whether the code's provisions are consistent with this General Regulation.

The professional organisation may ask the AMF to approve all or part of the code as professional standards.

If, having sought the opinion of the *Association Française des Etablissements de Crédit et des Entreprises d'Investissement* (AFECEI), the AMF considers that some or all the provisions of such code should be recommended to investment services providers, the AMF shall announce its decision by publishing it on its website.

### Sub-section 2 - Primacy of the UCITS' interest and market integrity

#### Article 321-100

Asset management companies shall act honestly, fairly and professionally, with due skill, care and diligence, in the best interests of UCITS and unit holders or shareholders and the integrity of the market. More specifically, they shall comply with all the rules pertaining to the organisation and operation of the regulated markets and multilateral trading facilities that they use.

#### Article 321-101

Investment services providers shall:

1 • ensure that the unit holders and shareholders of the same UCITS are treated fairly;

2 • refrain from placing the interests of any group of unit holders or shareholders above the interests of any other group of unit holders or shareholders;

3 • apply appropriate policies and procedures for preventing for preventing malpractices that might reasonably be expected to affect the stability and integrity of the market;

4 • ensure that fair, correct and transparent pricing models and valuation systems are used for the UCITS they manage, in order to comply with the duty to act in the best interests of the unit holders and shareholders. Management companies must be able to demonstrate that the portfolios of UCITS have been accurately valued;

5 • act in such a way as to prevent undue costs being charged to the UCITS and its unit holders or shareholders;

6 • ensure a high level of diligence in the selection and ongoing monitoring of investments, in the best interests of UCITS and the integrity of the market;

7 • ensure they have adequate knowledge and understanding of the assets in which the UCITS are invested;

8 • establish written policies and procedures on due diligence and implement effective arrangements for ensuring that investment decisions on behalf of the UCITS are carried out in compliance with the objectives, investment strategy and risk limits of these UCITS;

9 • when implementing their risk management policy, and where it is appropriate after taking into account the nature of a foreseen investment, to formulate forecasts and perform analyses concerning the investment's contribution to the UCITS portfolio composition, liquidity and risk and reward profile before carrying out the investment. The analyses must only be carried out on the basis of reliable and up-to-date information, both in quantitative and qualitative terms.

#### Article 321-102

Asset management companies shall demonstrate all the necessary skill, caution and diligence when entering into, managing and terminating agreements with third parties in connection with risk management activities. Before entering into such agreements, asset management companies shall take the necessary measures to ensure that the third party has the necessary skills and capabilities to carry on its risk management activity reliably, professionally and effectively.

Asset management companies shall establish methods for continuous assessment of the quality of the services supplied by third parties.

Article 321-103
*[Empty]*

Article 321-104
*[Empty]*

Article 321-105
*[Empty]*

Article 321-106
*[Empty]*

## Section 2 - Handling and executing orders (Articles 321-107 à 321-115)

### Sub-section 1 - General provisions

#### Paragraph 1 - Principles

Article 321-107
I. – Asset management companies shall comply with the following requirements for the execution of orders:

1 • They shall ensure that orders on behalf of UCITS are registered and routed rapidly and accurately;

2 • They shall transmit or execute orders rapidly in their order of arrival, unless the nature of the order or prevailing market conditions do not make this possible, or the interests of the UCITS call for a different action;

II. - Where asset management companies are given the task of supervising or organising the settlement of an executed order, they shall make all reasonable arrangements to ensure that the UCITS' financial instruments or funds received in settlement of the executed order are rapidly and correctly allocated to the account of the UCITS concerned.

III. - Asset management companies must not misuse information about client orders pending execution and they shall be required to take all reasonable measures to prevent misuse of such information by any of the relevant persons referred to in Article 321-31.

IV. - Asset management companies shall define the planned allocation of the orders they give beforehand. As soon as they learn that they orders have been executed, they shall transmit to the UCITS depositary exact instructions for the allocation of the orders executed to the beneficiaries. This allocation shall be final.

#### Paragraph 2 - Grouped orders

Article 321-108
I. - Asset management companies must not group client orders with orders passed on behalf of UCITS or with transactions for their own account prior to transmission or execution, unless the following conditions are met.

1 • The grouping of orders and transactions is unlikely to be detrimental overall for any of the clients or UCITS whose orders have been included;

2 • An order allocation policy has been established and is effectively applied to ensure by means of sufficiently specific procedures an equitable allocation of grouped orders and transactions, explaining how, in each case, the order quantities and prices determine the allocations and the treatment of partially executed orders.

II. - Where an asset management company groups an order with one or more other client orders or orders passed on behalf of

other UCITS and the grouped order is partially executed, the company shall allocate the corresponding transactions in accordance with its order allocation policy referred to in 2° of I.

Article 321-109

I.- Any asset management company that has grouped a transaction for its own account with one or more client orders or orders passed on behalf of UCITS shall refrain from allocating the corresponding transactions in a way that is detrimental to a client or a UCITS.

II. - In cases where an asset management company groups a client order or an order passed on behalf of a UCITS with a transaction for its own account and the grouped order is partially executed, the client or the UCITS shall have the priority for the allocation of the corresponding transactions rather than the asset management company.

However, if the asset management company is able to demonstrate reasonably that, without the grouping of orders, it would not have been able to execute the order on such advantageous terms, or even at all, it may then allocate the transaction for its own account proportionately, in accordance with its order allocation policy referred to in 2° of I of Article 321-108.

### Sub-section 2 - Best execution obligation

#### Paragraph 1 - Principles

Article 321-110

For the purposes of I of Article L. 533-22-2-2 of the Monetary and Financial Code, asset management companies executing orders on behalf of UCITS shall take account of the following criteria to determine the relative importance of the factors referred to in I of the said Article:

1 • The characteristics of the order concerned;

2 • The characteristics of the financial instruments covered by the order;

3 • The characteristics of the execution venues to which the order may be routed;

4 • The objectives, investment policy and risks specific to the UCITS and listed in the prospectus or, where such is the case, its fund rules or instruments of incorporation.

For the purposes of this Sub-section, "execution venue" shall mean a trading platform, a systematic internaliser, a market maker, another liquidity provider, or an entity that performs similar tasks in a country that is not party to the European Economic Area agreement.

#### Paragraph 2 - Execution policy

Article 321-111

Asset management companies shall be required to provide holders of shares or units in the UCITS with the following information about their execution policy in good time, prior to the provision of services:

1 • The relative importance that the asset management company attributes to the factors referred to in I of Article L. 533-22-2-2 of the Monetary and Financial Code based on the criteria referred to in Article 321-110 or the process by which the relative importance of these criteria is determined;

2 • A list of the execution venues in which the asset management company has the most confidence for meeting its obligation to take all reasonable measures to obtain the best execution of the orders passed on behalf of UCITS on a consistent basis.

#### Paragraph 3 - Supervision of execution policies

Article 321-112

Asset management companies shall supervise the effectiveness of their arrangements for order execution and their policy on this matter in order to detect any deficiencies and to remedy them as appropriate.

In particular, they shall periodically verify whether the execution systems stipulated under their order execution policies obtain the best possible result for the UCITS or whether they need to modify their execution arrangements.

Asset management companies shall notify holders of shares or units in the UCITS of any material changes in their order execution arrangements or policies.

Article 321-113

Asset management companies shall conduct an annual review of their order execution arrangements and policies.

Such a review must also be conducted whenever a material change occurs affecting the asset management company's ability to continue obtaining best execution for the orders passed on behalf of UCITS on a consistent basis using the execution venues stipulated under its order execution policy.

### Sub-section 3 - Obligations of UCITS asset management company

Article 321-114

I. - When they transmit for execution orders resulting from their decisions to trade financial instruments on behalf of UCITS that they manage to other entities, asset management companies shall comply with the obligation referred to in Article 321-100 to act in the best interest of the UCITS that they manage.

II. - Asset management companies shall take the measures referred to in III, IV and V to comply with I.

III. - Asset management companies shall take all reasonable measure to obtain the best possible results for for the UCITS that they manage, taking into account the measures referred to in Article L. 533-22-2-2 of the Monetary and Financial Code. The relative importance of these factors shall be determined with reference to the criteria defined in Article 321-110.

IV. - Asset management companies shall establish and implement policies that enable them to comply with the obligation referred to in III. Such policies shall select the entities to which orders for each class of instruments are transmitted for execution. The selected entities must have order execution mechanisms that enable the asset management companies to comply with their obligations under the terms of this Article when they transmit orders to that entity for execution. Asset management companies shall provide unit holders or shareholders in UCITS that they manage with appropriate information about their policies developed for the purposes of this paragraph. This information shall be included in the management report.

V. - Asset management companies shall monitor the effectiveness of the policies established for the purposes of IV on a regular basis, especially with regard to the quality of the execution provided by the entities selected under their policies.

Where appropriate, they shall remedy any deficiencies brought to light.

In addition, asset management companies shall be required to conduct an annual policy review. Such a review must also be conducted each time a material change occurs that has an effect on an asset management company's ability to continue obtaining best execution for the UCITS that it manages.

VI. - This Article shall not apply when an asset management company also executes orders resulting from its investment decisions. In this case, the provisions of Article L. 533-22-2-2 of the Monetary and Financial Code and Sub-section 2 of this Section shall apply.

Article 321-115

An asset management company shall draw up and implement a policy for selecting and assessing the entities that provide it with

the services referred to in (b) of Point 1° of Article 321-119, having regard to criteria related inter alia to the quality of the investment research produced.

It shall provide the holders of shares or units in the UCITS it manages, with suitable information, posted on its website, about the policy it has adopted in accordance with the first paragraph. The management report for each UCITS shall refer explicitly to this policy.

If the asset management company does not have a website, this policy shall be described in the management report for each UCITS.

Section 3 - Inducements (Articles 321-116 à 321-125)

Article 321-116

Asset management companies shall be deemed to be acting honestly, fairly and professionally in accordance with the best interests of a unit holder or shareholder of a UCITS if, in relation to management of a UCITS, they pay, provide or receive the following fees, commissions or non-monetary benefits:

1 • a fee, commission or non-monetary benefit paid or provided to or by a unit holder or shareholder of a UCITS or to or by a person on behalf of the unit holder or shareholder of a UCITS;

2 • a fee, commission or non-monetary benefit paid or provided to or by a third party or a person acting on behalf of that third party, where the following conditions are satisfied:

a) the unit holder or shareholder of a UCITS is clearly informed of the existence, nature and amount of the fee, commission or benefit or, where the amount cannot be ascertained, the method of calculating that amount;

b) this disclosure is made in a manner that is comprehensive, accurate and understandable, prior to the management of a UCITS;

c) asset management companies may disclose the essential terms of the arrangements relating to the fees, commissions or non-monetary benefits in summary form, provided that they undertake to disclose further details at the request of the unit holder or shareholder of a UCITS and provided they honour that undertaking; the payment of the fee or commission, or the provision of the non-monetary benefit, must be designed to enhance the quality of the relevant service to the unit holder or shareholder of a UCITS and not impair compliance with the asset management company's duty to act in the best interests of the unit holder or shareholder of a UCITS;

3 • Proper fees which enable or are necessary for the management of a UCITS, such as custody costs, settlement and exchange fees, regulatory levies or legal fees, and which, by their nature, cannot give rise to conflicts with the asset management company's duty to act honestly, fairly and professionally in accordance with the best interests of unit holders or shareholders of a UCITS.

Article 321-117

Asset management companies shall be remunerated for their management of UCITS by a management fee and, if applicable, a proportionate share of subscription and redemption fees or by incidental fees, under the conditions and within the limits set by Articles 321-118 to 321-124 and 411-130 or 422-91. These conditions and limits shall apply whether the fees are charged directly or indirectly.

Article 321-118

The management fee referred to in Article 321-116 may include a variable portion tied to the outperformance of the UCITS relative to the investment objective, provided that:

1 • It is expressly provided for in the key investor information document of the UCITS;

2 • It is consistent with investment management objective set forth in the prospectus and the key investor information document of the UCITS;

3 • The share of outperformance of the UCITS allocated to the asset management company must not induce that company to take excessive risk with regard to the investment strategy, investment objective and risk profile set forth in the prospectus and the key investor information document of the UCITS.

Article 321-119

All fees and commissions paid by the UCITS for transactions in portfolios under management, with the exception of subscription and redemption transactions relating to collective investment schemes or investment funds of third countries, shall be trading costs. They include:

1 • Intermediation costs, taxes and duties included, charged directly or indirectly by third parties that provide:

a) Order reception and transmission services and order execution services on behalf of third parties referred to in Article L. 321-1 of the Monetary and Financial Code;

b) Investment decision aid services and order execution services;

2 • If applicable, a turnover commission shared exclusively between the asset management company and the custodian of the UCITS.

This turnover commission may also benefit:

a) A company to which the financial management of the portfolio has been delegated;

b) Persons to which the custodian of the UCITS has delegated all or part of the responsibility for safekeeping of portfolio assets;

c) An affiliated company providing only the UCITS management activity, order reception, transmission and execution services, principally for UCITS managed by the asset management company or by an affiliated company as part of its UCITS management activity.

The sharing of any of the fees or commissions referred to in Point 1° is prohibited unless it would be exclusively and directly of benefit to the UCITS. Agreements under which the asset management company shares some of the intermediation fees referred to in a of Point 1° on the occasion of a transaction in a financial instrument shall be prohibited.

Article 321-120

Without prejudice to Article 321-118, the income, fees and capital gains generated by management of the UCITS, along with any rights attached thereto, shall belong to the unit holders and shareholders. The UCITS shall be the sole beneficiary of shared management fees and subscription or redemption commissions arising from investments in collective investment schemes or third country investment funds.

The asset management company, the service provider handling the financial management, the custodian, the custodian's delegatee and the affiliated company referred to in c of point 2° of Article 321-119 may receive a share of the income from securities financing transactions using securities belonging to the UCITS, under the conditions set forth in the prospectus of the UCITS.

The prospectus of the UCITS may stipulate that a portion of the income be paid to one or more associations that comply with at least one of the following conditions:

1 • It holds an administrative ruling attesting that it falls under the category of associations whose purpose is exclusively assistance, charity, scientific or medical research, or religious association;

2 • It holds a tax ruling attesting that it is eligible for the scheme of Articles 200 or 238 *bis* of the French General Tax Code providing a tax reduction for a gift to a charitable organisation;

3 • It concerns a religious congregation that has been legally recognised by decree rendered after clearance by the *Conseil d'État* in compliance with Article 13 of the Law of 1 July 1901.

Article 321-121

Asset management companies may enter into written commission-sharing agreements under which the investment services provider providing order execution service shares the portion of the intermediation fees that it charges for investment decision-making aid services and order execution services with the third party providing such services.

Asset management companies may enter into such agreements, provided that the agreements:

1 • Do not violate the provisions of Article 321-114;

2 • Comply with the principles referred to in Articles 321-122 and 321-123.

Article 321-122

The intermediation fees stipulated in Article 321-119 shall pay for services that are of direct interest for the UCITS. Such services shall be covered by a written agreement.

These fees shall be assessed periodically by the asset management company.

If the asset management company uses investment decision aid and order execution services and if the intermediation fees for the previous year came to more than EUR 500,000, it shall compile a document entitled "Report on Intermediation Fees" that shall be updated as needed. The report shall specify the terms and conditions on which the asset management company used investment decision aid and order execution services, along with the breakdown between:

1 • Intermediation fees related to order reception, transmission and execution services;

2 • Intermediation fees related to investment decision aid and order execution services.

The breakdown for applying costs shall be formulated as a percentage and based on an established method using relevant and objective criteria.

It may be applied to:

1 • Either all the assets in a specific UCITS;

2 • Or any other procedure suited to the method used for applying costs.

If applicable, the "Report on Intermediation Fees" shall specify the percentage of all intermediation fees in the previous year shared with third parties under the terms of the commission sharing agreements referred to in Article 321-121 for the fees referred to in b in Point 1° of Article 321-119.

It shall also give an account of the measures implemented to prevent or deal with any potential conflicts of interest in the selection of service providers.

This document shall be posted to the asset management company's website, if the company has one. The management report for each UCITS shall refer explicitly to this document. If the asset management company does not have a website, the document shall be included in the management report for each UCITS.

Article 321-123

The intermediation fees referred to in b in Point 1° of Article 321-119:

1 • Must be directly related to order execution;

2 • Must not cover:

a) The provision of goods or services that correspond to resources that the portfolio management should have for its programme of activity, such as administrative or accounting management, the purchase or leasing of premises, or compensation for staff;

b) The provision of services for which the asset management company receives a management commission.

Article 321-124

Where units or shares of a collective investment scheme or of third-country investment funds managed by an asset management company are purchased or subscribed by that company or an affiliated company on behalf of a UCITS, subscription and redemption commissions shall be prohibited, except for the portion retained by the UCITS in which the investment has been made.

Article 321-125

I. – Where establishing and applying remuneration policies, notably concerning the fixed and variable components of salaries and discretionary pension benefits, for the staff categories referred to in Article L. 533-22-2 of the Monetary and Financial Code, the asset management company shall comply with the following principles in a way and to the extent that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities:

1 • The remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS that the management company manages;

2 • The remuneration policy is in line with the business strategy, objectives, values and interests of the management company and the UCITS that it manages and of the investors in such UCITS, and includes measures to avoid conflicts of interest;

3 • The management body of the asset management company in its supervisory function, or, if management and supervisory functions are separated, the supervisory board of the management company or any other body or person performing equivalent supervisory functions in a company with a different corporate structure, adopts the remuneration policy, reviews at least annually the general principles of the remuneration policy and is responsible for, and oversees, implementation of the policy; the tasks referred to in this point shall be undertaken only by members of the above bodies who do not perform any executive functions in the asset management company concerned and who have expertise in risk management and remuneration;

4 • The implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the bodies mentioned in point 3;

5 • Staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;

6 • The remuneration of the senior officers in the risk management and compliance functions is overseen directly by the remuneration committee, where such a committee exists;

7 • Where remuneration is performance-related, when assessing individual performance the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit or UCITS concerned, having regard to the risks they take, and of the overall results of the asset management company, taking financial and non-financial criteria into account;

8 • The assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the UCITS managed by the asset management company in order to ensure that the assessment process is based on the longer-term performance of the UCITS and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;

9 • Guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year of engagement;

0 • Fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;

1 • Payments relating to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;

2 • The measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;

3 • Subject to the legal structure of the UCITS and its fund rules or instruments of incorporation, a substantial portion, and in any event at least 50%, of any variable remuneration component consists of units of the UCITS concerned, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments with equally effective incentives as any of the instruments referred to in this point, unless the management of the UCITS accounts for less than 50% of the total portfolio managed by the management company, in which case the minimum of 50% does not apply.

The instruments referred to in this point shall be subject to an appropriate retention policy designed to align incentives with the interests of the asset management company and the UCITS that it manages and the investors of such UCITS.

This paragraph shall apply to both the portion of the variable remuneration component deferred in line with point 14 and the portion of the variable remuneration component not deferred;

4 • A substantial portion, and in any event at least 40%, of the variable remuneration component, is deferred over a period which is appropriate in view of the holding period recommended to the investors of the UCITS concerned and is correctly aligned with the nature of the risks of the UCITS in question.

The period referred to in the previous sub-paragraph shall be at least three years; remuneration payable under deferral arrangements vests no faster than on a pro-rata basis; in the case of a variable remuneration component of a particularly high amount, at least 60% of the amount shall be deferred;

5 • The variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the management company as a whole, and justified according to the performance of the business unit, the UCITS and the individual concerned.

The total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the asset management company or of the UCITS concerned occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or clawback arrangements;

6 • The pension policy is in line with the business strategy, objectives, values and long-term interests of the management

company and the UCITS that it manages.

If the employee leaves the asset management company before retirement, discretionary pension benefits shall be held by the management company for a period of five years in the form of instruments referred to in point 13.

In the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments referred to in point 13, subject to a five-year retention period;

7 • Staff are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;

8 • Variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the statutory and regulatory requirements applicable to asset management companies.

II. - The principles set out in I shall apply to any benefit of any type paid by the asset management company, to any amount paid directly by the UCITS itself, including performance fees, and to any transfer of units or shares of the UCITS, made for the benefit of those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the risk profiles of the management company or of the UCITS that it manages.

III. – Asset management companies that are significant in terms of their size or of the size of the UCITS that they manage, their internal organisation and the nature, scope and complexity of their activities shall establish a remuneration committee. The remuneration committee shall be constituted in a way that enables it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk.

The remuneration committee shall be responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the asset management company or the UCITS concerned and which are to be taken by the bodies mentioned in I, 3 in their supervisory function. The remuneration committee shall be chaired by a member of one of the bodies mentioned in I, 3 who does not perform any executive functions in the asset management company concerned. The members of the remuneration committee shall be members of the bodies mentioned in I, 3 who do not perform any executive functions in the asset management company concerned.

If employee representation on the bodies mentioned in I, 3 is provided for, the remuneration committee shall include one or more employee representatives.

When preparing its decisions, the remuneration committee shall take into account the long-term interest of unit holders or shareholders of UCITS and other stakeholders and the public interest.

## Section 4 - Information about subscription or redemption orders for units or shares of UCITS and the management of UCITS (Articles 321-126 à 321-134)

### Sub-section 1 - Reporting on subscription or redemption orders for units or shares of UCITS

#### Article 321-126

Asset management companies that receive a subscription or redemption order for units or shares of UCITS shall take the following measures in respect of that order:

1 • The asset management company must promptly provide the investor, in a durable medium, with the essential information concerning the execution of that order;

2 • In the case of a retail investor, the asset management company must send the investor a notice in a durable medium confirming execution of the order as soon as possible and no later than the first business day following execution or, if the

confirmation is received by the asset management company from a third party, no later than the first business day following receipt of the confirmation from the third party.

Points 1° and 2° shall not apply where the confirmation from the asset management company contains the same information as a confirmation that is to be promptly dispatched to the investor by another person.

Article 321-127

Asset management companies shall supply the investor, on request, with information about the execution status of his order.

Article 321-128

In the case of orders from retail investors relating to units or shares in a UCITS which are executed periodically, asset management companies shall either take the action specified in Point 2° of Article 321-126 or provide the investor, at least once every six months, with the information referred to in Article 321-129 in respect of those transactions.

Article 321-129

The notice referred to in Point 2° of Article 321-126 shall, where applicable, contain the following information:

1 • The management company identification;

2 • The name or other designation of the unit holder or shareholder;

3 • The date and time of receipt of the order and method of payment;

4 • The date of execution;

5 • The identification of the UCITS;

6 • The nature of the order (subscription or redemption);

7 • The number of units or shares involved;

8 • The unit value at which the units or shares;

9 • The reference value date;

0 • The gross value of the order including charges for subscription or net amount after charges for redemptions;

1 • A total sum of the commissions and expenses charged and, where the investor so requests, an itemised breakdown.

Sub-section 2 - Reporting on UCITS management

Article 321-130

Pursuant to Article L. 621-8-4 of the Monetary and Financial Code, asset management companies shall provide the AMF with data on the composition of the UCITS they manage.

Article 321-131

Asset management companies must provide unit holders or shareholders with all necessary information about the management of the UCITS.

Annual reports of UCITS must contain, where relevant, information about the financial instruments in the portfolio that have been issued by the asset management company or entities from its group. The annual reports must also mention, where relevant,

collective investment schemes and third country investment funds managed by the asset management company or entities from its group.

Article 321-132

Asset management companies shall draw up a document titled "Voting Policy", which shall be updated as necessary and sets out the terms and conditions on which they intend to exercise the voting rights attached to the securities held by UCITS that they manage.

In particular, this document shall describe:

1 • The organisational structure within the asset management company that enables it to exercise such voting rights. It shall specify which bodies within the asset management company are responsible for examining and analysing the resolutions put forward and which bodies are responsible for deciding how the votes shall be cast;

2 • The principles to which the asset management company intends to refer in determining in which cases it will exercise the voting rights. These principles may include holding thresholds that the asset management companies set for taking part in voting on resolutions submitted to general meetings. In such cases, asset management companies shall explain their choice of threshold. These principles may also concern the nationality of the issuing companies whose securities are held by UCITS managed by the asset management company, the investment policy of UCITS, and the use of securities financing transactions by the asset management company;

3 • The principles to which the asset management company intends to refer when exercising voting rights. The asset management company's document shall present its voting policy, heading by heading, corresponding to the types of resolution submitted at general meetings. The headings shall cover, inter alia:

a) Decisions requiring an amendment of the constitutive rules;

b) Approval of the financial statements and appropriation of profit or loss,

c) Election and dismissal of governing bodies;

d) Regulated agreements;

e) Equity security issuance and buyback programmes;

f) Appointment of statutory auditors;

Any other specific type of resolution that the asset management company wishes to identify;

4 • A description of procedures to detect, prevent and manage conflicts of interest that could affect the asset management company's independent exercise of voting rights;

5 • An indication of the way in which it customarily exercises voting rights, such as by physically attending general meetings, using proxies without indicating a specific proxy holder, or voting by mail.

This document shall be made available to the AMF. It may be viewed on the asset management company's website or at its registered office under the terms and conditions specified in the prospectus. It shall be freely available to unit holders or shareholders of the UCITS upon request.

Article 321-133

In a report drawn up within four months of the end of its financial year and appended to the management report of the board of

directors or executive board, as the case may be, asset management companies shall report on how they have exercised voting rights in the past year.

This report shall specify, inter alia:

1 • The number of companies in which the asset management company exercised voting rights, compared with the total number of companies in which it had voting rights;

2 • The cases in which the asset management company considered that it could not adhere to the principles set forth in its voting policy document;

3 • The conflicts of interest that the asset management company had to deal with in exercising voting rights attaching to securities held by the UCITS that it manages.

This report shall be made available to the AMF. It must be available for viewing on the asset management company's website or at its registered office under the terms and conditions specified in the prospectus.

Where an asset management company has not exercised any voting rights during the financial year, further to the voting policy it has drawn up under Article 321-132, it does not prepare the report stipulated in this article but shall ensure that unit holders and investors can access said voting policy on its website.

Article 321-134
At the request of the AMF, asset management companies shall disclose to the AMF how they voted, or whether they abstained from voting, on each resolution and the reasons for those votes or abstentions.

To any holder of units or shareholders of a UCITS who so requests, asset management companies shall make available disclosures relating to the exercise of voting rights on each resolution submitted to the general meeting of an issuer, whenever the number of that issuer's securities held by the UCITS managed by the asset management company reaches or exceeds the holding threshold specified in the voting policy document referred to in Article 321-132.

These disclosures must be available for viewing at the registered office of the asset management company and on its website.

Section 5 - Obligations in the case of offers of financial securities or minibons via a website (Article 321-135)

Article 321-135
I. – Asset management companies making offers of financial securities or minibons described in Article L. 223-6 of the Monetary and Financial Code via a website on the terms set out in Article 325-48 must, for each project and prior to any subscription, provide the client with the information supplied by the issuer pursuant to Article 217-1 unless a prospectus has been drafted and approved by the AMF. In the latter case, the prospectus is sent to the client.

II. – These items shall be completed by information on:

— The terms for collecting subscription applications and transmitting them to the issuer, and the rules applied in the event of oversubscription;

— Detail of the fees charged to the investor and the possibility of obtaining, on request, a description of the services provided to the issuer of the securities to which subscription is being considered, and the related fees;

— The risks inherent to the project and, in particular, the risk of total or partial loss of the capital, illiquidity risk and the risk of an absence of valuation.

If the issuer is not the company carrying out the project, asset management companies must provide the client, via their website and prior to any subscription, with the information referred to in Article 217-1 pertaining to the company carrying out the project and, where applicable, to those companies intervening between the company carrying out the project and that making the offer. Information must be provided on any contractual agreements between the abovementioned companies, whenever such agreements exist.

Asset management companies are responsible for checking the consistency, clarity and balance of this information. To make this information easily accessible, all these items must be written in non-technical language.

III. – All marketing information must contain prominent and easily-accessible reference to the risks inherent to the proposed investments and, in particular, the risk of total or partial loss of capital and illiquidity risk.

IV. – The asset management company shall ensure that the articles of the company carrying out the project presented to investors comply with the laws and regulations on companies making offers that are not subject to publication of a prospectus and are made via a website.

This provision is applicable to companies intervening between the company carrying out the project and that making the offer.

V. – The provisions of 3° of Article 325-51, the final paragraph of Article 325-52 and the second to last paragraph of Article 325-41 shall apply to asset management companies offering the minibons mentioned in Article L. 223-6 of the Monetary and Financial Code via a website, under the conditions stated in Article 325-48.

## Chapter V - Other provisions (Articles 321-136 à 321-152)

### Section 1 - Management of inside information and restrictions to be applied within authorised asset management companies (Articles 321-136 à 321-140)

#### Sub-section 1 - Rules to prevent undue circulation of inside information

Article 321-136

Asset management companies shall establish and maintain effective and adequate procedures to control the circulation and use of inside information, as defined in Article 7 of Regulation (EU) n° 596/2014 of the European Parliament and of the Council of 16 April 2014, with the exception of paragraph 1.c of that same Article, taking into account the activities conducted by the group to which the asset management company belongs and the organisation adopted by that group. These procedures, called "information barriers", shall provide for:

1 • Identification of business segments, divisions, departments or any other entities likely to possess inside information;

2 • Organisation, in particular physical organisation, so as to separate entities within which the relevant persons referred to in II of Article 321-31 are likely to possess inside information;

3 • Prohibition of disclosure of inside information by the persons possessing it to other persons, except as provided for in Article 10 of the market abuse Regulation (Regulation n° 596/2014/EU) and after informing the compliance and internal control officer;

4 • The conditions in which the asset management company may authorise a relevant person assigned to a given entity to provide assistance to another entity, whenever one of the two entities is likely to possess inside information. The compliance and internal control officer shall be informed whenever the relevant person assists the entity possessing inside information;

5 • The manner in which the relevant person benefiting from the authorisation provided for in 4° is informed of the temporary consequences thereof on the performance of his regular duties.

The compliance and internal control officer shall be informed when this person returns to his regular duties.

Sub-section 2 - Watch list

Article 321-137

To ensure compliance with the abstention requirement set forth in Articles 8, 10 and 14 of Regulation (EU) n° 596/2014 of the European Parliament and of the Council of 16 April 2014, asset management companies shall establish and maintain an appropriate procedure for monitoring the issuers and financial instruments on which they have inside information. Such monitoring shall cover:

1 • Transactions in financial instruments by the asset management company for its own account;

2 • Personal transactions, as defined in Article 321-42, made by or on behalf of the relevant persons referred to in first subparagraph of Article 321-43;

To this end, the compliance and internal control officer shall draw up a watch list of the issuers and financial instruments on which the asset management company has inside information.

The relevant entities shall inform the compliance and internal control officer at once when they believe they possess inside information.

In such case, the issuer or the financial instruments to which the inside information pertains shall be put on the watch list, under the supervision of the compliance and internal control officer.

The watch list shall indicate the reason for adding an issuer or financial instrument to the list and the names of the persons who have access to the inside information about it.

The provisions of the foregoing subparagraph shall not apply where the asset management company, in its capacity as issuer of financial instruments, maintains the list provided for in Article 18 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014.

The relevant entities shall inform the compliance and internal control officer when they believe that information they had previously reported pursuant to the fifth subparagraph has ceased to be inside information.

The contents of the watch list are confidential. Dissemination of items on the watch list is restricted to the persons designated by name in the procedures referred to in the first subparagraph of Article 321-136.

Article 321-138

The asset management company shall exercise supervision in accordance with the procedures set forth in Article 321-137. It shall take appropriate measures if it detects an anomaly.

The asset management company shall keep a record on a durable medium of the measures it has taken in the event of an anomaly or, if it takes no measures, of the reasons for so doing.

Sub-section 3 - Restricted list

Article 321-139

I. – Asset management companies shall establish and maintain an appropriate procedure for monitoring compliance with any restrictions that apply to:

1 • Transactions in financial instruments by the asset management companies for its own account;

2 • Personal transactions, as defined in Article 321-42, made by or on behalf of the relevant persons referred to in first subparagraph of Article 321-43;

II. - To this end, the compliance and internal control officer shall establish a restricted list. This list includes those issuers or financial instruments in which the asset management company must restrict its activities, or the activities of relevant persons, because of:

1 • Legal or regulatory provisions to which the asset management company is subject other than those resulting from the abstention requirements set forth in Articles 8, 10 and 14 of Regulation (EU) n° 596/2014 of the European Parliament and of the Council of 16 April 2014;

2 • Undertakings made on the occasion of a financial offering.

When an asset management company deems it necessary to prohibit or restrict the performance of an investment service, an investment activity or an ancillary service in respect of certain issuers or financial instruments, those issuers and financial instruments shall also be included on the restricted list.

Article 321-140

Asset management companies shall determine, based on the restricted list, which entities are subject to the restrictions referred to in Article 321-139 and how those restrictions shall apply.

They shall inform the relevant persons affected by the restrictions of the list and the nature of the restrictions.

Section 2 - Obligations relating to the prevention of money laundering and terrorist financing (Articles 321-141 à 321-150)

Article 321-141

Asset management companies shall have organisational structures and procedures that enable them to comply with the vigilance and disclosure requirements provided for in Title VI of Book V of the Monetary and Financial Code relating to the fight against money laundering and terrorist financing.

Article 321-142

The asset management company shall be subject to the provisions of this Section by virtue of the marketing, either by itself or through an agent, of shares or units in a UCITS, whether or not it manages the scheme.

Article 321-143

The asset management company shall establish systems for assessing and managing the risks of money laundering and terrorist financing.

It shall set up suitable organisational structures, internal procedures and a supervision system to ensure compliance with the obligations relating to the prevention of money laundering and terrorist financing.

Article 321-144

The asset management company shall appoint a member of management to be responsible for implementing the anti-money laundering and terrorist financing system stipulated in Article L. 561-32 of the Monetary and Financial Code.

This manager may delegate some or all of the implementation under the following conditions:

1 • The empowered person must have the necessary authority, resources and skills, and access to all relevant information;

2 • The empowered person must not be involved in the execution of the services and activities under supervision.

The manager shall remain responsible for the delegated activities.

Article 321-145

The asset management company shall ensure that the reporting party and correspondent referred to in Articles R. 561-23 and R. 561-24 of the Monetary and Financial Code have access to all the information they need to perform their duties.

The company shall provide them with the appropriate tools and resources to comply with their obligations relating to the prevention of money laundering and terrorist financing.

The abovementioned reporting party and correspondent shall also be informed of:

1 • Incidents relating to the prevention of money laundering and terrorist financing that are brought to light by internal control systems.

2 • Shortcomings found by domestic or foreign supervisory authorities in the implementation of provisions relating to the prevention of money laundering and terrorist financing.

Article 321-146

The asset management company shall compile and periodically update a classification of the money laundering and terrorist financing risks involved in the services that it provides in order to establish the systems referred to in Article 321-143. It shall assess its exposure to these risks in accordance with the terms and conditions under which the services are provided and the characteristics of its clients.

For this purpose, it shall consider the information published by the international body for cooperation and coordination in the prevention of money laundering and by the Minister for the Economy.

Article 321-147

The asset management company shall draft and implement written internal procedures to ensure compliance with the provisions relating to the prevention of money laundering and terrorist financing. It shall update them periodically.

These internal procedures shall focus on:

1 • Assessing, monitoring and managing the risks of money laundering and terrorist financing;

2 • Implementing vigilance measures, such as:

a) The requirements and procedures for accepting new clients and occasional clients;

b) Due diligence for identifying and obtaining knowledge about clients, beneficial owners and the purpose and nature of the business relationship. The frequency of these information updates shall be specified;

c) The additional vigilance measures stipulated in Articles L. 561-10 and L. 561-10-2 of the Monetary and Financial Code and the requirements and procedures for their implementation.

d) The information to be gathered and retained about the transactions stipulated in II of Article L. 561-10-2 of the Monetary and Financial Code;

e) The vigilance measures to be implemented with regard to any other risks identified by the risk classification referred to in Article 321-145;

f) The procedures for implementing these vigilance obligations through a third party under the terms of Article L. 561-7 of the

Monetary and Financial Code;

g) The vigilance measures for determining the conditions in which it needs to sign the agreement stipulated in Article R. 561-9 of the Monetary and Financial Code.

3 • If the asset management company belongs to a financial group, a mixed group or a financial conglomerate, the procedures for circulating the information needed to organise the prevention of money laundering and terrorist financing within the group as stipulated in Article L. 511-34 of the Monetary and Financial Code, while ensuring that this information is not used for any other purpose than the prevention of money laundering and terrorist financing.

4 • Detecting and dealing with unusual or suspicious transactions;

5 • Implementing the obligation to report and send information to the national financial intelligence unit;

6 • Procedures for sharing information about suspicious transaction reports sent to the national financial intelligence unit, when the entities concerned belong to a group or act on behalf of the same client and in the same transaction as stipulated in Articles L. 561-20 and L. 561-21 of the Monetary and Financial Code;

7 • The record-keeping procedures for the purposes of 2°, as well as:

a) The results of the enhanced examination stipulated in Article R. 561-22 of the Monetary and Financial Code;

b) The information, documents and reports about the transactions referred to in Article L. 561-15 of the Monetary and Financial Code.

Article 321-148

The internal procedures shall also specify under what conditions the asset management company applies the provisions of Article L. 561-34 of the Monetary and Financial Code in terms of vigilance and record-keeping with regard to its branches and subsidiaries in other countries.

Article 321-149

When it implements its investment policies for its own account or for third parties, the asset management company shall assess the risk of money laundering and terrorist financing and establish procedures to oversee the investment selections made by its employees.

Article 321-150

When recruiting employees, the asset management company shall consider the risks relating to the prevention of money laundering and terrorist financing, in accordance with employees' level of responsibility.

At the time of hiring, and periodically thereafter, it shall provide its staff with information on and training in the applicable regulations and amendments, current money-laundering techniques, prevention and detection measures, and the procedures and implementation arrangements referred to in Article 321-144. They shall be adapted to the functions performed, clients, locations and risk classification.

The asset management company shall make the persons acting on its behalf aware of the measures to be taken to ensure compliance with provisions relating to the prevention of money laundering and terrorist financing.

### Section 3 - Miscellaneous provisions (Article 321-151)

Article 321-151

The provisions of Chapters III, IV and V of this Title and Article 321-1 IV shall apply to the relevant persons referred to in II of Article 321-31.

The rules adopted by the asset management company under the provisions of Chapters III, IV and V of this Title and Article 321-1 IV and applying to the relevant persons referred to in II of Article 321-31 shall constitute professional obligations for those persons.

The provisions of Chapters IV and V of this Title and Article 321-1 IV shall apply to the relevant persons referred to in II of Article 321-31 within the branches opened in France by asset management company authorised in other States parties to the European Economic Area agreement.

Section 4 - Handling and monitoring of subscription applications and book entry (Article 321-152)

Article 321-152
When it makes offers of financial securities via a website on the terms set out in Article 325-48, the asset management company may provide a subscription application handling and monitoring service that includes the registration of financial securities in a securities account. This service shall be formalised in an agreement between the asset management company and the mandating issuer setting out in particular the obligations of the asset management company and the fees charged. For this purpose, it shall collect notably the personal data of subscribers and transmit it to the issuer for registration in the records of the latter.

The asset management company shall implement a procedure setting out:

1 • The terms for handling and monitoring subscription applications, notably in the event of oversubscription.

2 • The procedure for registering financial securities in a securities account.

This procedure shall provide for time stamping of the subscription applications on receipt.

The asset management company shall act with diligence and professionalism when processing subscription applications and registering financial securities in a securities account.

It shall keep a record of the service provided on a durable medium.

If the offer is cancelled, it shall inform the client promptly.

## Title I quater - Others asset management companies (Articles 321-153 à 321-168)

Articles 2 to 5 and 12 to 15 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds

Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds

Article 321-153
The present Title is applicable to asset management companies referred to in Article L. 543-1 of the Monetary and Financial Code other than asset management companies covered by Title I *bis* and Title I *ter* of this Book.

Article 321-154

Unless otherwise provided, Title I *ter* and Articles 321-155 to 321-166 are applicable for the management of collective investment:

I. - To the asset management companies referred to in Article L. 532-9, IV of the Monetary and Financial Code.

These legal entities also send the AMF the information mentioned in Article L. 214-24-20, I and II of the Monetary and Financial Code and in Article 421-36 on the terms set out in Article 110 and pages 71 to 77 of Annexe IV to Delegated Regulation (EU) No. 231/2013 of the Commission of 19 December 2012. These entities also comply with the investor disclosure obligations in Article L. 214-24-19 of the Monetary and Financial Code and in Articles 421-33 to 421-35 herein.

Without prejudice to Article 4, (3) of abovementioned Delegated Regulation (EU) No. 231/2013, if the AIFs they manage no longer fulfil the conditions referred to in Article L. 532-9, IV, first sub-paragraph 1 of the Monetary and Financial Code, these legal entities shall comply, for the management of these AIFs, with Title I *bis* of the present Book.

These legal entities may choose to submit the AIFs they manage to Title I *bis* of the present Book.

II. - To asset management companies referred to in Article L. 532-9, III, second sub-paragraph of the Monetary and Financial Code.

III. - To the asset management companies of the securitisation schemes referred to in of Article L. 214-167, I of the Monetary and Financial Code.

1 • By way of derogation from Article 321-10, an asset management company that manages one or more securitisation schemes referred to in Point I of Article L. 214-167, I of the Monetary and Financial Code must be able to prove at any time that its own funds are at least equal to the higher of the two amounts specified in a and b hereafter:

a) EUR 125,000 plus the sum of:

i) 0.02% of the amount of assets under management by the asset management company in excess of EUR 250 million, excluding the securitisation schemes referred to in Article 214-167, I of the Monetary and Financial Code; and

ii) 0.02% of the assets held by securitisation schemes referred to in Article 214-167, I of the Monetary and Financial Code and managed by the asset management company, the result being capped at a ceiling of EUR 760,000.

The own funds requirement is capped at a ceiling of EUR 10 million.

The assets included in the calculation of the additional own funds requirement referred to in a) are:

— Assets of open-ended investment companies (Sociétés d'investissement à capital variable, SICAVs) that have delegated the management of their portfolio to the asset management company;

— Assets of common funds (Fonds communs de placement, FCPs) managed by the asset management company, including portfolios for which it has delegated management to another entity, but excluding portfolios that it manages on a delegated basis;

— Assets of investment funds managed by the asset management company, including portfolios for which it has delegated management to another entity, but excluding portfolios that it manages on a delegated basis.

b) One-quarter of general operating expenses for the previous financial year, calculated in accordance with Articles 34 *ter* to 34 *quinter* of Commission Regulation (EU) N° 241/2014 of 7 January 2014.

2 • The own funds requirement at the time of authorisation shall be calculated on the basis of forecast data.

For subsequent years, the amount of general operating expenses and the total value of portfolio assets used to determine the own funds requirement shall be calculated on the basis of the most recent of the following asset management company documents: financial statements for the previous financial year, interim statement of financial position certified by the statutory auditor or the data sheet referred to in Article 321-75.

3 • In order to cover any potential professional liability risks resulting from AIF management activities, excluding the securitisation schemes referred to in Article L. 214-167, I of the Monetary and Financial Code, the asset management company must:

a) Either have additional own funds of an amount sufficient to cover potential liability risks arising from professional negligence;

b) Or hold a professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered.

IV. - To the asset management companies of "Other Collective Investments".

For the application of Title I *ter* to the asset management companies referred to in I to IV, the reference to “UCITS” is replaced, depending on the case, by the reference to “AIFs” or “Other collective investment undertakings”.

Article 321-155

By derogation to II of Article 321-1, the asset management companies falling under this Title may request authorisation to provide investment services that consist of investment advice or, when they do not also fall under Title I *ter,* the reception and transmission of orders on the behalf of third parties referred to in 5 and 1 of Article L. 321-1 of the Monetary and Financial Code.

Article 321-8 does not apply to them.

Article 321-156

For employee investment funds (FCPEs), the appointment of another manager by the custodian, referred to in Article 321-6, shall be subject to ratification by the supervisory board of each fund.

Article 321-157

By way of derogation from Article 321-13, an asset management company covered by this Title may be effectively managed by a single person in the following conditions:

1 • The asset management company does not manage any UCITS;

2 • The total assets managed by the asset management company amount to less than EUR 20 million or, if such amount is higher, the asset management company is authorised solely to manage professional private equity investment funds;

3 • The governing bodies or bylaws of the asset management company empower a person to replace the manager immediately and perform all his duties if he himself is unable to perform them;

4 • The person appointed pursuant to Point 3° shall be of sufficiently good repute and have sufficient experience to carry out the function of manager so as to ensure sound and prudent management of the asset management company. He must have the necessary availability to replace the manager.

Article 321-158

In the annual reports of private equity funds, professional specialised funds or professional private equity investment funds, asset management companies covered by this Title shall report on their practice for the use of voting rights attaching to securities held in the funds.

The measures referred to in Articles 321-132, 321-133 and 32-134 shall apply for securities held by private equity funds, professional specialised funds or professional private equity investment funds that are traded on a regulated market of a State party to the European Economic Area agreement or on a recognised foreign market.

Article 321-159
The measures referred to in Articles 321-132, 321-133 and 321-134 shall apply where management companies covered by this Title manage an Employee Investment Funds (FCPE) and have been empowered to exercise the voting rights attaching to securities held by the funds.

Article 321-160
The provisions of Articles 321-131 to 321-134 shall not apply to asset management companies covered by this Title when they manage real-estate collective investment undertakings (*organismes de placement collectif immobilier*, OPCI), professional real-estate collective investment undertakings and real-estate investment companies (*sociétés civiles de placement immobilier*, SCPI).

Article 321-161
The material and technical resources and the control and security systems that asset management companies covered by this Title are required to have under the terms of Article 321-23 must be, as the case may be, adequate and appropriate for the management of real- estate collective investment undertakings or professional real-estate collective investment undertakings, real-estate investment companies and real-estate asset management referred to in points 1° to 3° of I of Article L. 214-36 of the Monetary and Financial Code.

Asset management companies must be able to monitor developments in the real-estate markets and assets referred to above, which are included in the portfolios under management, and to record and retain, under satisfactory conditions of security, information about the transactions in these assets so as to provide an audit trail.

They must be able to measure the risks associated with such investments at all times and to assess their contribution to the risk profile of the real-estate collective investment undertaking or the professional real-estate collective investment undertaking.

For the purposes of Article R. 214-112 of the Monetary and Financial Code, the asset management company shall calculate the liabilities of the real-estate collective investment undertaking or the professional real-estate collective investment undertaking at all times.

Article 321-162
The internal organisational structures of asset management companies covered by this Title must enable them to provide detailed explanations about the origins and execution of transactions in the assets referred to in points 1° to 3° of I of Article L. 214-36 of the Monetary and Financial Code.

Asset management companies must have special and appropriate procedures at all times for monitoring transactions involving the purchase and sale of the assets referred to in points 1° to 3° of I of Article L. 214-36 of the Monetary and Financial Code.

Article 321-163
Compliance with the steps provided for in Articles 321-161 and 321-162 shall satisfy the data recording and record keeping requirements set forth in I and II of Article 321-69 as regards the assets referred to in points 1° to 3° of I of Article L. 214-36 of the Monetary and Financial Code.

Article 321-164
For the purposes of Article 321-97, if the delegated management entity has its registered office in another country, it must have the necessary authorisations to provide management services for the assets referred to in points 1° to 3° of I of Article L. 214-36 of the Monetary and Financial Code in its home country or be subject to equivalent supervision.

Article 321-165
Sub-paragraphs one to nine of Article 321-119 do not apply to fees and commissions incurred in connection with advisory and

arrangement services, financial engineering, advice on industrial strategy, mergers and acquisitions, or initial public offerings of unlisted securities in which a private equity fund, professional specialised fund or professional private equity investment fund has invested.

Article 321-166
The provisions of Article 321-119 shall not apply to fees and commissions for advice or real-estate promotions relating to the purchase or sale of the assets referred to in points 1° to 3° of I of Article L. 214-36 of the Monetary and Financial Code in which the assets of a real-estate collective investment undertaking or a professional real-estate collective investment undertaking are invested.

The nature of the fees and commissions, as well as the methods for calculating them, shall be explicitly referred to in the simplified prospectus and the detailed memorandum of the real-estate collective investment undertaking or the professional real-estate collective investment undertaking.

Under the terms of Article 321-119, fee-sharing shall be prohibited unless it is exclusively and directly of benefit to the real-estate collective investment undertaking or the professional real-estate collective investment undertaking.

Fee-sharing include agreements under which the broker, intermediary or counterparty in a transaction involving one of the assets mentioned in points 1° to 3° of I of Article L. 214-36 of the Monetary and Financial Code shares the fees referred to in point 1° of Article 321-119 or the fees referred to in the first paragraph of this Article.

Article 321-167
The legal entities referred to in Article L. 214-24, III, 3 of the Monetary and Financial Code are not subject to this Title. They shall comply with the procedure for registration with the AMF.

They shall send the AMF the information referred to in Article L. 214-24-20, I and II of the Monetary and Financial Code and in Article 421-36 on the terms set out in Article 110 and pages 71 to 77 of Annexe IV to Commission Delegated Regulation (EU) N° 231/2013 of 19 December 2012.

They shall comply with Articles 2 to 5 of Delegated Regulation (EU) No. 231/2013 referred to above.

If such legal entities should choose to submit the "Other AIFs" they manage to the regime described in Article L. 214-24, III, 1 of the Monetary and Financial Code, they shall comply, for the management of these "Other AIFs", with Title 1 *bis* of the present Book and Commission Implementing Regulation (EU) No. 447/2013 of 15 May 2013.

Article 321-168
Managers of European venture capital funds and European social entrepreneurship funds are not subject to the present Title.

They shall comply with the procedure for registration with the AMF.

## Title II - Other service providers (Articles 322-1 à 328-2)

### Chapter I - Custody account-keepers (Articles 322-1 à 322-90)

#### Section unique - Provisions relating to custody account-keeping - terms of reference for the custody account-keeper (Articles 322-1 à 322-90)

##### Sub-section 1 - Scope of application of the terms of reference and definition of the activity of custody account-keeping

### Paragraph 1 - Scope of terms of reference for the custody account-keeper

#### Sub-paragraph 1 - Persons, services and financial instruments concerned

Article 322-1

I. - The provisions of the present section are applicable to the persons mentioned in Article L. 542-1 of the Monetary and Financial Code when they supply the service of custody account-keeping for financial instruments on behalf of third parties and the ancillary services such as the cash account management corresponding to these financial instruments or the management of the financial guarantees mentioned in Article L. 321-2 (1°) of the Monetary and Financial Code.

II. - The financial instruments concerned are the financial securities mentioned in II of Article L. 211-1 of the Monetary and Financial Code and, in application of Article L. 211-41 of the said code, or equivalent instruments or rights pertaining to a financial instrument in an entity issued on the basis of a foreign right.

#### Sub-paragraph 2 - Form of the financial securities

Article 322-2

I. - In application of Article R. 211-2 of the Monetary and Financial Code, where the financial securities are recorded in a securities account held by one of the intermediaries mentioned in 2° to 7° of Article L. 542-1 of the Monetary and Financial Code, they are considered to be in "bearer" form.

Securities likely to be in bearer form are, in application of Article L. 211-7 of the Monetary and Financial Code, financial securities admitted to the operations of the central depository. As an exception, units or shares in a collective investment scheme which are not admitted for operations by the central depository may be recorded in securities accounts held by one of the intermediaries mentioned in 2° to 7° of Article L. 542-1 of the Monetary and Financial Code.

II. - In application of Article R. 211-2 of the Monetary and Financial Code, where the financial securities are recorded in a securities account kept by an issuer or by a person acting on its behalf, they are considered to be in "registered" form. When registered securities are administered by the issuer, they are referred to as "pure registered". Where they are administered by an intermediary mentioned in 2° to 7° of Article L. 542-1 of the Monetary and Financial Code, in accordance with the conditions defined in the following article, they are referred to as "administered registered".

### Paragraph 2 - Definition of the activity of custody account-keeping

Article 322-3

The activity of custody account-keeping consists:

1 • Of recording in a securities account the financial securities in the name of their owner, i.e., recognising the owner's rights over the said financial securities.

Where registered financial securities are concerned, in application of Article R. 211-4 of the Monetary and Financial Code, an owner of registered financial securities may charge an intermediary with maintaining its securities account opened at the issuer. In this case, the entries appearing on the securities account also appears in an administration account held in the name of this owner by this intermediary. The securities are then considered to be in "administered registered" form;

2 • Of keeping the corresponding assets;

For the keeping of the assets corresponding to the financial securities mentioned in I of Article 322-2, the intermediary custody account-keeper mentioned in 2° to 7° of Article L. 542-1 of the Monetary and Financial Code:

— Opens one or more accounts with the central depository, or opens one or more accounts with another custody account-keeper or a foreign entity which has equivalent status;

— Opens one or more accounts with the issuer or the person acting on behalf of this latter, if the financial securities are units or shares of a collective investment scheme which are not admitted to the operations of the central depository.

3 • Of processing the events occurring in the life of the retained financial securities.

Sub-section 2 - Professional obligations of the keepers of securities accounts other than the issuing entities

Paragraph 1 - Obligations relating to the prevention of money-laundering and the financing of terrorism

Article 322-4

Ancien numéro de l'article : 322-1

The custody account-keeper shall be equipped with an organisation and procedures which allow it to meet the prescriptions of vigilance and information relating to the prevention of money-laundering and the financing of terrorism, as stipulated in title VI of book V of the Monetary and Financial Code and in the texts issued for their application.

Paragraph 2 - Relationships with customers

Sub-paragraph 1 - General provisions relating to the start of a relationship

Article 322-5

Prior to the supply of the custody account-keeping service, the custody account-keeper shall conclude an agreement with each holder of a securities account.

This agreement shall define the principles for the operation of the securities account and identify the respective rights and obligations of the parties.

I. - It shall include the following information:

1 • The identity of the person or persons with which the agreement is established:

a • Where this involves a legal entity, the modalities for informing the service provider of the name of the persons authorised to act in the name of the said legal entity;

b • Where this involves a natural person, his/her capacity, where applicable, as a French resident, a resident of a State which is a party to the European Economic Area agreement or a resident of a third country, plus, where applicable, the identity of the persons authorised to act in the name of the said natural person;

2 • The type of services supplied as well as the categories of financial securities to which the services relate;

3 • The pricing of the services supplied by the custody account-keeper and the terms for remuneration of this latter;

4 • The validity period of the agreement;

5 • The obligations of confidentiality of the custody account-keeper in accordance with the laws and regulations in force concerning professional secrecy.

II. - It shall also specify:

1 • The terms according to which the information stipulated in Article 322-12 shall be sent to the holder of the securities account;

2 • The conditions for the sending, by the custody account-keeper, of the securities operation notes, depending on the regulations specific to the country of residence of the parties concerned and, where applicable, the restrictions imposed by the issuer in the issue prospectus. In the event of specific regulations or restrictions, the agreement shall set out the measures to be taken as a consequence by the custody account-keeper;

3 • If the custody account-keeper is also the service provider which supplies the client with the investment service of receipt and transmission of orders or the order execution service, the conditions according to which its client sends to it his/her orders for execution and the terms on which the custody account-keeper completes in good time the settlement in question, by borrowing securities on behalf of the client and by lending the necessary cash if required;

4 • The terms, and in particular the deadline, for transmission by the client of his/her instructions relating to a securities operation in order that these instructions can be taken into account by the custody account-keeper, as well as the measures adopted by the latter if the said instructions are not transmitted to it in accordance with the terms set out in the agreement. In the event that these measures consist of the systematic sale by the custody account-keeper of the rights of the holder, the agreement shall specify this explicitly;

5 • The information set out in Article 49 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 in terms of the modalities for the holding of securities and the terms for the use of the securities;

6 • The information relating to the tax situation of the holder of financial securities which the custody account-keeper must possess in order to be able to fulfil its professional obligations.

Article 322-5-1

Where the custody account-keeper does not supply the service of receipt and transmission of orders or the order execution service to the client, the agreement shall provide, without prejudice to the provisions of Article 322-5:

1 • The terms according to which the client transmits to the custody account-keeper the instructions to engage in a settlement and delivery process;

2 • The level, the nature and the timing for constitution of the securities or cash provision and, where applicable, the coverage required by the custody account-keeper for the settlement and delivery operations concerned;

3 • Subject to the conditions set out in 1° and 2° both being fulfilled and the agreement not requiring that the provision is constituted on the date of settlement and delivery, the terms and conditions according to which the custody account-keeper carries out, on behalf of the client, settlement of the instructions:

- in accordance with Article 312-15, in the event of an insufficient provision of securities, a loan or a repurchase of securities, unless exceptional market conditions make borrowing or repurchase impossible;

- in the event of an insufficient provision of cash, a loan of cash;

4 • That, in the specific case:

- Of a delivery instruction from the client to the custody account-keeper of securities which are themselves to be received from a matching operation by the custody account-keeper and the counter-party which is due to deliver to it the securities concerned; and

— Of non-settlement of this latter operation on the planned date as a result of a failure by the said counter- party, the custody account-keeper shall take, immediately on recording the default, all the measures necessary for borrowing or re-purchase in order to ensure the settlement of the delivery instructions as quickly as possible, subject to the conditions set out in 1° and 2° both being fulfilled, except where exceptional market conditions make these measures impossible.

Article 322-6

Ancien numéro de l'article : 322-3

On entering into a relationship with any new client, the custody account-keeper shall carry out the same identity checks as those stipulated by the legislative and regulatory texts in force relating to the prevention of money-laundering and the financing of terrorist activities.

The custody account-keeper shall ensure that the client has the legal capacity and the status required to carry out this operation.

Where the client has appointed a person to act on his/her behalf, the custody account-keeper shall obtain any documents attesting to this appointment.

Where a legal entity client is concerned, the custody account-keeper shall verify that the representative of this legal entity has the capacity to act, either by virtue of his/her capacity as legal representative, or under the terms of a delegation or mandate in his/her possession. For this purpose, the custody account-keeper shall request the production of any documents which allow it to verify the authorisation or appointment of the representative.

The custody account-keeper may ask natural persons and legal entities which are subject to the legislation of a foreign State to present a certificate in accordance with normal practice attesting to the validity of the envisaged operations under the terms of this legislation.

The securities account must mention the identification information concerning the persons in the name of whom it was opened and any specificities affecting the exercise of their rights.

Sub-paragraph 2 - General provisions relating to the services provided and to the protection afforded to clients

Article 322-7

Articles 26, 30 and 31 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 and 312-6 to 312-16 of this General Regulation apply to all custody account-keepers, even when they are not investment service providers.

The custody account-keeper shall in all circumstances comply with the following obligations:

1 • It shall take every care to carry out all the security and cash movements in line with the instructions from its clients;

2 • It shall take every care in the conservation of the financial securities and, in this respect, ensure the strict account- recording of these latter and their movements in compliance with the procedures in force; it shall also take every care to facilitate the exercise of the rights attached to these financial securities, in compliance with the regulations applicable to the said securities;

3 • It shall ensure that the assets of its clients are distinguished from its own assets in the books of third parties with which, in application of 2° of Article 322-3, it keeps the corresponding assets;

4 • In accordance with the provisions of Article 312-12 and 312-15, it may neither make use of the financial securities recorded in

the account or the rights attached thereto, nor transfer the ownership thereof without the express agreement of their owner. It shall organise its internal procedures in such a way as to guarantee that any movement related to the holding of financial securities on behalf of third parties for which it is responsible is justified by a validly registered operation in an account of the holder;

5 • Subject to the provisions of Article 322-35, it shall have the obligation to return the financial securities which are recorded in a securities account in its books. If the securities are not represented by any medium apart from the accounting entry, it shall transfer them to the custody account-keeper which the holder of the securities account shall designate. This return shall be carried out as quickly as possible, on condition that the said holder has fulfilled his/her own obligations.

Article 322-8

The custody account-keeper shall ensure that, unless a legal or regulatory provision to the contrary applies, any movement of financial securities affecting the securities account of a client shall be carried out exclusively on the instructions of the latter, of his/her representative or, in the event of a transfer, of an authorised third party.

If the holder has entrusted the management of his/her portfolio under the terms of a mandate, the custody account-keeper shall have him/her complete an attestation signed by the holder and the representative, based on the template included in an instruction from the AMF. The custody account-keeper is not obliged to have knowledge of the terms of the portfolio management mandate.

Any operation which creates or modifies the rights of a holder of a securities account shall be the subject of recording as soon as the right is acknowledged.

Where the operation involves a movement of cash and financial securities or a movement of cash, rights and financial securities, these movements will be recorded concomitantly.

Article 322-9

A securities account must not have a debit balance on the date of settlement and delivery of the financial securities disposed of and the custody account-keeper shall in all circumstances comply with the provisions of 4° of Article 322-7 relating to the rule of non-utilisation of financial securities belonging to a client without his/her express agreement.

Article 322-10

In application of Article 322-9 and pursuant to Points 2° and 3° of Article 312-15, the custody account-keeper shall establish and keep operational the procedures:

1 • Enabling the highlighting of any trading or disposal of financial securities liable to produce a debit balance on a securities account on the date of settlement and delivery;

2 • Providing for its intervention with the clients in order to ensure that they take measures:

— To avoid any settlement and delivery default; or,

— Where applicable, to remedy such a default which may have occurred;

3 • Implementing as required the measures provided for in II (3°) of Article 322-5 and 3° of Article 322-5-1 in accordance with the terms set out in the agreement mentioned in the same articles.

Article 322-11

Where it carries out operations for its own account, which oblige it to deliver financial securities, whether related or not to operations carried out by clients, the custody account-keeper shall be obliged to ensure that it is able to proceed with this delivery on the planned date of settlement and delivery and shall take, where applicable, any measure enabling it to proceed with the delivery of the said securities on the said date, pursuant to Point 2° of Article 312-15.

Sub-paragraph 3 - General provisions relating to the information provided to clients

Article 322-12

I. - The custody account-keeper shall send, on a durable medium, at least once quarterly to its client, and on each request by this latter, a statement of his/her financial securities. The statement shall include the information mentioned in Paragraph 2 of Article 63 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016.

II. - The custody account-keeper shall send, as quickly as possible, to each holder of a securities account the following information:

1 • Information relating to operations in financial securities which require a response from the account holder, which it receives individually from the issuers of financial securities;

2 • Information relating to the other operations in financial securities which give rise to a modification to the assets recorded on the client's account, which it receives individually from the issuers of financial securities;

3 • Subject to them having been identified as such by the collective investment scheme or the asset management company which, where applicable, represents it, and in accordance with the conditions set out in 6° of Article 411-70, the specific information which must, in application of the provisions of Article 411-15, be sent individually to the holders of the collective investment scheme, which it receives from the said collective investment scheme or from its asset management company.

III. - The custody account-keeper shall be obliged, as quickly as possible, to inform each holder of a securities account:

1 • Of the information necessary for the preparation of his/her tax return;

2 • Of all the movements relating to the financial securities and cash recorded in his/her name.

However, where the holder of the securities account subscribes to a pensions saving plan scheme which contractually includes repetitive and systematic operations, the custody account-keeper may inform the holder of the execution of these operations only twice a year.

Article 322-13

Where it is the responsibility of the custody account-keeper to inform its client about the conditions for execution or transmission of his/her orders concerning the financial securities, it shall send to this latter the information mentioned in Paragraphs 1, 2, 3 and 4 of Article 59 and Paragraph 2 of Article 62 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016. This information shall include details of the costs or commissions charged by the service providers involved and by the custody account-keeper.

Article 322-14

The custody account-keeper shall forward to the issuing companies the requests for preparatory documents for their general meetings made by the shareholders or shall hold these documents at the disposal of these latter, subject to the issuing legal entity having fulfilled its contractual obligations with regards to the custody account-keeper.

Sub-paragraph 4 - General provisions relating to orders with deferred settlement and delivery service

Article 322-15

The provisions of Articles 516-1 and 315-11 to 315-22 are applicable to keepers of securities accounts.

Paragraph 3 - Resources and procedures of the custody account-keeper

Sub-paragraph 1 - General provisions

Article 322-16

In accordance with the provisions of Articles 21, 23, 24, 25 and 27 of Commission Delegated Regulation (EU) 2017/565 of 25 April

2016, the custody account-keeper shall:

1 • continuously use resources, particularly material, financial and human resources, which are suitable and sufficient.

2 • establish and keep operational suitable procedures for decision making and an organisational structure which specifies in a clear and documented form the hierarchical structure and the distribution of functions and responsibilities.

3 • ensure that the persons concerned are fully informed of the procedures which must be followed for the appropriate exercise of their responsibilities.

4 • establish and keep operational appropriate internal control mechanisms, designed to guarantee compliance with the decisions and procedures at all levels of the custody account-keeper.

5 • employ staff with the qualifications, knowledge and expertise required to exercise the responsibilities which are entrusted to it.

6 • establish and keep operational an efficient system for feedback up the hierarchical chain and communication of information at all the relevant levels.

7 • record in a suitable and ordered manner the details of its activities and of its internal organisation.

8 • ensure that the fact of entrusting multiple functions to the persons concerned does not prevent them or is not liable to prevent them from carrying out, in an adequate, honest and professional way, any of these functions.

Sub-paragraph 2 - IT resources

Article 322-17
The custody account-keeper shall establish and keep operational systems and procedures for safeguarding the security, integrity and confidentiality of information in a manner which is appropriate with regard to the nature of the information consulted.

Article 322-18
The custody account-keeper shall establish and keep operational business continuity plans in order to guarantee, in the event of the interruption of its systems and procedures, the safeguarding of its data and essential functions and the continuity of its custody account-keeping activities or, where this is impossible, in order to enable the recovery as quickly as possible of this data and these functions and the restarting of its activities as quickly as possible.

Sub-paragraph 3 - Accounting procedures

Article 322-19
The custody account-keeper shall describe its accounting organisation in an appropriate document.

It shall maintain its securities account records in accordance with the rules of double entry accounting.

The nomenclature of the accounts and their rules for operation shall be fixed by an instruction from the AMF. The purpose of this nomenclature is in particular, for the purposes of audit, to classify the financial securities in collective investment schemes in separate categories from those of the other clients and those belonging to the custody account-keeper.

Article 322-20
The custody account-keeper shall proceed with the accounting input of the operations as soon as it becomes aware thereof.

Article 322-21
Where operations remain to be confirmed between the custody account-keeper and its counter-parties, the corresponding

commitments are the subject of commitments recorded in accounting entries, or of non-accounting records.

Article 322-22
The custody account-keeper shall record, as quickly as possible, any information necessary to manage settlement of the operations.

Article 322-23
All accounting entries are supported:

1 • Either by a written document;

2 • Or by computerised and unalterable data.

Article 322-24
Where the holders of administered registered financial securities accounts are concerned, the custody account-keeper shall proceed, based on a reasonable periodicity, with the reconciliation of its accounting records with those held by the issuing entity. Where required, it shall justify any difference.

The custody account-keeper shall establish a daily report on the nominative references not transmitted to the central depository concerned within the required deadlines and for which the transmission remains to be completed.

Article 322-25
The custody account-keeper shall organise its processing procedures in such a way as to guarantee the complete input, the reliability and the retention of the basic data, particularly that relating to the holders of accounts, to the financial securities held, to the counter-party service providers and to the movements occurring related to the financial securities.

Article 322-26
The custody account-keeper shall organise its processing system in order that it is capable of producing the following documents, for each of the financial securities held:

1 • The history of the movements in the financial securities;

2 • The history of the financial security accounts opened in all classes of the accounting plan.

Article 322-27
The custody account-keeper shall process and retain the data relating to customers and to the operations which they carry out, in compliance with the professional secrecy mentioned in Article 314-1.

Article 322-28
The custody account-keeper shall establish an audit trail between the securities and accounting entries and the cash corresponding to the same operation, with the aid either of common references, or of management rules.

Article 322-29
The custody account-keeper shall design the system of accounting for financial securities in such a way that it is capable of justifying, on the one hand, the balances of each financial security based on the balances of each of the holders and the balances of the operations in transit and, on the other hand, the reconstitution of each balance based on the detailed operations which are at the source thereof.

It shall carry out these justifications based on a reasonable periodicity.

Article 322-30

The custody account-keeper shall implement continuous audit procedures relating to the accuracy of the processing procedures.

For each financial security, it shall verify on a daily basis:

1 • The equilibrium between the total of credit entries on the accounts and the total of debit entries thereon;

2 • The equilibrium between the accounts with credit balances and the accounts with debit balances.

It shall also organise the system of accounting for the financial securities, in such a way that it allows, by the implementation of appropriate procedures, for the audit of the data.

Article 322-31

The custody account-keeper shall implement continuous procedures for the verification of the accuracy of the available asset accounts, with the aid of the supporting documents for the corresponding assets supplied by the central depository, the keepers of securities accounts in which are kept the financial securities and the issuing entities which make public offerings. The custody account-keeper shall justify any difference.

Article 322-32

The custody account-keeper shall record the normal dates on which the receipt or delivery of the financial securities is anticipated. This recording shall take account of the specificities of cross-border operations.

The custody account-keeper shall organise its procedures in such a way as to continuously monitor suspense items as follows:

— The report on financial security and cash suspense items, for all the financial securities concerned, shall be supplied daily to the department which has operational responsibility for the delivery and settlement operations with the counter-parties;

— The suspense items mentioned in the second paragraph include:

1° Operations which are not matched within the normal deadlines;

2° Deliveries and settlements which are pending, relating to operations which have been matched with the counter- parties and for which the normal settlement dates have been exceeded;

— The suspense items are monitored by counter-party and by the date of delivery which was foreseen at the outset;

— In addition, the agreement of the counter-parties concerning the identified suspense items, both in financial securities and in cash, shall be regularly sought.

Sub-paragraph 4 - Relationships with other service providers

Article 322-33

Without prejudice to the provisions of Article 31 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016, the custody account-keeper may make use of a third party for:

1 • Preserving the assets corresponding to the financial securities which it records in the holders' accounts in accordance with the conditions specified in 2° of Article 322-3;

2 • Recording the financial securities in a securities account, in the capacity of representative of the custody account- keeper, in the name of their holder.

The custody account-keeper may make use of a third party to carry out, on its behalf, other essential operational tasks or

functions within the meaning of Paragraph 1 of Article 30 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016.

Article 322-34
Where, in application of 2° of I of Article 322-33, the custody account-keeper makes use of a third party which, in its capacity of representative, records financial securities in a securities account in the name of their holder, this third party shall be another custody account-keeper or a foreign entity which has a similar status.

Article 322-35
When it makes use of a third party, in application of Article 322-33, and apart from cases where it retains the assets corresponding to the securities of its clients in one or more accounts opened with a central depository or issuer, the custody account-keeper shall apply the provisions of Articles 312-8 to 312-10 and 321-93 to 321-96.

The liability of the custody account-keeper to the holder of the securities account shall not be affected by the fact that it makes use of a third party mentioned in Article 322-33.

However, where a custody account-keeper retains, on behalf of a professional client, financial securities issued under foreign law, it may agree on a clause which exempts it totally or partially from its liability to this professional client.

Article 322-36
A contract shall be established between the custody account-keeper and the third-party mentioned in Article 322-33, which shall specify in particular:

1 • The tasks entrusted to this third party;

2 • The responsibilities of the custody account-keeper and the third party;

3 • The obligations on the third party to provide information to the custody account-keeper;

4 • The modalities for verification implemented by the custody account-keeper in respect of the operations carried out by the third party;

5 • Where required, the necessity to comply with local practices.

Article 322-37
When, in application of 2° of I of Article 322-33, a third party is appointed by the custody account-keeper to record financial securities in a securities account in the name of their holders, the third party shall ensure that its principal applies the procedures established in application of Article 322-9. If, in particular, it observes that these procedures have not been implemented in the case of a client who is selling securities, it shall not proceed with the delivery of the said securities.

However, in the event that, for technical reasons related to the operation of the settlement and delivery system, it is incapable of preventing the delivery of the securities, it shall ensure that no financial instrument belonging to clients will be used for this purpose, without their express agreement, as provided for in 4° of Article 322-7.

Article 322-38
Where the custody account-keeper is caused to complete, on the instructions of a holder, a transfer of a financial securities portfolio to another custody account-keeper, in accordance with the conditions mentioned in 5° of Article 322-7, it shall, as quickly as possible, supply to the new custody account-keeper all the information which is necessary to it, particularly that relating to the precise identification of the holders concerned as well as detailed information enabling it to prepare the tax returns.

Sub-paragraph 5 - Verification of the custody account-keeping activity

Article 322-39

Custody account-keepers shall ensure compliance with the provisions which are applicable to them, as well as compliance by the persons placed under their authority or acting on their behalf, with the provisions applicable to custody account-keepers themselves and to these persons.

For this purpose, they shall designate an audit manager who, at custody account-keepers which are investment service providers, is a compliance officer for the investment services.

The audit manager shall have the authority, resources and expertise necessary and access to all relevant information. He/she shall not be involved in the execution of the operations which he/she audits.

He/she shall ensure the quality of the procedures specific to the custody account-keeping activity and the reliability of the internal controls and management tools.

He/she shall have access to regularly-updated documentation describing the organisation of the departments, the operational procedures and all the risks incurred as a result of the custody account-keeping activity.

He/she should be held to consult the principal reporting systems and shall be an addressee of the files of anomalies and complaints made by clients or professional partners, relating in particular to any malfunctions and any failures in ethical business practices.

Article 322-40
The audit manager shall organise the verification of the custody account-keeping activity by distinguishing:

1 • The systems which ensure day-to-day verification of operations;

2 • The systems which, as a result of recurrent or random checks and detailed audits of operational procedures, ensure the consistency and efficiency of the verification of the operations.

Article 322-41
The audit manager shall be involved in the validation of any new accounting system and verifications of updates to the accounting plan.

Article 322-42
The audit manager shall ensure the existence of continuous monitoring of the risks with regard to the counter-parties, whether credit risks, operational risks or risk relating to the settlement of operations.

Article 322-43
The audit manager shall define the rules for monitoring of positions considered sensitive with regard to the continuity and integrity of the processing or confidentiality of operations.

Article 322-44
The audit manager shall ensure the existence and application of procedures guaranteeing the taking into account, in compliance with the instructions from clients and sundry operations in financial instruments, concerning both the time taken for execution and the modalities for the updating of the financial instrument and cash accounts.

Article 322-45
The audit manager shall ensure the efficiency of the procedures for forward planning of the flows of financial instruments and cash intended to prevent the suspense items mentioned in Article 322-32 and breaches of the prescriptions in 4° of Article 322-7.

In the event that suspense items should nevertheless occur, the audit manager shall verify the terms and deadlines for the clearance thereof.

### Sub-section 3 - Provisions applicable to the domiciliation of negotiable loan notes and Treasury bonds

#### Article 322-46

Prior to the issue of negotiable loan notes, a written agreement shall be concluded between the issuer and a domiciliation establishment which will supervise the validity of the issue terms.

Authorised to be domiciliation agents are the establishments mentioned in Article 3 of the ministerial order of 31 December 1998 relating to the conditions which must be fulfilled by issuers of negotiable loan instruments mentioned in 2° to 10° of Article L.213-3 of the Monetary and Financial Code.

The domiciliation agent is in particular responsible for the accuracy of the amount of the issue with regard to the instructions received from the issuer. It shall be obliged to account to the issuer for the characteristics of the issues in accordance with the modalities set out in the above-mentioned agreement.

The domiciliation agent shall ensure the financial service for the issue and fulfil, *vis-à-vis* the Bank of France, the statistical declaration obligation provided for in the ministerial order mentioned in the second paragraph and the regulations issued for its application.

#### Article 322-47

Where an issuer decides to have the account for the issue of negotiable loan instruments kept at a central depository, it shall inform the latter of the domiciliation agent which it mandates in order to transmit its instructions to it. The central depository shall open a specific account for each issue. The central depository shall be the guarantor of the equilibrium between the number of securities issued and the number of securities recorded in its books in the name of the custody account-keepers.

#### Article 322-48

Where an issuer decides not to have the account for the issue of negotiable loan securities held at a central depository, its domiciliation agent shall be the guarantor of the equilibrium between the number of securities issued and the number of securities registered in its books in the name of the other custody account-keepers.

#### Article 322-49

Only the provisions referred to in Articles 322-46 and 322-47 shall apply to Treasury bonds.

### Sub-section 4 - Professional obligations of the issuer entities considered in their capacity as custody account-keepers and provisions relating to the administration of registered financial securities

#### Paragraph 1 - General provisions

#### Article 322-49-1

In application of 1° of Article L. 542-1 of the Monetary and Financial Code, legal entities which issue financial securities which were the subject of a public offering are authorised to carry on a custody account-keeping activity for the securities.

#### Article 322-50

Where a holder of registered financial securities uses the option which is given to it by Article R. 211-4 of the Monetary and Financial Code to entrust to a custody account-keeper intermediary, mentioned in Article L. 211-3 of the said code, the responsibility for their administration, it shall sign with this latter a mandate based on a template set out in an instruction from the AMF. This mandate shall be notified by the said intermediary to the issuer entity.

Where the administration mandate entrusted to this custody account-keeper intermediary is terminated, this latter shall so inform the issuer entity.

#### Article 322-51

The issuer entities shall maintain specific accounting records for each of the financial securities which they issued.

This accounting system shall distinctly record the pure registered financial securities and the administered registered financial securities mentioned in Article 322-2.

A chronologically-completed general journal shall retrace all the operations concerning each of the financial securities issued.

A general account, "Issue of registered financial securities", opened for each financial security shall register, on the debit side, all the financial securities registered at the issuer.

Its credit counterpart shall appear in the individual accounts of the pure registered holders, on the one hand, and administered registered holders, on the other hand, as well as in the various registered financial security accounts in the process of allocation.

Article 322-52

The recognition, in favour of the holders, of the rights detached from registered financial securities is carried out exclusively by the custody account-keeper intermediaries of administered registered financial securities, where administered registered financial securities are concerned and by the issuer entities where pure registered financial securities are concerned.

These rights take the "bearer" form if they arise from administered registered financial securities, and the "pure registered" form if they arise from pure registered financial securities.

Regardless of the form in which they are registered, these rights circulate in bearer reform.

Article 322-53

The accounts of the issuers at the central depository for the issue shall retrace the assets of the issuer in pure registered financial securities.

The accounts of the custody account-keeper intermediaries at the central depository for the issue shall separately register the assets of the holders of financial securities held in "bearer" form and in the "administered registered" form.

Accounts which are specific to essentially registered financial securities, open only at investment service providers carrying on the business of order-execution on behalf of third parties and trading on their own account, shall register at the central depository for the issue the movements in financial securities consecutive to the operations made by their intermediary on a regulated market.

Article 322-54

In the event of a change in the holder of an administered registered financial security or a change in the method of administration of the account or any other modification affecting the registration on the account of a holder of an administered registered financial security, each custody account-keeper intermediary concerned shall establish the list of nominative references for the holder mentioned in Article L. 211-19 of the Monetary and Financial Code and shall proceed, where appropriate, with the agreed operations of cash settlement and delivery of the financial securities.

Where a holder of registered financial securities charges a custody account-keeper intermediary with administering his/her account opened at an entity which is an issuer of financial securities admitted to the operations of a central depository, this issuer entity shall establish a sheet of nominative references. Where it holds an administration account, the custody account- keeper intermediary will alone be authorised to receive from the holder the orders relating to the financial securities in question; consequently, it shall establish the sheet of nominative references in accordance with the conditions set out in the first paragraph.

Any sheet of nominative references shall be materialised by a collection of computerised data, established in accordance with the standards set out in an instruction from the AMF and intended to be transmitted remotely.

The registered financial securities not admitted to the operations of a central depository, but which were issued by a public offering, shall circulate in accordance with the professional standards in force.

Article 322-55

In the event of the change of the holder of an administered registered financial security, following the execution of an order on the financial security, the custody account-keeper intermediary in question shall forward to the central securities depositary concerned the sheet of nominative references no later than midday the second trading day following the date of execution of the order. The central securities depositary in its turn shall transmit the sheet of nominative references to the issuing entity, no later than the second trading day following the date of execution of the order, specifying the date on which it is recording the said sheet.

No later than the trading day following the receipt of the sheet of nominative references, the issuing entity shall update its accounting records. No later than the second trading day following the receipt of the sheet of nominative references, the issuing entity shall return the sheet of nominative references to the central securities depositary. This latter shall forward the sheet of nominative references to the intermediary in question no later than the trading day following the receipt of the sheet.

The date of the movements recorded by the issuing entity is the date specified by the central depository referenced in the first paragraph, on which it records the sheet.

Article 322-56

The issuing entity or the custody account-keeper intermediary responsible for the preparation of a sheet of nominative references following a change in the method of administration of the account of a holder of a financial security shall send, no later than two trading days from the date on which it records the change to the account of the said holder held in its books, this sheet to the central depository. The central depository shall forward the sheet of nominative references to the custody account- keeper in question no later than the trading day following the receipt of the said sheet.

Article 322-57

The sheets of nominative references circulate via the intermediary of the central depositaries.

The rules of operation for the central depositaries and their application instructions establish the technical standards determining the computerised data making up the sheets of nominative references and organise the circulation of the sheets.

Article 322-58

The rules of operation of the central depositaries shall establish the penalties which may be imposed on the custody account-keeper intermediaries and issuer entities which do not establish the sheets of nominative references within the required deadlines. Consequently, the rules set out the delays which give rise to penalties and their amounts.

Article 322-59

If, in the event of the rejection by an issuer entity of a sheet of nominative references, the issue of a regularisation sheet by the custody account-keeper intermediary is required, the delay which gives rise to a penalty for the issue of this regularisation sheet cannot exceed seven trading days following the date of the recording of the rejection at the central depository.

Article 322-60

For any sheet of nominative references not mentioned in Articles 322-55 and 322-56, and for which the deadline for issue does not arise from the modalities of a operation carried out at the initiative of the issuer of financial securities, the delay giving rise to a penalty for the issue of the sheet by the custody account-keeper intermediary cannot exceed three trading days following the date of the event at the origin of this issue and recorded on the sheet.

The delay giving rise to the penalty to which is subject the issuer entity which received the said sheet cannot exceed three trading days following the date of the registration mentioned in the first paragraph of Article 322-55.

### Paragraph 2 - Stipulations of the terms of reference of the custody account-keeper applicable to legal entities issuing financial securities via public offerings and recording the financial securities issued in pure registered accounts

Article 322-61

The hierarchical reporting line of the departments responsible for providing the function of maintaining the securities account shall appear on the general organisation chart of the legal entity issuing the financial securities via a public offering and recording

the financial securities issued in pure registered accounts.

Article 322-62
A pure registered securities account must not have a debit balance on the date of settlement and delivery in respect of any financial security sold.

Article 322-63
The issuer entity shall organise the procedures for processing in such a way as to guarantee the recording of the sheets of nominative references in chronological order, the complete input, the reliability and retention of the basic data, in particular that relating to the holders of accounts, to the financial securities safeguarded, to the intermediaries and to any events affecting the securities.

For financial securities not admitted to the operations of a central depository but which were issued by a public offering, the issuer entity shall retain, in chronological order, the supporting documents resulting from the professional standards in force and any modifications made to the holders' accounts.

Article 322-64
The issuer entity shall process and retain the data relating to the holders of pure registered financial securities and to the operations which they make, in compliance with professional secrecy, in accordance with the regulations in force.

Article 322-65
The issuer entity shall design the system of accounting for financial securities in such a way that it is capable of justifying, on the one hand, the balances of each financial security based on the balances of each of the holders of pure registered financial securities and the balances of the operations in transit and, on the other hand, the reconstitution of each balance based on the detailed operations which are at the source thereof.

It shall carry out these reconciliations based on a reasonable periodicity.

Article 322-66
The issuer entity shall organise its procedures in such a way that the report on the suspense items in terms of financial securities is supplied on a monthly basis to the audit manager mentioned in Article 322-72.

Suspense items mean operations rejected by the issuer entity and not regularised by the intermediaries. These operations are:

1 • Negotiations on an essentially registered financial security;

2 • Elementary operations;

3 • Transfers, sales and rectifications of account names;

4 • Sundry operations in financial securities;

5 • Transfers of portfolios.

The report on the suspense items is filed by the intermediary and each line therein is completed with the accounting reference of the operation.

All suspense items shall be regularised as quickly as possible.

To the extent required, a procedure for bilateral reconciliation between the issuer entity and the intermediaries shall be implemented with a view to resolution of the suspense items.

Article 322-67

For all accounting input into its books in the name of a new holder of pure registered financial securities, the issuer entity shall:

1 • Verify the identity of the said holder;

2 • Ensure that it has the legal capacity and the status required to open the account;

3 • Verify, where a legal entity holder of pure registered financial securities is concerned, that the representative of this legal entity has the capacity to act, either by virtue of his/her capacity as legal representative, or under the terms of a delegation or mandate in his/her favour; for this purpose, the issuer entity shall request the production of any documents enabling it to verify the authorisation or appointment of the representative;

4 • Establish an account-opening agreement with the holder of the pure registered financial securities. The establishment of the agreement may take place subsequently to the first accounting entries, within a reasonable deadline.

Article 322-68

The account opening agreement shall contain:

1 • The identity of the holder of the pure registered financial securities;

2 • Where a legal entity is concerned, the modalities for informing the issuer entity about the name of the person or persons authorised to act in the name of the said legal entity; where a natural person is concerned, his/her capacity as a French resident, a resident of another State which is a party to the European Economic Area agreement or a resident of a third country and the identity, where applicable, of the person or persons authorised to act in the name of the said natural person;

3 • The information relating to the tax situation of the holder of the financial securities, which are necessary to the issuer entity in order to fulfil its professional obligations.

4 • If a service of receipt and transmission of orders is supplied to the holder of pure registered financial securities, the characteristics of the orders likely to be sent to the issuer entity, the method of receipt and transmission of the orders, the modalities for informing the holder when the transmission of the order was not able to be completed, and the content and modalities for informing the holder following execution of the order;

5 • The modalities for information relating to movements recorded on the holder's account.

Article 322-69

Where the receipt of an order concerning financial securities is sent by a holder of pure registered financial securities, the issuer entity shall verify, prior to transmission of this order for execution on the market, that the conditions necessary for the said execution have in fact been fulfilled. In particular, it shall ensure the existence:

1 • Of an adequate cash provision or, failing that, suitable coverage, for a purchase of securities;

2 • Of an adequate provision in securities in the case of a sale, at least on the date of settlement and delivery.

Article 322-70

Where the issuer entity is caused to complete, on the instructions of a holder of pure registered financial securities, a transfer of a portfolio of financial securities to another custody account-keeper intermediary, in accordance with the conditions mentioned in 5° of Article 322-7, it shall, as quickly as possible, supply to the new custody account-keeper all the information which is necessary to it, particularly that relating to the precise identification about the holders concerned as well as detailed information enabling it to prepare the tax returns, in particular the information about the taxable cost base.

Article 322-71

Where an issuer entity uses a representative and decides to change it, it will ensure that the new representative completes the effective transfer of the archives concerning the issuer entity with the representative which it is replacing.

Article 322-71-1

The issuer entity shall establish and keep operational and efficient and transparent procedure for the reasonable and rapid processing of complaints sent to it by holders of registered financial securities.

These holders shall be able to send complaints to the issuer entity free of charge.

The issuer entity shall respond to the complaint by the registered financial security holder within a maximum deadline of two months with effect from the date of receipt of this complaint, except in the event of duly justified specific circumstances.

It shall put in place a system for equitable and harmonised processing of complaints by holders of registered financial securities.

It shall record each complaint and the measures taken for its handling. It shall put in place a system for monitoring complaints allowing it in particular to identify any malfunctions and to implement the appropriate corrective actions.

Information about the procedure for handling complaints is made available free of charge to holders of registered financial securities.

The procedure put in place shall be proportionate to the number of holders of registered financial securities and to the size and the structure of the issuer entity.

Article 322-72

The issuing entity will charge an employee, appointed by name, to ensure compliance with the rules applicable to the activity of custody account-keeping and, where applicable, the service of receipt and transmission of orders. This audit manager shall carry out the function set out in Articles 322-39 to 322-45.

The audit manager will have the appropriate autonomy of decision-making, as well as the human and technical resources necessary for the accomplishment of his/her assignment and which shall be adapted to the nature and volume of the activities carried out.

Each year, he/she will prepare a report including a description of the audit organisation, a listing of the tasks completed in the exercise of his/her assignment, the recommendations which he/she has been led to make and the measures adopted as a result of his/her remarks. This report shall be forwarded to the management of the custody account-keeping function of the issuer entity and to the executive body of the said entity.

### Sub-section 5 - Provisions relating to the keeping of securities accounts within the framework of an employee savings scheme

Article 322-73

The present sub-section concerns the keeping of securities accounts for units or shares in a collective investment scheme acquired within the framework of an employee savings scheme. It also concerns other financial securities acquired in the framework of such a scheme.

For the purposes of the present sub-section, the following definitions will apply:

1 • "Units", units or shares in a collective investment scheme offered within the framework of an employee savings scheme;

2 • "Funds", the collective investment schemes of which the units and shares are offered within the framework of an employee savings scheme;

3 • "Bearers", the beneficiaries of an employee saving scheme;

4 • "Management companies", the portfolio management companies and open-ended investment companies which do not delegate their asset management.

### Paragraph 1 - Account-opening agreement

#### Article 322-74

Prior to the opening of a financial securities account within the framework of an employee savings scheme, the custody account-keeper shall verify the identity of the company as well as the validity of the powers delegated to its representative.

The account-opening agreement mentioned in Article 322-5 shall be established, subject to the provisions of the third paragraph, between the company which has put in place the employee savings scheme on behalf of its employees and other bearers and the custody account-keeper specified in the savings plan or participation agreement.

Where, within the framework of an employee savings scheme, the company is an issuer entity carrying on the business of custody account-keeping and keeping of pure registered bearer accounts, it is not obliged to establish with the said bearers an account-opening agreement or to have it established by its representative.

#### Article 322-75

Prior to the opening of the individual accounts mentioned in Article 322-77, the custody account-keeper shall ask the company or its delegated keeper of the register of administrative rights, hereafter the registered keeper, to provide it with the list of the beneficiaries of the employee savings scheme. Failing this, the accounts shall not be opened.

#### Article 322-76

The account-opening agreement shall specify:

1 • The method for the transmission of the orders for payment, redemption, modification of the choice of investment or transfer of the role incumbent on the custody account-keeper in terms of order execution.

The orders shall be transmitted directly to the custody account-keeper when it is the agent of the company to receive the orders and to check that they are valid, or by the intermediary of the company which, in this case, is responsible for checking that they are valid;

2 • The modalities for the update of the individual information relating to the bearers, including bearers who have left the company and the processing related to the loss of the capacity of employee. It shall provide that a bearer who loses this capacity remains covered by this agreement or by any other agreement in force which may subsequently be substituted therefor;

3 • The role of custody account-keeper in terms of informing the company and the bearers, and the modalities for this provision of information, without prejudice to the legal and regulatory provisions concerning the responsibilities of the company where providing information to bearers is concerned. This information concerns the investment of the profit share and the payments made under the terms of the savings plan, operations in financial securities, operations for changing the custody account-keeper, individual transfers, changes in the appropriation of bearers' assets and other individual operations by the bearers.

The custody account-keeper, if it is distinct from the registered keeper, shall agree with it the modalities for the sending to bearers of a report summarising the nature and number of the financial securities registered on their account, mentioned in Article 322-12 and in article R. 3332-16 of the Employment Code;

4 • The level, periodicity and modalities for the payment of the expenses due by the company and by the bearer;

5 • The extent of the right of usage of the custody account-keeper with regard to the files on the bearers;

6 • The existence of agreements applicable to the custody account-keeper in its relations with the other parties concerned, within the framework of employee savings schemes, as stipulated in Articles 322-79 to 322-81;

7 • The deadlines for reimbursement to the bearer, where there are no stipulations provided for by the regulations or Articles of Association of the fund;

8 • The deadlines for investment of the sums paid on behalf of the bearers. These deadlines will run with effect from the receipt by the securities account-keeper of the information about the destination fund and the corresponding financial flows.

Paragraph 2 - Maintenance and consultation of the accounts

Article 322-77

The custody account-keeper shall keep an account of the units in the name of each bearer. In application of Article 322-6, this account shall mention the identification information for the bearer in the name of whom it was opened and the specificities affecting the exercise of the rights of the said bearer. This identification data and the specificities shall be forwarded by the company.

A merger between two accounts held for a single bearer may only be carried out on the basis of a formal request by the company.

The closure of a bearer's account may only take place if the entirety of the assets has been liquidated and if he/she has no further rights due.

The custody account-keeper shall also keep accounts for "operations in progress" intended to receive the sums paid by the company or the bearers and to record the sums in the process of payment, due to the bearers.

Article 322-78

When, in application of Article 322-33, a custody account-keeper charges a third party with providing it with technical resources, it shall ensure that this latter implements the provisions of the present sub-section.

Where it charges this third party with accounting record-keeping relating to the bearers, the custody account-keeper shall not be obliged to duplicate the said records in its own information system.

When, in application of Article 322-34, an OEIC holds, in the capacity of custody account-keeper, pure registered bearer accounts and where it makes use of a representative, it will ensure that this latter implements the provisions of the present sub- section.

In application of Article 322-35:

1 • The securities account-keeper mentioned in the first paragraph shall not be exempted from its responsibility to the company and the bearers, where a third party provides it with resources;

2 • The OEIC mentioned in the third paragraph shall not be exempted from its responsibility to the company and the bearers where it makes use of a representative.

Paragraph 3 - Relations between the custody account-keeper and the other parties concerned, within the framework of an employee savings scheme

Article 322-79

The custody account-keeper shall establish, with the asset management company and the entity holding the unit issue account, an agreement defining the exchanges of information which enable:

1 • The asset management company to proceed with the investments or disinvestments for the funds;

2 • The custody account-keeper to account for the number of units of each employee, after notification of the net asset values by the asset management company;

3 • The entity holding the unit issue account to create or cancel units and, where applicable, to proceed with dealing with the difference between the number of units transmitted to it by the custody account-keeper and that which it recorded.

Article 322-80

If it is separate from the depository, the custody account-keeper shall establish with it an agreement defining the exchanges of information between them, enabling:

1 • The custody account-keeper and the depository to organise the financial flows, in compliance with the deadlines for settlement announced in the account-opening agreement or fixed by the regulations or Articles of Association of the fund;

2 • The depository to receive the information necessary for its audit role.

Article 322-81

Where the custody account-keeper is caused to complete, in compliance with the regulations in force, a transfer of units or cash held by a bearer or by all the bearers to another custody account-keeper, it shall, as quickly as possible and no later than the time of the transfer to the new custody account-keeper, transfer all the information which is necessary to it, particularly that relating to the precise identification of the holders concerned and their units, as well as detailed information for the preparation of the tax returns.

### Paragraph 4 - Operations for payment, redemption, modification of investment decision and of individual transfer of bearer

#### Sub-paragraph 1 - Payment operations

Article 322-82

The custody account-keeper shall provide the company with the statement of bank account identity for the bearer who is the holder of the "operations in progress" accounts mentioned in Article 322-77 and who receives the payments on this account(s).

On receipt of the instructions for the appropriation of the sums, by bearer and by fund, and on the recording of the receipt of the corresponding sums on the "operations in progress" account concerned, it shall debit the said account in order to credit the accounts of the funds on the date of the next asset valuation. It shall inform the asset management company of this operation. Simultaneously, it shall calculate and record the number of individual units on the basis of the net asset value or values notified by the asset management company of the fund(s) concerned.

The custody account-keeper shall notify to the depository, to the asset management company and to the entity holding the unit issue account, the summary of the subscriptions, in amounts and in units, which concern them.

It shall send to the bearers and to the company or its delegated register-keeper the details of the operations completed.

Article 322-83

Where the custody account-keeper has not received instructions for the appropriation, by bearer and by fund, of the sums paid by the company, it shall pay the sum into the fund specified, where applicable, for this purpose by the savings plan or the profit-sharing agreement. The units thereby created ("units in the process of allocation") shall be retained by the custody account-keeper on behalf of the bearers in a separate account.

The individual distribution of the units or cash in favour of the bearers shall only be carried out when the company or its delegated register-keeper notifies the custody account-keeper of the information necessary for this purpose.

In the absence of a fund specified for this purpose, the custody account-keeper shall retain the sums received until receipt of the instructions for allocation.

Sub-paragraph 2 - Redemption operations

Article 322-84

Where the bearers decide to proceed with redemptions, the custody account-keeper:

1 • Accepts the redemption instructions after verification of their validity by the company or its delegated registered keeper;

2 • Determines, on the basis of the net asset value notified by the asset management company for each fund, the amount to be paid to the bearers or to any substituted beneficiary and debits the account of the bearers with the corresponding number of units;

3 • Notifies the depository, the asset management company and the entity holding the unit issue account of the summary of redemptions, in amounts and in units;

4 • Sends to the bearers and to the company or to its delegated registered keeper the details of the operations carried out;

5 • Issues or gives instructions to issue the means of payment corresponding to the payment for the redemptions by the bearers.

Sub-paragraph 3 - Operations for modification of the bearers' investment decisions

Article 322-85

Where the bearers modify their choice of investment, the custody account-keeper:

1 • Accepts the instructions for modification of the choice of investment after verification of their validity by the company or its delegated registered keeper;

2 • Executes these instructions like the succession of redemption instructions and subscription instructions, in accordance with the terms set out in the three previous articles and taking account of the specificities of the regulations concerning modifications by bearers of the choice of investments, made within the framework of an employee savings scheme;

3 • Sends to the bearers and to the company or to its delegated registered keeper the details of the operations carried out.

Sub-paragraph 4 - Transfer operations

Article 322-86

In the event of individual transfers by bearers, the custody account-keeper:

1 • Accepts the individual transfer instructions from the bearers, after verification of their validity by the company or its delegated registered keeper;

2 • To the extent required, determines, on the basis of the net asset value notified by the asset management company, the amount of the sums to be transferred;

3 • Notifies the depository, the asset management company and the entity holding the unit issue account of the summary of transfers, in amounts and in units, and the total balance of units for each fund held by the bearers;

4 • Forwards to the new custody account-keeper all the information which is necessary to it and, at the same time, transfers the assets concerned to this new custody account-keeper;

5 • Sends to the bearers and to the company or to its delegated registered keeper the details of the operations carried out.

Paragraph 5 - The accounting procedures

Article 322-87

By derogation from the stipulations of Article 322-19, the custody account-keeper for financial securities acquired within the framework of an employee saving scheme may decide not to keep the accounts of the beneficiaries in accordance with the principle of double entry bookkeeping, on condition that it has a specific audit procedure which offers equivalent security.

Article 322-88

The reconciliations mentioned in the first paragraph of Article 322-29 must be able to be carried out at the time of each valuation of a fund.

The custody account-keeper shall participate, on request by the entity holding the unit issue account, in the process of reconciliation between the number of units which it holds and the number which is recorded by the entity holding the unit issue account.

Article 322-89

Within the framework of the audit procedures provided for by Article 322-30, the custody account-keeper shall verify, for each fund and at the time of each valuation:

1 • The data relating to the number of units: the equilibrium between the balance of the operations entered to the credit and to the debit of the bearers' accounts and the corresponding total number of units recorded by it for the fund;

2 • The data relating to the amounts debited or credited: the equality between the balance of the amounts received from the bearers and paid to the bearers on the "operations in progress" accounts, on the one hand and, on the other hand, the total of the corresponding payments or withdrawals, made on the account of each fund;

3 • The matching between the amounts to be credited or to be debited on the account of a fund and the number of units created or cancelled.

Article 322-90

The suspense items, mentioned in Article 322-32, include in particular the following operations, where they are not completed within the normal deadlines:

1 • Payments received, to be allocated to a fund;

2 • Payments to the bearers;

3 • Sundry operations on a fund (merger, etc.);

4 • Account transfers;

5 • The handling of the difference between the number of units transmitted by the custody account-keeper to the entity holding the unit issue account and the number of units recorded by this latter.

To the extent required, with a view to the resolution of the suspense items, a procedure of reconciliation with the various entities concerned (company, asset management company, entity holding the unit issue account, register-keeper, etc.) shall be implemented by the custody account-keeper.

## Chapter II - Depositaries of UCITS (Articles 323-1-A à 323-22)

Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries

Article 323-1-A

Prior to issuance of a UCITS depositary authorisation by the Prudential Supervision and Resolution Authority, the investment firm mentioned in Article L. 214-10-1, I, 5 of the Monetary and Financial Code must obtain approval from the AMF for the programme of operations referred to in III of the same article in accordance with Articles L. 532-1 to L. 532-5 of the same code.

Section 1 - Duties of the UCITS depositary (Articles 323-1 à 323-5)

Article 323-1

Pursuant to Article L. 214-10-5, I of the Monetary and Financial Code, the depositary shall ensure that the cash flows of the UCITS are properly monitored, and, in particular, that all payments made by, or in the name of, investors upon the subscription of units or shares of the UCITS have been received, and that all cash of the UCITS has been booked in cash accounts that are:

1 • Opened in the name of the UCITS, of the asset management company acting on behalf of the UCITS, or of the depositary acting on behalf of the UCITS;

2 • Opened at one or more of the following entities:

a • A central bank;

b • A credit institution authorised in a Member State of the European Union or a State party to the EEA agreement;

c • A bank authorised in a third country;

d • Caisse des dépôts et consignations, when it is the UCITS depositary;

3 • Maintained in accordance with the principles set out in Article 312-6.

Where the cash accounts are opened in the name of the depositary acting on behalf of the UCITS, no cash of one of the entities referred to in point 2 and none of the own cash of the depositary shall be booked on such accounts.

Article 323-2

As regards the custody of financial instruments and pursuant to Article L. 214-10-5, II, 1 of the Monetary and Financial Code, the depositary shall ensure that all financial instruments that can be registered in a financial instruments account opened in the depositary's books are registered in the depositary's books within segregated accounts in accordance with the principles set out in Article 312-6, opened in the name of the UCITS or the management company acting on behalf of the UCITS, so that they can be clearly identified as belonging to the UCITS at all times.

For the purposes of record keeping of other assets by the depositary, and pursuant to Article L. 214-10-5, II, 2 of the Monetary and Financial Code, the depositary shall verify the ownership by the UCITS or by the asset management company of such assets based on information or documents provided by the UCITS or by the asset management company and, where available, on external evidence.

Article 323-3

The custody of the financial instruments included in the assets of the UCITS shall be governed by the provisions of Chapter II of this Title, with the exception of Article 322-7, 4.

To carry on the business of depositary under the same conditions as the credit institutions referred to in Article L. 214-10-1, I, 3 of the Monetary and Financial Code, the depositary mentioned in I, 4 of the same article shall have, within French territory, the necessary resources and organisation and shall meet the obligations referred to in the previous sub-paragraph.

Article 323-4
*[Empty]*

Article 323-5
*[Empty]*

Section 2 - Organisational structures and resources of the depositary (Articles 323-6 à 323-15)

Sub-section 1 - Performance specifications for depositaries

Article 323-6
The depositary shall draft a set of performance specifications that describes the conditions under which it carries on its business and that is approved by the AMF pursuant to Article L. 214-10-1, II of the Monetary and Financial Code.

Article 323-7
The depositary shall all times have at adequate human and material resources, compliance and internal control systems, and organisational structures and procedures to conduct its business.

Article 323-8
The depositary shall designate a person to take charge of the depositary function. It shall notify the AMF of the identity of this person.

Article 323-9
*[Empty]*

Article 323-10
The depositary's statutory auditor shall conduct a special annual audit of the accounts opened by the depositary for the UCITS. Within seven weeks of the end of UCITS's financial year, the depositary shall certify:

1 • The assets for which it keeps a custody account;

2 • The keeping of positions of other assets listed in the inventory, which it shall produce and carry out in accordance with the provisions of Article 323-2.

The depositary shall send this certification to the management company in lieu of a periodic account.

Sub-section 2 - Relations between the depositary and the UCITS

Article 323-11
In accordance with Article L. 214-10 of the Monetary and Financial Code, the depositary shall enter into a written agreement with the SICAV or the UCITS management company.

Where this agreement concerns a French UCITS managed by a management company established in another European Union member state or in another State that is a party to the European Economic Area, the agreement shall be governed by French law.

Article 323-12
*[Empty]*

Article 323-13

If the depositary does not effect the clearing of financial contracts, it shall sign a written agreement with the institution that provides this service.

This agreement shall specify the obligations of the depositary and the clearing institution, as well as the procedures for transmitting information so as to enable the depositary to register the positions in the financial instruments and the cash positions concerned in a position-keeping book.

This agreement shall stipulate:

1 • The list of financial instruments and markets, including, where appropriate, over-the-counter transactions, in which the clearing institution operates;

2 • The list of data about the positions recorded on the accounts that the UCITS holds with the clearing institution. The latter institution shall send the list to the depositary;

3 • Where appropriate, the transfer of full ownership of the cash and financial instruments to the keeper of the clearing account.

Article 323-14

I.-Pursuant to the second sub-paragraph of Article L. 214-10-6 of the Monetary and Financial Code, the depositary may delegate some of the duties related to its custody of the assets of the UCITS, provided that the following conditions are satisfied:

1 • The tasks are not delegated with the intention of avoiding the requirements laid down under the depositary's professional obligations;

2 • The depositary can demonstrate that there is an objective reason for the delegation;

3 • The depositary has exercised all due skill, care and diligence in the selection and the appointment of any third party to whom it intends to delegate parts of its tasks, and continues to exercise all due skill, care and diligence in the periodic review and ongoing monitoring of any third party to which it has delegated parts of its tasks and of the arrangements of the third party in respect of the matters delegated to it;

4 • The depositary shall ensure that the third party satisfies the following conditions at all times during the performance of the tasks delegated to it:

a • The third party has structures and expertise that are adequate and proportionate to the nature and complexity of the assets of the SICAV or the management company acting on behalf of the UCITS which have been entrusted to it;

b • For custody tasks referred to in Article L. 214-10-5, II, 1 of the Monetary and Financial Code, the third party is subject to:

i) effective prudential regulation, including minimum capital requirements, and supervision;

ii) an external periodic audit to ensure that the financial instruments are in its possession;

c • The third party segregates the assets of the clients of the depositary from its own assets and from the assets of the depositary in such a way that they can, at any time, be clearly identified as belonging to clients of a particular depositary;

d • The third party takes all necessary steps to ensure that in the event of insolvency of the third party, assets of a UCITS held by the third party in custody are unavailable for distribution among, or realisation for the benefit of, creditors of the third party; and

e • The third party complies with the general obligations and prohibitions laid down in Articles L. 214-9, L. 214-10-2 and L. 214-10-5, II of the Monetary and Financial Code.

II. – Notwithstanding point I 4° b) i), where the law of a third country requires that certain financial instruments be held in custody by a local entity and no local entities satisfy the delegation requirements laid down in that point i), the depositary may delegate its functions to such a local entity only to the extent required by the law of that third country, only for as long as there are no local entities that satisfy the delegation requirements, and only where:

a) The investors of the relevant UCITS are duly informed, prior to their investment, of the fact that such a delegation is required due to legal constraints in the law of the third country, of the circumstances justifying the delegation and of the risks involved in such a delegation;

b) The SICAV or the asset management company of the UCITS has instructed the depositary to delegate the custody of such financial instruments to such a local entity.

III. - The third party may, in turn, sub-delegate those functions, subject to the same requirements. In such a case, Article L. 214-11-1 of the Monetary and Financial Code shall apply mutatis mutandis to the relevant parties.

For the purposes of this article, the provision of services as specified by Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 by securities settlement systems as designated for the purposes of that directive or the provision of similar services by third-country securities settlement systems shall not be considered to be a delegation of custody functions.

When a central securities depositary (CSD), as defined in point (1) of Article 2(1) of Regulation (EU) No. 909/2014 of the European Parliament and of the Council, or a third-country CSD provides the services of operating a securities settlement system as well as at least either the initial recording of securities in a book-entry system through initial crediting or providing and maintaining securities accounts at the top tier level, as specified in section A of the annex to that regulation, the provision of those services by that CSD with respect to the securities of the UCITS that are initially recorded in a book-entry system through initial crediting by that CSD should not be considered to be a delegation of custody functions. However, entrusting the custody of securities of the UCITS to any CSD, or to any third-country CSD should be considered to be a delegation of custody functions.

### Article 323-15

*[Empty]*

## Section 3 - Procedures for safekeeping of certain assets by the UCITS depositary (Articles 323-16 à 323-17)

### Sub-section 1 - Procedures for keeping register in financial contracts

### Article 323-16

Pursuant to Article L. 214-10-5, III, 3 of the Monetary and Financial Code, acting on instructions from the SICAV or the asset management company of the UCITS, the depositary shall execute transfers of the cash and the financial instruments needed to constitute initial margin and respond to margin calls. It shall notify the SICAV or the asset management company of the UCITS of any problems encountered at this time.

These instructions shall be transmitted to the depositary in accordance with the procedures and intervals defined in the agreement referred to in Article 323-11.

As soon as it becomes aware of them, the asset management company shall send the following to the depositary:

1 • Information about the characteristics of a new framework agreement signed on financial contracts or amendments to an existing framework agreement;

2 • Copies of the signed trade confirmation slips or trade confirmations with regard to financial contracts, which identify the

transactions and their specific characteristics;

3 • The list of framework agreements with regard to financial contracts at intervals to be defined in the agreement referred to in Article 323-11. Where applicable, the list shall indicate amendments made to the characteristics of the framework agreements. The depositary may ask for copies of the framework agreements and any further information required for the performance of its tasks.

At intervals to be defined in the agreement referred to in Article 323-11, the depositary shall send the asset management company a statement with the list of financial contracts held by the UCITS, along with the list of security provided, indicating security involving transfers of full ownership.

### Sub-section 2 - Record-keeping procedures for pure registered financial instruments, deposits and cash accounts

#### Article 323-17

Acting on the instructions of the SICAV or the asset management company of the UCITS, the depositary shall make the cash payments related to transactions in pure registered financial instruments, deposits and between cash accounts opened in the name of the UCITS. It shall notify the SICAV or the asset management company of any problems encountered at this time.

The instructions of the SICAV or of the asset management company of the UCITS shall be transmitted to the depositary in accordance with the procedures and intervals defined in the agreement referred to in Article 323-11.

As soon as it has knowledge of them, the SICAV or the asset management company of the UCITS shall send the following to the depositary

1 • Documents evidencing the purchase and sale of registered financial instruments;

2 • Documents related to any deposits made and cash accounts open at another institution;

3 • Documents that provide the depositary with information about the characteristics and events affecting pure registered financial instruments and deposits and cash accounts, such as certifications by the issuer, which shall be transmitted to the depositary in accordance with the procedures stipulated in the agreement referred to in Article 323-11.

### Section 4 - Procedures for supervising legal and regulatory compliance of decisions made by the UCITS or its management company (Articles 323-18 à 323-22)

#### Article 323-18

*[Empty]*

#### Article 323-19

The depositary shall establish and implement a control plan. This plan shall define the purpose, nature and regularity of the controls concerned.

Controls shall be carried out ex post and exclude any discretionary review. They shall include verifications of the following:

1 • Compliance with the investment and asset composition rules;

2 • Minimum asset size;

3 • The regularity of UCITS valuations;

4 • The rules and procedures for establishing the net asset value;

5 • Justification of the content of UCITS suspense accounts;

6 • Elements specific to certain types of UCITS;

7 • The inventory reconciliation report communicated by the asset management company.

The control plan, reports of controls carried out and notes on any anomalies shall be retained for five years.

Article 323-20
*[Empty]*

Article 323-21
*[Empty]*

Article 323-22
The depositary shall ensure that the terms of the winding up of the UCITS comply with the provisions of the UCITS' rules or articles of association.

## Chapter III - AIF depositaries (Articles 323-23-A à 323-41)

Article 323-23-A
This chapter applies to AIFs and to “Other collective investments” referred to in Article L. 214-191 of the Monetary and Financial Code.

### Section 1 - Duties of the depositary of AIF (Articles 323-23 à 323-25)

Article 323-23
Pursuant to Article L. 214-24-8, I of the Monetary and Financial Code, the depositary shall in general ensure that the AIF's cash flows are properly monitored, and shall in particular ensure that all payments made by or on behalf of investors upon the subscription of units or shares of an AIF have been received and that all cash of the AIF has been booked in cash accounts opened in the name of the AIF or in the name of the portfolio management company acting on behalf of the AIF or in the name of the depositary acting on behalf of the AIF with one or more of the following entities:

1 • A central bank;

2 • A credit institution authorised in a Member State of the European Union or a State party to the EEA agreement;

3 • A bank authorised in a third country;

4 • Caisse des dépôts et consignations or another entity of the same nature as those referred to in points 1, 2 and 3 in the relevant market where cash accounts are required provided that such entity is subject to effective prudential regulation and supervision which have the same effect as Union law and are effectively enforced and in accordance with the principles set out in Article 312-6.

Where the cash accounts are opened in the name of the depositary acting on behalf of the AIF, no cash of the entity referred to in the first paragraph and none of the depositary's own cash shall be booked on such accounts.

The terms of application of this Article are specified in Articles 85 to 87 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012.

Article 323-24

Custody of the financial instruments in the assets of the AIF is subject to Chapter II of the present Title, without prejudice to the application of the particular provisions of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012 and Articles 323-32 to 323-35 of the present Regulation.

Article 323-25

As regards the custody of the financial instruments and pursuant to Article L. 214-24-8, II of the Monetary and Financial Code, the depositary shall ensure that all those financial instruments that can be registered in a financial instruments account opened in the depositary's books are registered in the depositary's books within segregated accounts in accordance with the principles set out in Article 312-6, opened in the name of the AIF or in the name of the asset management company acting on behalf of the AIF, so that they can be clearly identified as belonging to the AIF.

For the purposes of record keeping of the other assets by the depositary, and pursuant to Article L. 214-24-8, II, 2 of the Monetary and Financial Code, the depositary checks their ownership by the AIF or its asset management company on the basis of information or documents provided by the AIF or its asset management company and, where available, on external evidence.

The terms of application of this Article are specified in Articles 88 to 91 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012.

## Section 2 - Organisational structures and resources of the AIF depositary (Articles 323-26 à 323-35)

### Sub-section 1 - Performance specifications for AIF depositaries

Article 323-26

The depositary shall draft a set of performance specifications that describes the conditions under which it carries on its business.

Article 323-27

The depositary shall all times have adequate human and material resources, compliance and internal control systems, and organisational structures and procedures to conduct its business.

Article 323-28

The depositary shall designate a person to take charge of the depositary function. It shall notify the AMF of the identity of this person.

Article 323-29

The depositary's statutory auditor shall conduct a special annual audit of the accounts opened by the depositary for the AIFs. Within seven weeks of the end of the AIF's financial year, the depositary shall certify:

1 • The existence of the assets for which it keeps a custody account.

2 • Keeping positions in other assets listed in the inventory, which it shall produce and carry out in accordance with the terms set out in Article L. 214-24-8, II of the Monetary and Financial Code Article.

The depositary shall send this certification to the asset management company. This annual certification shall serve as the periodic statement of account.

### Sub-section 2 - Relations between the depositary and the AIF

Article 323-30

Pursuant to Article L. 214-24-4 of the Monetary and Financial Code, the AIF or its asset management company shall draw up a written contract with the depositary, containing at least the clauses set out in Article 83 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012.

Article 323-31

For the purposes of keeping positions of financial contracts, the depositary shall sign a written agreement with the institution responsible for clearing financial contracts when it does not execute this service itself.

This agreement shall specify the obligations of the depositary and the clearing institution, as well as the procedures for transmitting information so as to enable the depositary to act as record-keeper for the financial instruments and cash positions concerned.

This agreement shall stipulate:

1 • This list of financial instruments and markets in which the clearing institution operates;

2 • The list of data about the positions recorded on the accounts that the AIF holds with the clearing institution. The latter institution shall send the list to the depositary;

3 • Where applicable, the transfer of full ownership of the cash and financial instruments to the keeper of the clearing account.

Article 323-32

I. - Pursuant to Article L. 214-24-9 of the Monetary and Financial Code, the depositary may delegate its safekeeping functions for the assets of the AIF, subject to the following conditions:

1 • The tasks are not delegated with the intention of avoiding their professional obligations;

2 • The depositary can demonstrate that there is an objective reason for the delegation;

3 • The depositary has exercised all due skill, care and diligence in the selection and the appointment of any third party to whom it wants to delegate parts of its tasks, and keeps exercising all due skill, care and diligence in the periodic review and ongoing monitoring of any third party to whom it has delegated parts of its tasks and of the arrangements of the third party in respect of the matters delegated to it;

4 • The depositary ensures that the third party meets the following conditions at all times during the performance of the tasks delegated to it:

a) The third party has the structures and the expertise that are adequate and proportionate to the nature and complexity of the assets of the AIF or its asset management company, which have been entrusted to it;

b) For financial instrument custody tasks referred to in Article L. 214-24-8, II, 1 of the Monetary and Financial Code, the third party is subject to effective prudential regulation, including minimum own funds requirements, and supervision in the jurisdiction concerned and the third party is subject to an external periodic audit to ensure that the financial instruments are in its possession;

c) The third party segregates the assets of the depositary's clients from its own assets and from the assets of the depositary in such a way that they can at any time be clearly identified as belonging to clients of a particular depositary;

d) The third party does not make use of the assets without the prior consent of the AIF or its asset management company and without prior notification to the depositary;

e) The third party complies with the general obligations and prohibitions referred to in Articles L. 214-24-3, L. 214-24-6 and L. 214-24-8, II of the Monetary and Financial Code.

II. - Where the law of a third country requires that certain financial instruments be held in custody by a local entity and no local entities satisfy the delegation requirements laid down in Paragraph I, Point 4, the depositary may delegate its functions to such a local entity only to the extent required by the law of the third country and only for as long as there are no local entities that satisfy the delegation requirements, subject to the following requirements:

1 • The investors of the relevant AIF must be duly informed that such delegation is required due to legal constraints in the law of the third country and of the circumstances justifying the delegation, prior to their investment;

2 • The AIF or its asset management company must instruct the depositary to delegate the custody of such financial instruments to such local entity.

III. - The third party may, in turn, sub-delegate those functions, subject to the same requirements. In such a case, Article L. 214-24-10, II and III of the Monetary and Financial Code shall apply mutatis mutandis to the relevant parties.

For the purposes of this paragraph, the provision of services as specified by Directive 98/26/EC of the European Parliament and Council of 19 May 1998, by securities settlement systems as designated for the purposes of that Directive or the provision of similar services by third-country securities settlement systems shall not be considered a delegation of its custody functions.

The terms of application of this Article are specified in Articles 98 to 99 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012.

Article 323-33

The terms on which the loss of financial instruments, as referred to in Article L. 214-24-10, I of the Monetary and Financial Code, may incur the liability of the depositary to the AIF or the unit or shareholders, are specified in Articles 100 and 101 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012.

Article 323-34

The terms of application of Article L. 214-24-10, III of the Monetary and Financial Code are specified in Article 102 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012.

Article 323-35

Pursuant to Article L. 214-24-10, IV of the Monetary and Financial Code, where the law of a third country requires that certain financial instruments are held in custody by a local entity and there are no local entities that satisfy the requirements of being subject to effective regulation and prudential supervision and to external periodic audit, as laid down in Article 323-32, I, 4, b, the depositary can discharge itself of liability provided that the following conditions are met:

1 • The rules or instruments of incorporation of the AIF concerned expressly allow for such a discharge under the conditions set out in this sub-section;

2 • The unit or shareholders of the relevant AIF have been duly informed of that discharge and of the circumstances justifying the discharge prior to their investment;

3 • The AIF or its asset management company has instructed the depositary to delegate the custody of such financial instruments to a local entity;

4 • There is a written contract between the depositary and the AIF or its asset management company, which expressly allows such a discharge;

5 • There is a written contract between the depositary and the third party that expressly transfers the liability of the depositary to that local entity and makes it possible for the AIF or its asset management company to make a claim against that local entity in respect of the loss of financial instruments or for the depositary to make such a claim on their behalf.

Section 3 - Procedures for custody of certain assets by the AIF depositary (Articles 323-36 à 323-37)

Sub-section 1 - Procedures for keeping positions in financial contracts

Article 323-36

In accordance with Article L. 214-24-8, III, 3 of the Monetary and Financial Code, the depositary, acting on instructions from the asset management company, shall execute transfers of the cash and the financial instruments needed to constitute initial margin and respond to margin calls. It shall notify the asset management company of any problems encountered at this time.

These instructions shall be transmitted to the depositary in accordance with the procedures and intervals defined in the agreement referred to in Article 323-30.

As soon as it has knowledge of them, the asset management company shall send the following to the depositary:

1 • Information about the characteristics of a new framework agreement signed on financial contracts or amendments to an existing framework agreement;

2 • Copies of the signed trade confirmation slips or trade confirmations with regard to financial contracts, which identify the transactions and their specific characteristics;

3 • The list of framework agreements with regard to financial contracts at intervals to be defined in the agreement referred to in Article 323-30. Where applicable, the list shall indicate amendments made to the characteristics of the framework agreements. The depositary may ask for copies of the framework agreements and any further information required for the performance of its tasks.

At intervals to be defined in the agreement referred to in Article 323-30, the depositary shall send the asset management company a statement with the list of financial contracts held by the AIF, along with the list of security provided, indicating security involving transfers of full ownership.

Sub-section 2 - Procedures for keeping positions in pure registered financial instruments, deposits and cash accounts

Article 323-37

Acting on the instructions of the portfolio management company, the depositary shall make the cash payments related to transactions in pure registered financial instruments, deposits and between cash accounts opened in the name of the AIF. It shall notify the portfolio management company of any problems encountered at this time.

The asset management company's instructions shall be transmitted to the depositary in accordance with the procedures and intervals defined in the agreement referred to in Article 323-30.

As soon as it has knowledge of them, the asset management company shall send the following to the depositary:

1 • Documents evidencing the purchase and sale of registered financial instruments;

2 • Documents related to any deposits made and cash accounts open at another institution;

3 • Documents that provide the depositary with information about the characteristics and events affecting pure registered financial instruments and deposits, such as certifications by the issuer, which shall be transmitted to the depositary in accordance with the procedures stipulated in the agreement referred to in Article 323-30.

Section 4 - Procedures for supervising compliance of the decisions made by the AIF or its asset management company (Articles 323-38 à 323-41)

Article 323-38

The terms of application of Article L. 214-24-8, III of the Monetary and Financial Code are specified in Articles 92 to 97 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012.

Article 323-39

The depositary checks notably the existence and application, within the asset management company, of appropriate and consistent procedures to verify:

1 • The maximum number of unit or shareholders for AIFs limited to twenty holders at most;

2 • Dissemination by the asset management company of regulatory disclosures to the unit or shareholders of the AIF;

3 • The criteria relating to the eligibility of the subscribers and purchasers, if the depositary does not verify their eligibility.

The depositary also ensures compliance with the procedures for sharing information with the asset management company stipulated in the agreement referred to in Article 323-30.

Article 323-40

The depositary establishes and implements a supervision plan. The plan shall define the object, nature and frequency of supervision for this purpose.

Supervision shall be carried out ex post and shall exclude any discretionary review (*contrôle d'opportunité*). Supervision shall focus on the following:

1 • Compliance with investment and asset structure rules;

2 • The minimum asset amount;

3 • The frequency of valuation of the AIF;

4 • The rules and procedures for determining the net asset value;

5 • Substantiation of the contents of the AIF's suspense accounts;

6 • Information that is specific to certain types of AIF, such as the tracking error of index AIFs;

7 • The statement of reconciliation with the inventory transmitted by the asset management company. The asset management company shall take an inventory of the AIF's assets, as specified in Articles L. 214-24-49, L. 214-50, L. 214-135 and L. 214-175 of the Monetary and Financial Code, at least once every six months under the supervision of the depositary.

The characteristics of the supervision plan shall take account of the information gathered during the initial contact with the AIF or the asset management company. The plan shall be updated at intervals suited to the characteristics of the activity engaged in and be made available to the AMF.

The supervision plan, audit reports and reports on problems revealed shall be kept for five years.

The depositary shall have access to all of the AIF's accounting information at all times. It shall also have access at all times to all the detailed accounting and non-accounting information pertaining to the assets referred to in Article L. 214-36, I, 1 of the Monetary and Financial Code. The manner and means of transmitting this information shall be provided for in the contract referred to in Article 323-30.

Article 323-41

The depositary shall ensure that the terms of the winding up of the AIF comply with the provisions of the AIF's rules or articles of association.

## Chapter III bis - Depositaries of securitisation vehicles (Articles 323-42 à 323-64)

Article 323-42

This chapter applies to securitisation vehicles governed by Article L. 214-167, I of the Monetary and Financial Code.

### Section 1 - Duties of the depositary of securitisation vehicles (Articles 323-43 à 323-47)

Article 323-43

Pursuant to Articles L. 214-178 and L. 214-183 of the Monetary and Financial Code, the depositary shall have custody of the securitisation vehicle's cash and claims and make sure that the management company's decisions regarding said securitisation vehicle comply with applicable laws and regulations.

The provisions of this section shall apply to financial instruments issued under French law or the law of another country.

Article 323-44

The custody duties of the depositary with regard to the securitisation vehicle's cash and claims shall include:

1 • Keeping the custody account for the financial securities referred to in Article L. 211-1, II of the Monetary and Financial Code, except for pure registered financial instruments;

2 • Registering in a position-keeping book the assets of the securitisation vehicle other than the financial securities referred to in point 1 and pure registered financial instruments.

If the depositary administers registered financial instruments issued under the laws of another country and included in the assets of the securitisation vehicle, custody shall be provided under the terms applying to the administered registered financial instruments referred to in Article 322-4 and hereafter.

The depositary shall open one or more cash accounts in its books in the name of the securitisation vehicle to record and centralise the securitisation vehicle's cash transactions, as well as one or more securities accounts and any other accounts necessary for the custody of the securitisation vehicle's cash and claims.

Article 323-45

The custody account for the financial instruments included in the assets of the securitisation vehicle shall be governed by the provisions of Chapter II of this Title.

Article 323-46

Position keeping consists in establishing a register of open positions in the assets referred to in Article 323-44, 2. This register shall identify the characteristics of the assets and record their movements to ensure traceability.

Article 323-47

Pursuant to Articles L. 214-178 and L. 214-183 of the Monetary and Financial Code, the depositary shall ensure compliance with the statutory and regulatory provisions applying to the securitisation vehicle under the terms referred to in Articles 323-60 to 323-64.

Supervision shall be carried out ex post and shall exclude any discretionary review (*contrôle d'opportunité*).

### Section 2 - Organisational structures and resources of the depositary of securitisation vehicles (Articles 323-48 à 323-57)

Sub-section 1 - Performance specifications for depositaries

Article 323-48

The depositary shall draft a set of performance specifications that describes the conditions under which it carries on its business. These specifications shall be made available to the AMF.

Article 323-49

The depositary shall at all times have adequate human and material resources, compliance and internal control systems, and organisational structures and procedures to conduct its business.

Article 323-50

The depositary shall designate a person to take charge of the depositary function. It shall notify the AMF of the identity of this person.

Article 323-51

The depositary of a securitisation vehicle shall conduct its business diligently, honestly and fairly, respecting the primacy of interest of the securitisation vehicle, its unit holders or shareholders, and market integrity. The depositary shall make every effort to avoid conflicts of interest and, when such conflicts cannot be avoided, shall see to it that all clients are treated fairly.

Article 323-52

The depositary's statutory auditor shall conduct a special annual audit of the accounts opened by the depositary for the securitisation vehicle.

Within seven weeks of the end of the securitisation vehicle's year, the depositary shall certify:

1 • The assets for which it keeps a custody account;

2 • The positions in other assets listed in the inventory, which it shall produce and retain in accordance with Article 323-44.

The depositary shall transmit this certification to the management company in accordance with the procedures referred to in Article 323-53, 3. This annual certification shall serve as the periodic statement of account mentioned in the last sub-paragraph of Article 322-5.

Sub-section 2 - Relations between the depositary and the securitisation vehicle

Article 323-53

The depositary shall establish with the securitisation vehicle or, where relevant, its management company, a written agreement containing at least the following clauses:

1 • A description of the procedures, including those related to custody, to be adopted for each type of asset of the securitisation vehicle entrusted to the depositary;

2 • A description of the procedures to be followed where the securitisation vehicle envisages a modification of its rules or articles of association or prospectus, and identifying when the depositary should be informed, or where a prior agreement from the depositary is needed to proceed with the modification;

3 • A description of the means and procedures by which the depositary will transmit to the securitisation vehicle all relevant information that the securitisation vehicle needs to perform its duties including a description of the means and procedures related to the exercise of any rights attached to financial instruments, and the means and procedures applied in order to allow the securitisation vehicle to have timely and accurate access to information relating to its accounts;

4 • A description of the means and procedures by which the depositary will have access to all relevant information it needs to perform its duties;

5 • A description of the procedures by which the depositary has the ability to enquire into the conduct of the securitisation vehicle and to assess the quality of information transmitted, including by way of on-site visits;

6 • A description of the procedures by which the securitisation vehicle can review the performance of the depositary in respect of the depositary's contractual obligations;

7 • The following elements related to the exchange of information and to obligations on confidentiality and money laundering:

a • A list of all the information that needs to be exchanged between the securitisation vehicle and the depositary related to the subscription, redemption, issue, cancellation and repurchase of units or shares of the securitization vehicle;

b • The confidentiality obligations applicable to the parties to the agreement pursuant to prevailing laws and regulations on professional secrecy;

c • Information on the tasks and responsibilities of the parties to the agreement in respect of obligations relating to the prevention of money laundering and the financing of terrorism, where applicable;

8 • Where the parties envisage appointing third parties to carry out their respective duties, they shall include at least the following particulars in that agreement;

a • An undertaking by both parties to the agreement to provide details, on a regular basis, of any third parties appointed by the depositary or the securitisation vehicle to carry out their respective duties;

b • An undertaking that, upon request by one of the parties, the other party will provide information on the criteria used for selecting the third party and the steps taken to monitor the activities carried out by the selected third party;

c • A statement that a depositary's liability shall not be affected by the fact that the depositary has entrusted to a third party all or some of the assets in its safekeeping;

9 • The following elements related to potential amendments and the termination of the agreement:

a • The period of validity of the agreement;

b • The conditions under which the agreement may be amended or terminated;

c • The conditions which are necessary to facilitate transition to another depositary and, in case of such transition, the procedure by which the depositary shall send all relevant information to the other depositary;

10 • Where the parties to the agreement agreed to the use of electronic transmission for part or all of information flows between them, the agreement shall contain provisions ensuring that a record is kept of such information;

11 • The parties may provide that the agreement shall cover more than one securitisation vehicle managed by the management company. In this case, a list of the securitisation vehicles concerned shall be included in the agreement;

The parties may include details of the means and procedures referred to in points 3 and 4 in a separate written agreement.

Article 323-54

On the day that termination takes effect or the agreement referred to in Article 323-53 expires, the former depositary shall transfer all data and information relating to the custody of cash and claims to the new depositary.

The former depositary shall provide the asset management company and the new depositary with the inventory referred to in Article 323-52.

Sub-section 3 - Relations between the depositary and other service providers

Article 323-55
If the depositary does not effect the clearing of financial contracts, it shall sign a written agreement with the institution that provides this service.

This agreement shall specify the obligations of the depositary and the clearing institution, as well as the procedures for transmitting information so as to enable the depositary to register the positions in the financial instruments and the cash positions concerned in a position-keeping book.

This agreement shall stipulate:

1 • The list of financial instruments and markets, including, where appropriate, over-the-counter transactions, in which the clearing institution operates;

2 • The list of data about the positions recorded on the accounts that the securitisation vehicle holds with the clearing institution. The latter institution shall send the list to the depositary;

3 • Where appropriate, the transfer of full ownership of the cash and financial instruments to the keeper of the clearing account.

Article 323-56
The depositary may use one or more agents to carry out all or some of the duties related to its custody of the securitisation vehicle's cash and claims. This agent shall be a person authorised to provide administration and custody of financial instruments under the terms of Article L. 542-1 of the Monetary and Financial Code.

If the depositary delegates custody of the securitisation vehicle's cash and claims, it shall draw up an agreement that specifies the scope of the delegated tasks, along with the procedures and resources established to ensure supervision of the transactions carried out by the agent.

Each agent shall provide the depositary with an annual certification from its statutory auditor regarding the audit of the accounts held in its books for the securitisation vehicle.

The fact that the depositary names a third party to maintain custody of the securitisation vehicle's cash and claims shall not affect the depositary's liability.

Article 323-57
The depositary may not delegate the task of supervising the legal and regulatory compliance of decisions made by the securitisation vehicle.

Section 3 - Procedures for custody of certain assets by the depositary (Articles 323-58 à 323-59)

Sub-section 1 - Procedures for keeping positions in financial contracts

Article 323-58
Acting on instructions from the asset management company, the depositary shall execute transfers of the cash and the financial instruments needed to constitute initial margin and respond to margin calls. It shall notify the asset management company of any problems encountered at this time.

These instructions shall be transmitted to the depositary in accordance with the procedures and intervals defined in the

agreement referred to in Article 323-53.

As soon as it becomes aware of them, the asset management company shall send the following to the depositary:

1 • Information about the characteristics of a new framework agreement signed on financial contracts or amendments to an existing framework agreement;

2 • Copies of the signed trade confirmation slips or trade confirmations with regard to financial contracts, which identify the transactions and their specific characteristics;

3 • The list of framework agreements with regard to financial contracts, at intervals to be defined in the agreement referred to in Article 323-53. Where applicable, the list shall indicate amendments made to the characteristics of the framework agreements. The depositary may ask for copies of the framework agreements and any further information required for the performance of its tasks.

At intervals to be defined in the agreement referred to in Article 323-53, the depositary shall send the asset management company a statement with the list of financial contracts held by the securitisation vehicle, along with the list of security provided, indicating security involving transfers of full ownership.

### Sub-section 2 - Custody procedures for pure registered financial instruments and deposits

#### Article 323-59

Acting on the instructions of the asset management company, the depositary shall make the cash payments related to transactions in pure registered financial instruments and deposits. It shall notify the asset management company of any problems encountered at this time.

The asset management company's instructions shall be transmitted to the depositary in accordance with the procedures and intervals defined in the agreement referred to in Article 323-53.

As soon as it has knowledge of them, the asset management company shall send the following to the depositary:

1 • Documents evidencing the purchase and sale of registered financial instruments;

2 • Documents related to any deposits made at another institution;

3 • Documents that provide the depositary with information about the characteristics and events affecting pure registered financial instruments and deposits, such as certifications by the issuer, which shall be transmitted to the depositary in accordance with the procedures stipulated in the agreement referred to in Article 323-53.

### Section 4 - Procedures for supervising legal and regulatory compliance of decisions made by the management company of securitisation vehicle (Articles 323-60 à 323-64)

#### Article 323-60

The depositary of the securitisation vehicle shall put in place a monitoring and contact procedure that enables it to:

1 • Familiarise itself with and assess the organisational structure and internal procedures of the securitisation vehicle and its management company, having regard to its duties. This assessment shall also consider factors relating to the delegation of financial functions and the delegation of administrative and accounting functions. The management company shall make available to the depositary the information necessary for this periodic review on-site or off-site.

For this purpose, the depositary shall ensure that the management company has suitable and auditable procedures to verify the dissemination of regulatory disclosures to holders of shares or units by the management company.

2 • Familiarise itself with the accounting system of the securitisation vehicle;

3 • Ensure compliance with the procedures for sharing information with the management company stipulated in the agreement referred to in Article 323-53.

The information referred to in points 1, 2 and 3 shall be updated at the intervals stipulated in the supervision plan referred to in Article 323-61.

Article 323-61

For the purposes of Article 323-47, the depositary shall establish and implement a supervision plan. The plan shall define the object, nature and frequency of supervision for this purpose.

Supervision shall focus on the following:

1 • Compliance with investment and asset structure rules;

2 • The minimum asset amount;

3 • The frequency of valuation of the securitisation vehicle;

4 • The rules and procedures for determining the net asset value;

5 • Substantiation of the contents of the suspense accounts of the securitisation vehicle;

6 • Information that is specific to certain types of securitisation vehicle;

7 • The statement of reconciliation with the inventory transmitted by the management company.

The management company shall take an inventory of the securitisation vehicle's assets at least once every six months under the supervision of the depositary.

The characteristics of the supervision plan shall take account of the information gathered during the initial contact with the asset management company. The plan shall be updated at intervals suited to the characteristics of the activity engaged in and be made available to the AMF.

The supervision plan, audit reports and reports on problems revealed shall be kept for five years.

The depositary shall have access to all of the accounting information of the securitisation vehicle at all times. The manner and means of transmitting this information shall be provided for in the agreement referred to in Article 323-53.

Article 323-62

The asset management company shall notify the depositary of any changes regarding the securitisation vehicle in accordance with the procedures and time limits stipulated in the agreement referred to in Article 323-53.

The asset management company shall obtain the consent of the depositary before applying to the AMF for authorisations.

Article 323-63

The securitisation vehicle's depositary shall establish an alert procedure for problems revealed by its supervision. This procedure shall be appropriate to the nature of the problems revealed and shall require notification of the managers of the management company, followed by notification of the entities responsible for supervising and monitoring the securitisation vehicle.

Article 323-64

The depositary shall ensure that the terms of the winding up of the securitisation vehicle comply with the provisions of the securitisation vehicle's rules or articles of association.

## Chapter IV - Clearers (Articles 324-1 à 324-2)

Commission Delegated Regulation (EU) 2017/582 of 29 June 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards specifying the obligation to clear derivatives traded on regulated markets and timing of acceptance for clearing

Commission Delegated Regulation (EU) 2017/2154 of 22 September 2017 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards on indirect clearing arrangements

Article 324-1

Clearing members shall have in place effective systems and controls to ensure that clearing services are provided solely to the appropriate persons, meet clear criteria, and that adequate requirements are imposed on these persons in order to reduce the risks for the investment services provider and the market.

Article 324-2

Clearing members shall enter into a written contract with each of the persons whose transactions they clear, setting forth the essential rights and obligations entailed in the provision of such service.

The contract shall stipulate:

1 • The clauses referred to in Article 541-20;

2 • The arrangements for recording transactions;

3 • Provisions relating to deposit, margins, and, generally, all types of guarantees that clearing members must call from clients whose accounts they keep, as well as the assets or collateral accepted to cover their exposure to these clients;

4 • The applicable procedure in the event of default by one of the parties to the contract to ensure, where applicable, that clearing members may liquidate all or part of the commitments or positions of clients that has failed to fulfil their obligations with regard to settlement of market transactions or the cover or collateral referred to the paragraph hereabove and to in Article 541-30, in particular when these clients are the subject of any of the proceedings referred to in Book VI, Title II of the Commercial Code.

## Chapter V - Financial investment advisers (Articles 325-1-A à 325-47)

Article 325-1-A

I. - For the purposes of this Chapter, a “durable medium” is an instrument allowing:

1 • A client to store information addressed personally to that client in a way that affords easy access for future reference for a period of time adequate for the purposes of the information; and

2 • Which allows the unchanged reproduction of the information stored.

II. - Where information has to be provided by a financial investment adviser on a durable medium, this information may be published on a durable medium other than paper only if:

1 • The provision of that information in that medium is appropriate to the context in which the business between the financial investment adviser and the client is, or is to be, carried on; and

2 • The person to whom the information is to be provided, when offered the choice between information on paper or in that other durable medium, specifically chooses the provision of the information in that other medium.

Section 1 - Professional entrance requirements (Articles 325-1 à 325-2-1)

Article 325-1
Before commencing business, a financial investment adviser shall demonstrate that he or she has one of the following:

1 • A national degree demonstrating three years of higher education study in law, economics or management, or a credential or diploma of the same level suitable for the carrying out of the operations mentioned in I of Article L. 541-1 of the Monetary and Financial Code;

2 • Relevant professional training in carrying out the transactions mentioned in I of Article L. 541-1 of the Monetary and Financial Code;

3 • At least two years' professional experience in positions related to the conduct of transactions in the categories specified in I of Article L. 541-1 of the Monetary and Financial Code, gained during the five years before commencing business.

Article 325-2
For the purposes of this Chapter, each financial investment adviser shall belong to only one of the associations mentioned in Article L. 541-4 of the Monetary and Financial Code.

Article 325-2-1
Before accepting the financial investment adviser as a member, the associations mentioned in Article L. 541-4 of the Monetary and Financial Code shall verify the programme of activity mentioned in II of the same article.

Section 2 - Conduct of business rules (Articles 325-3 à 325-17)

Sub-section 1 - General provisions

Article 325-3
Financial investment advisers shall apply the provisions of this Chapter when they provide the advice mentioned in Point 4° of I of Article L. 541-1 of the Monetary and Financial Code.

Article 325-4
Except with the express agreement of the client, financial investment advisers shall refrain from disclosing and using for their own benefit or the benefit of another, outside the scope of their engagement, the client-related information that they hold in their professional capacity.

Sub-section 2 - Entering into a new client relationship

Article 325-5
When establishing a relationship with a new client, the financial investment adviser shall give the client a document including the following references:

1 • The adviser's name or company name, business address or address of the registered office, status as a financial investment

adviser and registration number in the register mentioned in I of Article L. 546-1 of the Monetary and Financial Code;

2 • The name of the professional association to which the adviser belongs;

3 • Where applicable, the adviser's capacity as a direct marketer and the identities of the principals for which the adviser carries on a direct marketing business;

4 • If the financial investment adviser is likely to provide investment advice on an independent basis, a non-independent basis, or a combination of the two. This indication shall be accompanied by an explanation concerning the scope of this advice and about the remuneration paid to the financial investment adviser. Where the advice is likely to be offered or provided to the same client on an independent and non-independent basis, the financial investment adviser shall explain the scope of these two services to enable investors to distinguish them, and shall not present itself as an independent investment adviser as regards its overall activity;

5 • Where applicable, the name(s) of any institution(s) promoting products mentioned in Point 1° of Article L. 341-3 of the Monetary and Financial Code in which the adviser has a material ownership or commercial interest;

6 • Where applicable, any other regulated status that the adviser holds;

7 • The methods of communication to be used between the financial investment adviser and the client.

Sub-section 3 - Letter of engagement

Article 325-6

Before offering advice, financial investment advisers shall submit a letter of engagement to the client. This letter shall be drawn up in duplicate and signed by both parties.

The letter of engagement shall contain, inter alia, the following indications:

1 • Acknowledgement by the client that he has received and read the document mentioned in Article 325-5;

2 • The nature of and arrangements for the service to be provided, the description of which is suited to the client's status as a natural or a legal person and to his principal characteristics and motivations;

3 • The means by which information is to be given to the client, specifying the special arrangements for reporting on the advisory activity and for updating the information mentioned in Points 4° and 5° of Article 325-5 whenever the relationship is expected to be a lasting one;

4 • The terms and conditions of remuneration of the financial investment adviser, specifying the calculation of the fees charged for the advisory service and, where applicable, the existence of any remuneration received from institutions mentioned in Point 5° of Article 325-5 in respect of products acquired pursuant to advice given by the adviser;

5 • Where the adviser provides the service mentioned in Point 1° of I of Article L. 541-1 of the Monetary and Financial Code, the financial investment adviser shall also inform the client:

— Whether the investment advice is provided on an independent or non-independent basis. In order to specify to the client the scope of the service, reference shall be made to the document mentioned in Article 325-5;

— Whether the investment advice is based on a broad or on a more restricted analysis of different types of financial instruments and, in particular, whether the range is limited to financial instruments issued or provided by entities having close links with the financial investment adviser or any other legal or economic relationships, such as contractual

relationships, so close as to pose a risk of impairing the independent basis of the advice provided;

— Whether the adviser will provide the client with a periodic assessment of the suitability of the financial instruments recommended to that client.

6 • Information on the proposed financial instruments and investment strategies, which must include appropriate guidelines and warnings about the inherent risks of investing in such instruments or of certain investment strategies, given the target market defined in accordance with Article L. 541-8 of the Monetary and Financial Code;

7 • Information on associated costs and charges, including a description of the different categories of costs and charges associated with the investments that the financial investment adviser is offering to its clients, as well as the manner in which the client may pay these costs and charges, which includes payment by third parties.

A signed copy of the letter of engagement shall be remitted to the client.

Sub-section 4 - Knowledge about clients

Article 325-7

Financial investment advisers shall not create any ambiguity or confusion about their responsibilities when assessing the suitability of advisory services in accordance with Point 4° of Article L. 541-8-1 of the Monetary and Financial Code. When conducting this assessment, financial investment advisers shall inform clients and potential clients, in a clear and simple manner that the reason for assessing suitability is to enable them to act in the client's best interest.

Where investment advisory services are provided in whole or in part through an automated or semi-automated system, the responsibility to undertake the suitability assessment shall lie with the financial investment adviser providing the service and shall not be reduced by the use of an electronic system in making the personal recommendation.

Article 325-8

I. - Financial investment advisers shall determine the extent of the information to be collected from clients in light of the features of the advisory services to be provided to those clients. Financial investment advisers shall obtain from clients or potential clients such information as is necessary for them to understand the essential facts about the client and to have a reasonable basis for determining, giving due consideration to the nature and extent of the service provided, that the specific transaction, operation or service to be recommended satisfies the following criteria:

1 • It meets the investment objectives of the client in question, as well as the client's risk tolerance in the case of the advisory services mentioned in Points 1° and 3° of I of Article L. 541-1 of the Monetary and Financial Code;

2 • It is such that the client is able financially to bear any related risks consistent with his investment objectives;

3 • The client has the necessary experience and knowledge in order to understand the risks involved in the transaction, operation or service.

II. - The information regarding the financial situation of the client or potential client shall include, where relevant, information on the source and extent of his or her regular income, his assets, including liquid assets, investments and real property, and his or her regular financial commitments.

III. - The information regarding the investment objectives of the client or potential client shall include, where relevant, information on the length of time for which the client wishes to hold the investment, his preferences regarding risk taking, his risk profile, and the purposes of the investment.

IV. - Financial investment advisers shall ensure that the information regarding a client's or potential client's knowledge and experience includes the following, to the extent appropriate to the nature of the client, the nature and extent of the service to be

provided and the type of product or transaction envisaged, including their complexity and the risks involved in the said service:

1 • The types of service, transaction and financial instrument with which the client is familiar;

2 • The nature, quantity, and frequency of the services or transactions in financial instruments carried out or subscribed by the client and the length of the period over which the client carried out or subscribed to these services or transactions;

3 • The level of education and occupation or relevant former occupation of the client or potential client.

V. - Where a client is a legal person or a group of two or more legal persons or where one or more legal persons are represented by another legal person, the financial investment adviser shall establish and implement a policy as to who should be subject to the suitability assessment and how this assessment will be done in practice, including from whom information about knowledge and experience, financial situation and investment objectives should be collected. The financial investment adviser shall formally record this policy.

Where a legal person is represented by another legal person, the financial situation and investment objectives shall be those of the legal person or, in relation to the legal person, the underlying client rather than of the representative. The knowledge and experience shall be that of the representative of the natural person or the person authorised to carry out transactions on behalf of the underlying client.

VI. - Financial investment advisers shall take reasonable steps to ensure that the information collected about their clients or potential clients is reliable. This shall include, but shall not be limited to, the following:

1 • Clients are aware of the importance of providing accurate and up-to-date information;

2 • All tools, such as risk assessment profiling tools or tools to assess a client's knowledge and experience, used in the suitability assessment process are fit-for-purpose and are appropriately designed for use with their clients, with any limitations identified and actively mitigated through the suitability assessment process;

3 • Questions used in the process are likely to be understood by clients, capture an accurate reflection of the client's objectives and needs, and the information necessary to undertake the suitability assessment; and

4 • Appropriate steps are taken to ensure the consistency of client information, such as by considering whether there are obvious inaccuracies in the information provided by clients.

Financial investment advisers having an ongoing relationship with a client and that provide an ongoing advisory service shall have, and be able to demonstrate, procedures to maintain appropriate and up-to-date information about clients to the extent necessary to fulfil the requirements under II.

VII. - Financial investment advisers that do not obtain the information required under Point 4° of Article L. 541-8-1 of the Monetary and Financial Code shall not recommend investment services or financial instruments to client or potential clients.

VIII. - Financial investment advisers shall have procedures in place to ensure that they understand the nature and features, including costs and risks, of investment services and financial instruments selected for their clients in their overall offering. This procedure shall assess in addition, while taking into account cost and complexity, whether equivalent investment services or financial instruments can meet their client's profile. Financial investment advisers shall be able to demonstrate that they have such procedures.

IX. - Financial investment advisers shall not recommend where none of the services or instruments are suitable for the client.

X. - When providing investment advisory services that involve switching investments, either by selling an instrument and buying

another or by exercising a right to make a change in regard to an existing instrument, financial investment advisers shall collect the necessary information on the client's existing investments and the recommended new investments and shall undertake an analysis of the costs and benefits of the switch, such that they are reasonably able to demonstrate that the benefits of switching are greater than the costs.

### Sub-section 5 - Information provided to clients

#### Paragraph 1 - General provisions

Article 325-9

Any information, including advertisements, regardless of the medium, issued by a financial investment adviser acting in this capacity, shall contain the information mentioned in Points 1° and 2° of Article 325-5.

Article 325-10

Financial investment advisers shall notify clients in good time of any material change in the information mentioned in Articles 325-5 and 325-6 that significantly affects the advice provided. The notification must be given in a durable medium if the relevant information is to be provided in such a medium.

Article 325-11

I. - Financial investment advisers shall ensure that information contained in advertisements is consistent with information provided to clients within the framework of advisory activities.

II. - When communicating with clients, financial investment advisers shall not unduly emphasise their independent investment advisory services over their non-independent advisory services.

#### Paragraph 2 - Clear, accurate and non-misleading information

Article 325-12

I. - Financial investment advisers shall ensure that the information mentioned in Point 8° of Article L. 541-8-1 of the Monetary and Financial Code that they provide or disseminate to existing or potential clients satisfies the conditions laid down in this article.

II. - Financial investment advisers shall make sure that the information referred to in I satisfies the following conditions:

1 • The information is accurate and always gives a fair and prominent indication of any relevant risks when referencing any potential benefits of an investment service or financial instrument;

2 • The information uses a font size in the indication of relevant risks that is at least equal to the predominant font size used throughout the information provided, as well as a layout ensuring such indication is prominent;

3 • The information is sufficient for, and presented in a way that is likely to be understood by, the average member of the group to whom it is directed, or by whom it is likely to be received;

4 • The information does not disguise, diminish or obscure important items, statements or warnings;

5 • The information is consistently presented in the same language throughout all forms of information and marketing materials that are provided to each client, unless the client has accepted to receive information in more than one language;

6 • The information is up-to-date and relevant to the means of communication used.

III. - Where the information compares investment services, financial instruments, or persons providing investment services, financial investment advisers shall ensure that the following conditions are satisfied:

1 • The comparison is meaningful and presented in a fair and balanced way;

2 • The sources of the information used for the comparison are specified;

3 • The key facts and assumptions used to make the comparison are included.

IV. - Where the information contains an indication of past performance of a financial instrument, a financial index or an investment service, financial investment advisers shall ensure that the following conditions are satisfied:

1 • That indication is not the most prominent feature of the communication;

2 • The information must include appropriate performance information which covers the preceding five years, or the whole period for which the financial instrument has been offered, the financial index has been established, or the investment service has been provided where less than five years, or such longer period as the financial investment adviser may decide, and in every case that performance information is based on complete 12-month periods;

3 • The reference period and the source of information are clearly stated;

4 • The information contains a prominent warning that the figures refer to the past and that past performance is not a reliable indicator of future results;

5 • Where the indication relies on figures denominated in a currency other than the euro, the currency is clearly stated, together with a warning that the return may increase or decrease as a result of currency fluctuations;

6 • Where the indication is based on gross performance, the effect of commissions, fees or other charges must be disclosed.

V. - Where the information includes or refers to simulated past performance, financial investment advisers shall ensure that the information relates to a financial instrument or a financial index, and that the following conditions are satisfied:

1 • The simulated past performance is based on the actual past performance of one or more financial instruments or financial indices which are the same as, or substantially the same as, or underlie, the financial instrument concerned;

2 • In respect of the actual past performance referred to in Point 1°, the conditions set out in points 1°, 2°, 3°, 5° and 6° of IV, are satisfied;

3 • The information contains a prominent warning that the figures refer to simulated past performance and that past performance is not a reliable indicator of future performance.

VI. - Where the information contains information on future performance, financial investment advisers shall ensure that the following conditions are satisfied:

1 • The information is not based on and does not refer to simulated past performance;

2 • The information is based on reasonable assumptions supported by objective data;

3 • Where the information is based on gross performance, the effect of commissions, fees or other charges must be disclosed;

4 • The information is based on performance scenarios in different market conditions (both negative and positive scenarios) and reflects the nature and risks of the specific types of instruments or transactions included in the analysis;

5 • The information contains a prominent warning that such forecasts are not a reliable indicator of future performance.

VII. - Where the information refers to a particular tax treatment, it shall prominently state that the tax treatment depends on the individual situation of each client and may be subject to change in the future.

VIII. - The information shall not use the name of any competent authority in such a way that would indicate or suggest endorsement or approval by that authority of the products or services covered by the advice.

Article 325-13

Where financial instruments covered by investment advice incorporate a guarantee or capital protection, financial investment advisers shall provide information about the scope and nature of such guarantee or capital protection. Where the guarantee is provided by a third party, information about the guarantee shall include sufficient detail about the guarantor and the guarantee to enable the client or potential client to make a fair assessment of the guarantee.

Paragraph 3 - Information on costs and charges

Article 325-14

I. - For the purposes of providing information to clients on all costs and charges pursuant to Point 5° of Article L. 541-8-1 of the Monetary and Financial Code, financial investment advisers shall comply with the requirements set out in paragraphs II to VIII.

II. - For ex-ante and ex-post disclosure of information on costs and charges to clients, financial investment advisers shall aggregate the following:

1 • All costs and associated charges charged by the financial investment adviser or other parties where the client has been directed to such other parties, for the investment services(s) and/or ancillary services provided to the client; and

2 • All costs and associated charges associated with the manufacturing and managing of the financial instruments.

Costs referred to in Points 1° and 2° are listed in Annex II of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016. For the purposes of Point 1°, third party payments received by financial investment advisers in connection with the advisory service provided to a client shall be itemised separately and the aggregated costs and charges shall be totalled and expressed both as a cash amount and as a percentage.

III. - Where any part of the total costs and charges is to be paid in or represents an amount of foreign currency, financial investment advisers shall provide an indication of the currency involved and the applicable currency conversion rates and costs. Financial investment advisers shall also inform about the arrangements for payment.

IV. - In relation to the disclosure of product costs and charges that are not included in the key investor information documents of a collective investment, the financial investment adviser shall calculate and disclose these costs, for example, by liaising with asset management companies to obtain the relevant information.

V. - A financial investment adviser that recommends or markets to its clients the services provided by a third party, shall aggregate the cost and charges of its services together with the cost and charges of the services provided by the third party. The adviser shall take into account the costs and charges associated with the provision of other services by third parties where it has directed the client to these third parties.

VI. - Where calculating costs and charges on an ex-ante basis, financial investment advisers shall use actually incurred costs as a proxy for the expected costs and charges. Where actual costs are not available, the adviser shall make reasonable estimations of these costs. The financial investment adviser shall review ex-ante assumptions based on the ex-post experience and shall make adjustment to these assumptions, where necessary.

VII. - Financial investment advisers shall provide annual ex-post information about all costs and charges related to both the

financial instrument(s) and investment service(s) where they have or have had an ongoing relationship with the client during the year. Such information shall be based on costs incurred and shall be provided on a personalised basis.

Financial investment advisers may choose to provide such aggregated information on costs and charges of the investment services and the financial instruments together with any existing periodic reporting to clients.

VIII. - Financial investment advisers shall provide their clients with an illustration showing the cumulative effect of costs on return when providing advisory services. Such an illustration shall be provided both on an ex-ante and ex-post basis. Financial investment advisers shall ensure that the illustration meets the following requirements:

1 • The illustration shows the effect of the overall costs and charges on the return of the investment;

2 • The illustration shows any anticipated spikes or fluctuations in the costs; and

3 • The illustration is accompanied by a description of the illustration.

Article 325-15

Financial investment advisers distributing units or shares in collective investments or packaged retail and insurance-based investment products shall additionally inform their clients about any other costs and associated charges related to the product which may have not been included in the key investor information of a collective investment or in the key information document of a packaged retail and insurance-based insurance products and about the costs and charges relating to their provision of advisory services in relation to that financial instrument.

Sub-section 6 - Compensation and benefits

Article 325-16

I. - Financial investment advisers shall not pay or be paid any fee or commission, or provide or be provided with any non-monetary benefit in connection with the provision of an advisory service to any party except the client or a person acting on behalf of the client, other than where the payment or benefit is designed to enhance the quality of the relevant service to the client and does not impair compliance with the financial investment adviser's duty to act honestly, fairly and professionally in accordance with the best interest of its clients.

The existence, nature and amount of the payment or benefit referred to in the first paragraph, or, where the amount cannot be ascertained, the method of calculating that amount, must be clearly disclosed to the client, in a manner that is comprehensive, accurate and understandable, prior to the provision of the relevant service. Where applicable, the financial investment adviser shall also inform the client on mechanisms for transferring to the client the fee, commission, monetary or non-monetary benefit received in relation to the provision of the service.

The payment or benefit which enables or is necessary for the provision of advisory services, and which by its nature cannot give rise to conflicts with the financial investment adviser's duties to act honestly, fairly and professionally in accordance with the best interests of its clients, is not subject to the requirements set out in the second paragraph.

II. - Financial investment advisers shall apply the provisions of Articles 314-13 to 314-20.

Sub-section 7 - Suitability statement

Article 325-17

I. - Where financial investment advisers provide advice, the suitability statement mentioned in Point 9° of Article L. 541-8-1 of the Monetary and Financial Code shall explain how the recommendation provided is suitable for the client, including how it meets the client's objectives and personal circumstances with reference to the investment term required, the client's knowledge and experience and the client's attitude to risk and capacity for loss.

Financial investment advisers shall draw clients' attention to and shall include in the suitability report information on whether the

recommended services or instruments are likely to require the client to seek a periodic review of their arrangements.

Where a financial investment adviser provides a service that involves periodic suitability assessments and reports, the subsequent reports after the initial service is established may only cover changes in the services or instruments involved and/or the circumstances of the client and may not need to repeat all the details of the first report.

II. - Financial investment advisers providing a periodic suitability assessment shall review, in order to enhance the service, the suitability of the recommendations given at least annually. The frequency of this assessment shall be increased depending on the risk profile of the client and the type of financial instruments recommended.

## Section 3 - Organisational rules (Articles 325-18 à 325-30)

### Sub-section 1 - General provisions

#### Article 325-18

I. - Financial investment advisers must at all times have resources and procedures appropriate to the conduct of their business, in particular:

1 • Sufficient technical resources;

2 • Secure data storage facilities enabling in particular retention for the entire duration of the client relationship of any document or medium provided to the client as part of the provision of advisory services.

II. - Financial investment advisers shall have adequate organisational arrangements in place to ensure that both types of investment advisory services – independent and non-independent – are clearly separated from each other, that clients are not likely to be confused about the type of advice that they are receiving and that clients are given the type of advice that is appropriate for them. Financial investment advisers shall not allow a natural person in their employ to provide both independent and non-independent advice.

#### Article 325-19

Financial investment advisers shall ensure that the people whom they employ to carry on the activity of financial investment advice meet the conditions of professional competence forest out in Article 325-1 and the good repute conditions set out in Articles L. 500-1 and D. 541-8 of the Monetary and Financial Code. Financial investment advisers shall forward to the association of which they are a member the list of these people, before they begin their activities.

#### Article 325-20

I. - Where financial investment advisers employ several persons especially for their advisory activity, they shall adopt an organisational structure and written procedures that enable them to conduct their business in compliance with applicable laws, regulations and ethical provisions.

For the purposes of the previous paragraph, financial investment advisers shall take into account their size and internal organisation, as well as the nature, scale and complexity of their business.

II. - Financial investment advisers who are natural persons and natural persons empowered to manage or administer legal entities authorised to act as financial investment advisers shall commit sufficient time to perform their functions.

#### Article 325-21

I. - The financial investment adviser shall inform the association of which it is a member of any modification of the information concerning it and any event which may have consequences on its membership as a financial investment adviser, pursuant to the second paragraph of Article L. 541-5 of the Monetary and Financial Code. The information shall be forwarded no later than during the month which precedes the event or, when it cannot be anticipated, during the month which follows.

II. - No later than 30 April each year, the financial investment adviser shall send a data sheet to the association of which it is a member.

Article 325-22
Financial investment advisers shall apply Articles 321-143 to 321-150, with the exception of Article 321-149.

If the financial investment adviser is not a legal entity, he or she shall be responsible for implementing the system referred to in Article L. 561-32 of the Monetary and Financial Code.

Article 325-23
Financial investment advisers shall establish and maintain an effective and transparent procedure for reasonable and prompt handling of complaints received from clients or potential clients.

Clients can file complaints free of charge with the financial investment adviser.

Financial investment advisers shall respond to the complaint filed by the client within a maximum of two months from the date of receipt of the complaint, except in duly justified exceptional circumstances.

They shall implement an equal and consistent procedure for handling complaints filed by clients.

Financial investment advisers shall record each complaint and the measures taken to handle it. They shall also implement a complaint monitoring system enabling them to identify problems and implement the appropriate corrective measures.

Information on the complaint handling procedure shall be made available to clients free of charge.

The procedure put in place shall be proportionate to the size and structure of the financial investment adviser.

Article 325-24
I. - Financial investment advisers who are natural persons, natural persons empowered to manage or administer legal entities authorised to act as financial investment advisers and natural persons employed to carry on the activity of financial investment advice shall prove they satisfy knowledge level requirements specified in Point 1° of II of Article 325-26.

II. - Associations authorised under Section 6 shall, no later than 31 December 2019, verify the knowledge level of the people described in I when they have taken office on or before that date.

III. - As from 1 January 2020, the verification of the knowledge level of the people described in I shall be made with one of the examinations described in Point 3° of II of Article 312-5.

The people described in I shall have six months from the date on which they start to carry out their activity to demonstrate the minimum knowledge level described in I.

However, where an employee is recruited to carry out the business of financial investment advice under a temporary employment contract, an apprenticeship or training contract or a training course, the financial investment adviser may decide to not require for that person to meet the condition stated in I. If the financial investment adviser decides to recruit that employee at the end of the contract or training course, the adviser must ensure that he or she has sufficient level of knowledge as described in I, under the terms referred to in the preceding paragraph.

The financial investment adviser shall ensure that employees whose minimum knowledge has not been fully verified are appropriately supervised.

IV. - People described in I that have passed one of the examinations described in Point 3° of II of Article 312-5 are deemed to have

the minimum level of knowledge required to carry out the activities assigned to them.

Article 325-25
The people described in I of Article 325-24 shall each year take training courses adapted to their activity and experience, in accordance with the procedures set out by the professional association of which the financial investment adviser is a member.

These annual training courses may be dedicated to the verification of knowledge levels during the period and under the conditions specified in II of Article 325-24.

Article 325-26
I. - The Financial Skills Certification Board mentioned in Article 312-5 shall also issue opinions at the request of the AMF on the verification of the minimum knowledge of the people described in I of Article 325-24.

II. - Further to an opinion of the Financial Skills Certification Board, the AMF:

1 • Determines the content of the minimum knowledge of the people described in I of Article 325-24. It publishes a description of this knowledge;

2 • Ensures the content of minimum knowledge is updated;

3 • Determines and verifies the ways in which minimum knowledge is verified.

Article 325-27
Where the financial investment adviser is a legal entity, the natural persons with the power to manage or administer this entity shall ensure that it complies with relevant laws, regulations and professional obligations.

Sub-section 2 - Conflicts of interest

Article 325-28
For the purposes of identifying the types of conflict of interest that arise in the course of exercising one of the activities mentioned in I of Article L. 541-1 of the Monetary and Financial Code or a combination of these activities and whose existence may damage a client's interests, financial investment advisers take into account, by way of minimum criteria, the question of whether the financial investment adviser, a person employed to provide an advisory service, or a person directly or indirectly linked by way of control to the financial investment adviser, is in any of the following situations, whether as a result of providing the activities mentioned in I of Article L. 541-1 of the Monetary and Financial Code or otherwise:

1 • The financial investment adviser or that person is likely to make a financial gain, or avoid a financial loss, at the expense of the client;

2 • The financial investment adviser or that person has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;

3 • The financial investment adviser or that person has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;

4 • The financial investment adviser or that person carries on the same business as the client;

5 • The financial investment adviser or that person receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monetary or non-monetary benefits or services.

Article 325-29

I. - Financial investment advisers shall establish and maintain an effective conflicts of interest policy, set out in writing and appropriate to their size and organisation and to the nature, scale and complexity of their business.

Where a financial investment adviser is a member of a group, its conflicts of interest policy must also take into account any circumstances, of which it is or should be aware, that may give rise to a conflict of interest as a result of the structure and business activities of the other members of the group.

II. - The conflicts of interest policy established in compliance with I must specifically:

1 • Identify, with reference to the concerned activities mentioned in I of Article L. 541-1 of the Monetary and Financial Code carried out by the financial investment adviser, the circumstances which constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients;

2 • Specify procedures to be followed and measures to be adopted in order to prevent or manage such conflicts.

III. - The procedures and measures provided for in Point 2° of II shall be designed to ensure that persons employed to provide an advisory service and engaged in different business activities involving a conflict of interest of the kind specified in Point 1° of II carry on those activities at a level of independence appropriate to the size and activities of the financial investment adviser and of the group to which it belongs, and to the risk of damage to clients' interests.

For the purposes of Point 2° of II, procedures to be followed and measures to be adopted shall include at least such of the following as are necessary for the financial investment adviser to ensure the requisite degree of independence:

1 • Effective procedures to prevent or control the exchange of information between persons employed to provide an advisory service and engaged in activities involving a risk of a conflict of interest where the exchange of that information may damage the interests of one or more clients;

2 • Separate supervision of persons employed to provide an advisory service and whose principal functions involve providing services to clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the financial investment adviser;

3 • Elimination of any direct links between the remuneration of persons employed to provide an advisory service who are principally engaged in one activity and the remuneration of, or revenues generated by, other relevant persons principally engaged in another activity, where a conflict of interest is likely to arise in relation to those activities;

4 • Measures to prevent or limit any person from exercising inappropriate influence over the way in which a person employed to provide an advisory service carries out his activities;

5 • Measures to prevent or control the simultaneous or sequential involvement of a person employed to provide an advisory service in several of the activities mentioned in I of Article L. 541-1 of the Monetary and Financial Code, where such involvement may impair the proper management of conflicts of interest.

IV. - Financial investment advisers shall ensure that disclosure to clients, pursuant to the second paragraph of Point 4° of Article L. 541-8 of the Monetary and Financial Code, is a measure of last resort that shall be used only where the effective organisational and administrative arrangements established by the financial investment adviser to prevent or manage its conflicts of interest in accordance with Point 4° of Article L. 541-8 of the Monetary and Financial Code are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client will be prevented.

The disclosure shall clearly state that the organisational and administrative arrangements established by the financial investment adviser to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented. The disclosure shall include specific description of the conflicts of interest that arise in the provision of advisory services, taking into account the nature of the client to whom the disclosure is being made. The description

shall explain the general nature and sources of conflicts of interest, as well as the risks to the client that arise as a result of the conflicts of interest and the steps undertaken to mitigate these risks, in sufficient detail to enable that client to take an informed decision with respect to the advisory service in the context of which the conflicts of interest arise.

V. - Financial investment advisers shall assess and periodically review, on an at least annual basis, the conflicts of interest policy established in accordance with I to IV and shall take all appropriate measures to address any deficiencies. Over-reliance on disclosure of conflicts of interest shall be considered a deficiency in the financial investment adviser's conflicts of interest policy.

Article 325-30

Financial investment advisers shall keep and regularly update a record of the kinds of advisory service in which a conflict of interest entailing a risk of damage to the interests of one or more clients has arisen or, in the case of an ongoing service or activity, may arise.

### Section 4 - Governance of products, services and transactions (Article 325-31)

Article 325-31

Financial investment advisers shall apply Articles 313-18 to 313-27, with the exception of Articles 313-23 and 313-25. For the purposes of Article 313-24, the term “relevant person” is replaced by “person employed to provide an advisory service”.

### Section 5 - Reception and transmission of units or shares in collective investment undertakings (Article 325-32)

Article 325-32

A financial investment adviser may agree to receive for transmission purposes an order for one or more units or shares in a collective investment undertaking that a client to whom it has provided an advisory service intends to subscribe for or sell.

Prior to providing such service, the financial investment adviser shall enter into an agreement with its client, setting forth the rights and obligations of both parties.

The financial investment adviser must be able to prove that the order originates from its client. It shall keep a record of the time-stamping of the reception and transmission of the client's order.

### Section 6 - Authorisation of representative associations (Articles 325-33 à 325-47)

#### Sub-section 1 - Authorisation requirements

Article 325-33

The association mentioned in Article L. 541-4 of the Monetary and Financial Code shall have its registered office in France.

Article 325-34

The legal representatives of the association shall have a good repute and experience relevant to their functions.

Article 325-35

The association shall draw up a code of conduct setting forth the professional rules defined in Articles 325-3 to 325-17 as well as the rules for monitoring and oversight of the training programmes called for in Article 325-38.

This code shall be submitted for approval by the AMF as professional rules.

Article 325-36

The association shall carry out an on-site verification of each of its members at least once every five years. Where applicable, the verifications delegated by the AMF to the association in application of Article L. 621-9-2 of the Monetary and Financial Code shall be taken into account for the purposes of the present paragraph.

Article 325-37

The association shall have the staff and technical resources needed to carry out its mission on an ongoing basis.

Its technical resources shall include, inter alia:

1 • A computerised tool to establish a list indicating, where applicable, for each member:

a) Where the financial investment advice business is operated by a natural person:

— The surname, forenames, date of birth, place of birth and business address of the natural person who is a financial investment adviser; and

— The surname, forenames, date and place of birth of the natural persons employed by the financial investment adviser to operate the financial investment advice business; or

b) Where the financial investment advice business is operated by a legal entity:

— The business name and address of this legal entity;

— The surname, forenames, date and place of birth and personal address of the natural persons who have the power to manage or administer this legal entity; and

— The surname, forenames, date and place of birth of the natural persons employed by the financial investment adviser to operate the financial investment advice business.

This list shall be held at the disposal of the AMF.

2 • A data storage facility for the retention of documents, in particular control reports, for five years.

Article 325-38

The association shall seek to ensure that its members' knowledge is kept current by selecting or organising training programmes.

Article 325-39

The association shall be independent of institutions promoting products mentioned in Point 1° of Article L. 341-3 of the Monetary and Financial Code.

Sub-section 2 - Authorisation procedure

Article 325-40

Authorisation of a representative association within the meaning of Article L. 541-4 of the Monetary and Financial Code shall be subject to prior filing of an application with the AMF containing:

1 • The articles (statuts) of the association;

2 • The name, *curriculum vitae* and an extract from the judicial record (*casier judiciaire*) or equivalent document for each of the association's legal representatives;

3 • A three-year projected budget for the association;

4 • A draft code of conduct;

- The standard letter of engagement for use by members of the association;

- A description of the human and technical resources that will enable the association to meet its obligations under this Chapter;

- Written procedures that the association follows to take decisions on membership, withdrawal of membership, verifications and sanctions of members pursuant to III of Article L. 541-4 of the Monetary and Financial Code.

Article 325-41

In deciding whether to issue authorisation to an association, the AMF shall review the application to assess whether the applicant, based on its filing, fulfils the requirements set forth in Articles 325-33 to 325-39. The AMF may ask the applicant to provide any further information it considers necessary to reach its decision.

### Sub-section 3 - Reporting to the AMF

Article 325-42

I. - No later than 31 May of each year, the association shall provide the AMF with a copy of the balance sheet and the income statement for the most recent financial year and an activity report describing in particular, for the previous calendar year, the verifications carried out and their archiving and the training courses undertaken or selected.

II. - No later than 30 June each year, the association shall provide the AMF with the data sheet for each of its members, collected pursuant to Article 325-21.

Article 325-43

The association shall inform the AMF promptly of any changes to key items in the initial authorisation application, notably concerning its management, organisation or supervision.

The AMF shall inform the association of any potential consequences for its authorisation. Any modification to the code of conduct shall be submitted to the AMF for prior approval.

Article 325-44

The association shall inform the AMF promptly of disciplinary action taken against any of its members and shall hold the reports of its verifications at its disposal.

### Sub-section 4 - Withdrawal of authorization

Article 325-45

The AMF may withdraw its authorisation of the association if it no longer meets the requirements of its initial authorisation or a subsequent authorisation, or if it fails to meet commitments given at such time, or when the association has not made use of its authorisation within the past twelve months, or when it has been inactive for at least three months.

Article 325-46

When the AMF is considering withdrawing its authorisation, it shall so inform the association, indicating the reasons therefor.

The association shall have one month from receipt of such notification to submit any observations it might have.

Article 325-47

When the AMF decides to withdraw an authorisation, the association shall be notified of the AMF's decision by registered letter with return receipt. The AMF shall inform the public of the withdrawal by means of an online news release posted on its website and placed in newspapers or other publications of its choosing.

This decision shall specify the timetable and method for implementing the withdrawal.

Pending withdrawal, the association shall be placed under the supervision of an agent appointed by the AMF. It must inform its members that its authorisation has been withdrawn.

The agent shall be bound by professional secrecy rules.

## Chapter V bis - Crowdfunding investment advisers (Articles 325-48 à 325-83)

### Section 1 - Admission requirements (Articles 325-48 à 325-50)

#### Article 325-48

Pursuant to I of Article L. 547-1 of the Monetary and Financial Code, the website shall have the following characteristics:

- Access to details of the offers shall be reserved for potential investors who have provided their personal details, read the risks and expressly accepted them;
- Subscription to the offers shall imply that the potential investors have previously provided the information required by Point 6° of Article L. 547-9 of the Monetary and Financial Code;
- The website shall propose several projects;
- The projects shall have been selected on the basis of criteria and in accordance with a procedure that have been predefined and published on the website.

#### Article 325-49

I. - Any natural persons having the power to manage or administer a legal entity exercising crowdfunding investment advisory activities shall provide evidence to the association, prior to admission, of the required level of professional skills:

- A national diploma demonstrating three years of higher education relevant to the advisory activity referred to in I of Article L. 547-1 of the Monetary and Financial Code;
- Or professional training relevant to the advisory activity referred to in I of Article L. 547-1 of the Monetary and Financial Code;
- Or two years of professional or associative activity in positions related to the advisory activity referred to in I of Article L. 547-1 of the Monetary and Financial Code or to the activity referred to in Point 3° of Article L. 321-2 of said code, this experience having been gained within the five years prior to their taking up office.

II. - In order to carry out the business of registering financial securities in a securities account, crowdfunding investment advisers shall demonstrate to the association, above and beyond the knowledge level mentioned in paragraph I, before any such business is carried out:

- That they are effectively managed by at least one person with the experience appropriate to this activity;
- That they have permanent access to sufficient material and human resources adapted to this activity; and
- That natural persons carrying out the business of entering financial securities on behalf of the crowdfunding investment adviser have the appropriate level of professional knowledge.

III. - The association shall appraise the adequacy of the skills for the planned activities and the ability of the applicant to comply with all the business conduct and organisational rules applicable to them.

Article 325-50

For the purposes of this Chapter, each crowdfunding investment adviser shall belong to only one of the associations authorised by the AMF to monitor the individual professional activity of its member crowdfunding investment advisers.

Section 2 - Conduct of business rules (Articles 325-51 à 325-56)

Article 325-51

The public-access pages of the website of the crowdfunding investment adviser shall contain the following information presented in a prominent and easily accessible manner:

1 • Its company name, the address of its registered office, its status as a crowdfunding investment adviser and its registration number in the register referred to in I of Article L. 546-1 of the Monetary and Financial Code;

2 • The name of the professional association to which it belongs;

3 • The risks inherent to the proposed investments and, in particular, the risk of total or partial loss of the capital and illiquidity risk and, in the case of offers for minibons described in Article L. 223-6 of the Monetary and Financial Code, the risks of the issuer's default. To that end, the website shall show the default rate observed on the platform during minibon offers over the previous thirty-six months or, if the website is less than three years old, since the start of its activity. The default rate shall be calculated and updated quarterly and should show:

— the principal remaining due in respect of the offers for minibons mentioned in Article L. 223-6 above with any payment more than two months overdue and the number of projects corresponding to the principal remaining due in respect of all offers for minibons mentioned in Article L. 223-6 above; and

— the number of projects for which scheduled repayments have not been made every month out of the total number of projects for which repayments are ongoing.

Article 325-52

I. - All information, including advertisements, issued by crowdfunding investment advisers shall be fair, clear and not misleading. It shall be presented in a balanced manner.

The content of such information must comply with II to VIII of Article 325-12.

II. - All advertisements issued by a crowdfunding investment adviser shall indicate:

1 • Its company name;

2 • Its registered office;

3 • Its status as a crowdfunding investment adviser and the name of the professional association of which it is a member; and

4 • Its registration number in the register referred to in I of Article L. 546-1 of the Monetary and Financial Code.

This information shall also contain a prominent and easily-accessible reference to the risks inherent to the investments the crowdfunding investment adviser is authorised to propose and, in particular, the risk of total or partial loss of the capital and illiquidity risk and, in the case of offers for minibons described in Article L. 223-6 of the Monetary and Financial Code, the risks of the issuer's default, including the default rate described in Point 3° of Article 325-51, calculated in compliance with that same Article.

Article 325-53

Crowdfunding investment advisers shall be regarded as acting honestly, fairly and professionally in accordance with the best interests of a client if, in relation to the provision of advice to such client, they pay or are paid any fee or commission, or provide or are provided with any of the following non-monetary benefits:

1 • A fee, commission or non-monetary benefit paid or provided to or by the client or a person on behalf of the client;

2 • A fee, commission or non-monetary benefit paid or provided to or by a third party or a person acting on behalf of a third party, where the following conditions are satisfied:

a) The existence, nature and amount of the fee, commission or benefit, or, where the amount cannot be ascertained, the method of calculating that amount, must be clearly disclosed to the client, in a manner that is comprehensive, accurate and understandable, prior to provision of the advisory service. The crowdfunding investment adviser may disclose the essential terms of the agreements relating to the fee, commission or non- monetary benefit in summary form, provided that it undertakes to disclose further details at the request of the client and provided that it honours that undertaking;

b) Payment of the fee or commission, or provision of the non-monetary benefit, is intended to enhance the quality of the advisory service to the client and does not impair compliance with the crowdfunding investment adviser's duty to act in the best interests of the client;

3 • Appropriate fees allowing the crowdfunding investment adviser to provide the service or necessary for said service to be provided and which, by their nature, cannot come into conflict with the obligation of the crowdfunding investment adviser to act towards its clients honestly, fairly and professionally in accordance with their best interests.

Article 325-54

For each project proposed to a client and before any subscription, crowdfunding investment advisers shall supply the information drawn up by the issuer pursuant to Article 217-1.

These items shall be completed by information on:

— The terms for collecting subscription applications and transmitting them to the issuer, and the rules applied in the event of oversubscription;

— Detail of the fees charged to the investor and the possibility of obtaining, on request, a description of the services provided to the issuer of the securities to which subscription is being considered, and the related fees;

— The risks inherent to the project and, in particular, the risk of total or partial loss of the capital, illiquidity risk and the risk of an absence of valuation.

Crowdfunding investment advisers are responsible for checking the consistency, clarity and balance of this information.

If the issuer is not the company carrying out the project, the crowdfunding investment adviser must provide the client, via its website and prior to any subscription, with the information referred to in Article 217-1 pertaining to the company carrying out the project and, where applicable, to those companies intervening between the company carrying out the project and that making the offer. Information must be provided on any contractual agreements between the above-mentioned companies, whenever such agreements exist.

To make this information easily accessible, all these items must be written in non-technical language.

Article 325-55

Crowdfunding investment advisers shall ensure that the articles of association of the company carrying out the project presented to investors comply with the provisions of the laws and regulations on companies making offers that are not subject to publication of a prospectus and are made via a website.

This provision is applicable to those companies intervening between the company carrying out the project and that making the offer.

Article 325-56
Except with the express agreement of the client, crowdfunding investment advisers shall refrain from disclosing and using for their own benefit or the benefit of another, outside the scope of their engagement, the client-related information that they hold in their professional capacity.

Section 3 - Organisational rules (Articles 325-57 à 325-65)

Article 325-57
Crowdfunding investment advisers must at all times have sufficient dedicated resources and procedures appropriate to the conduct of their business, and in particular:

1 • Appropriate technical resources;

2 • Secure data storage facilities.

Crowdfunding investment advisers shall set out and organise monitoring and management procedures out to the conclusion of transactions relating to offers for minibons, including in the event that the crowdfunding investment adviser ceases its activity. For this purpose, crowdfunding investment advisers shall conclude an agreement with a payment services provider or the agent of a payment service provider to cover run-off management in the event that they are no longer in a position to provide their activities.

They shall retain records for five years of the services provided in order to enable the AMF to verify compliance with their professional obligations.

Article 325-58
Crowdfunding investment advisers shall have resources and written procedures to enable them to detect and manage any conflicts of interest that might harm the interests of their clients.

Article 325-59
Crowdfunding investment advisers shall ensure that the natural persons they employ to carry out the activity of crowdfunding investment advice have appropriate professional skills for their activities and meet the good repute requirements provided for in Articles L. 500-1 and D. 547-2 of the Monetary and Financial Code. The crowdfunding investment adviser shall forward to the association of which it is a member the list of these natural persons before they begin their activities.

Article 325-60
Crowdfunding investment advisers shall adopt an organisational structure and written procedures that enable them to conduct their business in compliance with applicable laws, regulations and ethical provisions.

Article 325-61
I. - The crowdfunding investment adviser shall inform the association of which it is a member of any modification of the information concerning it and any event which may have consequences on its membership as a crowdfunding investment adviser, such as a change in the place of business or the cancellation of the registration for the activity of crowdfunding investment adviser from the register mentioned in I of Article L. 546-1 of the Monetary and Financial Code. The information shall be forwarded no later than during the month which precedes the event or, when it cannot be anticipated, during the month which follows.

II. - No later than 30 April each year, the crowdfunding investment adviser shall send the association of which it is a member the information set out on a data sheet, in accordance with the procedures provided by an AMF instruction.

Article 325-62
Crowdfunding investment advisers shall apply Articles 321-143 to 325-150, with the exception of Article 321-149.

Article 325-63

Crowdfunding investment advisers shall establish and maintain an effective and transparent procedure for reasonable and prompt handling of complaints received from clients or potential clients.

Clients can file complaints free of charge with the crowdfunding investment adviser.

Crowdfunding investment advisers shall respond to the complaint from the client within a maximum of two months from the date of receipt of the complaint, except in duly justified exceptional circumstances.

They shall implement an equal and consistent procedure for handling complaints from clients.

Crowdfunding investment advisers shall record each complaint and the measures taken to handle it. They shall also implement a complaint monitoring system enabling them to identify problems and implement the appropriate corrective measures.

Information on the complaint handling procedure shall be made available to clients free of charge.

The procedure put in place shall be proportionate to the size and structure of the crowdfunding investment adviser.

Article 325-64

The natural persons having the power to manage or administer a legal entity which is authorised as a crowdfunding investment adviser and the natural persons employed to carry out the activity of crowdfunding investment advice shall each year take training courses adapted to their activity and experience, in accordance with the procedures set out by the professional association of which the crowdfunding investment adviser is a member.

Article 325-65

The natural persons having the power to manage or administer a crowdfunding investment adviser shall ensure that it complies with the laws, regulations and professional obligations applicable to the activity of crowdfunding investment adviser.

### Section 4 - Handling and monitoring of subscription applications and book entry (Articles 325-66 à 325-66-4)

Article 325-66

Crowdfunding investment advisers may provide a subscription application handling and monitoring service.

This service provision shall be formalised in an agreement between the crowdfunding investment adviser and the client issuer, setting out in particular the obligations of the crowdfunding investment adviser and the fees charged. For this purpose, the adviser shall collect notably the personal data of subscribers and transmit these to the issuer for registration in the records of the latter.

Crowdfunding investment advisers shall implement a procedure setting out the terms for handling and monitoring subscription application forms, notably in the event of oversubscription. This procedure shall provide for time-stamping of the subscription applications on receipt.

Crowdfunding investment advisers shall act with diligence and professionalism when processing subscription applications.

They shall keep a record of the service provided on a durable medium.

If the offer is cancelled, the adviser shall inform the client promptly of this.

Article 325-66-1

Crowdfunding investment advisers may provide a subscription application handling and monitoring service that includes the registration of financial securities in a securities account in accordance with II of Article L. 547-1 of the Monetary and Financial Code.

This service provision shall be formalised in an agreement between the crowdfunding investment adviser and the client issuer, setting out in particular the obligations of the crowdfunding investment adviser and the fees charged. For this purpose, the adviser shall collect notably the personal data of subscribers for registration in the issuer's records.

Crowdfunding investment advisers shall implement a procedure setting out:

1 • The terms for handling and monitoring subscription applications, notably in the event of oversubscription. This procedure shall provide for time-stamping of subscription applications on receipt; and

2 • The procedure for registering financial securities in a securities account.

Crowdfunding investment advisers shall act with diligence and professionalism when processing subscription applications and entering financial securities in securities accounts.

They shall keep a record of the service provided on a durable medium.

If the offer is cancelled, the adviser shall inform the client promptly of this.

Article 325-66-2

I. - Where crowdfunding investment advisers carry out the business of registering financial securities in a securities account, the subscription application processing and monitoring tasks that are deemed essential are the following:

1 • Providing for the centralised receipt of subscription applications relating to offers not covered by a prospectus authorised by the AMF and proceeding with the corresponding registration;

2 • Checking compliance with subscription application centralisation cut-off dates and times of which the client has been informed according to the provisions of Article 325-54;

3 • Recording the amount, and where relevant, the number of securities subscribed for, stemming from the centralised receipt of subscription applications;

4 • Recording the information required to create the securities issued;

5 • Communicating information related to the processing of subscription applications to the issuer.

II. - The records shall include the following information:

1 • The issuer;

2 • The subscriber's identity;

3 • The time and date of the order;

4 • The number of securities subscribed;

5 • The security subscription price.

Article 325-66-3

A subscription application that has been sent to the crowdfunding investment adviser is irrevocable upon the cut-off time and date of which the client has been informed according to the provisions of Article 325-54, and binds the investor to pay for such

securities.

Article 325-66-4
The tasks related to the registration of financial securities in a securities account are the following:

1 • Registering in a justifiable and traceable manner in the issuer's books the number of securities created following the centralisation of subscription applications, thereby determining the number of securities resulting from the issue, together with the number of securities held by each subscriber;

2 • Communicating to the issuer all of the information and documentation produced for the purpose of registering the number of securities created following the centralisation of subscription applications.

Section 5 - Authorisation of representative associations (Articles 325-67 à 325-83)

Sub-section 1 - Authorisation requirements

Article 325-67
The association shall have its registered office in France, and its principal purpose shall be monitoring the individual professional activity of its member crowdfunding investment advisers.

Article 325-68
The legal representatives of the association have a good repute and experience relevant to their functions.

Article 325-69
The association shall draw up a code of conduct setting forth the professional rules defined in Articles 325-51 to 325-65 as well as the rules for monitoring and oversight of the training programmes called for in Article 325-72.

This code shall be submitted for approval by the AMF as professional rules.

The code of conduct established for crowdfunding investment advisers shall specify:

— The professional rules set out in Articles 325-51 to 325-65;

— The terms for monitoring and oversight of the training courses organised by the association;

— The terms on which the crowdfunding investment adviser shall monitor the investments proposed via its website, notably transmission to investors of the information updated by the issuer or the project holder, including the information referred to in Article 217-1, the conditions under which investors will be represented at general meetings and the offices held in the corporate bodies of the issuer.

Article 325-70
The association shall establish written admission, individual professional activity monitoring and disciplinary procedures for its member crowdfunding investment advisers.

The procedures defining the admission criteria take into account, inter alia, of the level of professional skill and the ability of the applicant to comply with the business conduct and organisational rules applicable to it.

The association shall inform the AMF promptly of any refusal to admit an applicant on account of its professional skills, and shall inform the applicant of the grounds for such refusal.

The association shall also establish written procedures to monitor members' compliance with applicable laws, regulations and

ethical rules.

The association shall carry out an on-site verification of each of its members at least once every three years. Where applicable, the verifications delegated by the AMF to the association pursuant to Article L. 621-9-2 of the Monetary and Financial Code shall be taken into account for the purposes of the present paragraph.

Article 325-71

The association shall have the permanent human and material resources needed to carry out its mission on an ongoing basis.

Its technical resources shall include, inter alia:

1 • A computerised tool to establish a list indicating, where applicable, for each member:

— The company name and address of the legal entity;

— The surname, forename, date and place of birth, and personal address of the natural persons having the power to manage or administer the legal entity; and

— The surname, forename, date and place of birth of the natural persons employed by the crowdfunding investment adviser to carry out crowdfunding investment advice activities.

This list shall be held at the disposal of the AMF.

2 • A data storage facility for the retention of documents.

Article 325-72

The association shall ensure that its members' knowledge is kept current by selecting or organising training programmes.

Article 325-73

The association shall be independent of institutions promoting products mentioned in Point 1° of Article L. 341-3 of the Monetary and Financial Code.

Sub-section 2 - Authorisation procedure

Article 325-74

Authorisation of a representative association within the meaning of Article L. 547-4 of the Monetary and Financial Code shall be subject to filing of an application with the AMF, comprising:

1 • The articles (*statuts*) of the association;

2 • The name, *curriculum vitae* and an extract from the judicial record (*casier judiciaire*) or equivalent document for each of the association's legal representatives;

3 • A three-year projected budget for the association;

4 • A draft code of conduct;

5 • A description of the human and technical resources that will enable the association to fulfil its obligations under the terms of this Chapter.

6 • Evidence of its representative nature and of its knowledge of crowdfunding investment advice.

Article 325-75

In deciding whether to issue authorisation to an association, the AMF shall review the application to assess whether the applicant, based on its filing, fulfils the requirements set forth in Articles 325-67 to 325-73. The AMF may ask the applicant to provide any further information it considers necessary to reach its decision.

### Sub-section 3 - Reporting to the AMF

Article 325-76

I. - No later than 31 May of each year, the association shall provide the AMF with a copy of the balance sheet and the income statement for the most recent financial year and an activity report describing in particular, for the previous calendar year, the verifications carried out and their archiving and the training courses undertaken or selected.

II. - No later than 30 June each year, the association shall provide the AMF with the data sheet for each of its members, collected pursuant to Article 325-61.

Article 325-77

The association shall inform the AMF promptly of any changes to key items in the initial authorisation application, notably concerning its management, organisation or supervision.

The AMF shall inform the association of any consequences such changes might have on its authorisation. Any modification to the code of conduct shall be submitted to the AMF for prior approval.

Article 325-78

The association shall inform the AMF promptly of disciplinary action taken against any of its members and shall hold the reports of its verifications at its disposal.

### Sub-section 4 - Withdrawal of authorization

Article 325-79

The AMF may withdraw its authorisation of the association if it no longer meets the requirements of its initial authorisation or a subsequent authorisation, or if it fails to meet commitments given at such time, or when the association has not made use of its authorisation within the past twelve months, or when it has been inactive for at least three months.

Article 325-80

When the AMF is considering withdrawing its authorisation, it shall so inform the association, indicating the reasons therefor.

The association shall have one month from receipt of such notification to submit any observations it might have.

Article 325-81

When the AMF decides to withdraw an authorisation, the association shall be notified of the AMF's decision by registered letter with return receipt. The AMF shall inform the public of the withdrawal by means of an online news release posted on its website and placed in newspapers or other publications of its choosing.

This decision shall specify the timetable and method for implementing the withdrawal.

Pending withdrawal, the association shall be placed under the supervision of an agent appointed by the AMF. It must inform its members that its authorisation has been withdrawn.

The agent shall be bound by professional secrecy rules.

Article 325-82

When an association asks for its authorisation to be withdrawn, it shall explain the reasons for its request to the AMF and shall

specify how it intends to enable its members to continue practising their profession.

Article 325-83
The examination by the AMF provided for in Article L. 547-4 of the Monetary and Financial Code shall be conducted on the basis of a file, the content of which is specified by an instruction.

## Chapter VI - Direct marketers

## Chapter VII - Investment analysts not associated with an investment service provider (Articles 327-1 à 327-23)

### Section 1 - Scope (Article 327-1)

Article 327-1
I. - Pursuant to VIII of Article L. 621-7 of the Monetary and Financial Code, this Chapter sets forth:

1 • Conduct of business conditions for natural and legal persons engaging in the activity of investment analysis;

2 • Rules of conduct for natural persons working under the authority or on behalf of legal persons engaged in the activity of investment analysis;

3 • Provisions to ensure the independence of investment analysts' evaluations and prevent conflicts of interest.

II. - The investment analysts concerned are natural and legal persons other than investment services providers that produce or disseminate investment recommendations as provided for in Point 35 of Article 3(1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014.

### Section 2 - Production and dissemination of investment research (Articles 327-2 à 327-18)

#### Sub-section 1 - Production of analysis: Independence of analysts and management of conflicts of interest

Article 327-2
The provisions of Article 28 and Paragraphs 1, 5 and 6 of Article 29 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 and of Article 314-13 are applicable to financial analysts not employed by an investment services provider.

Article 327-2-1
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Article 327-3
Whenever a natural or legal person not associated with an investment service provider is subject to internal procedures or to a code of conduct, that person makes reference to such procedures or code in the investment research that it disseminates.

Article 327-4
I. - An investment analyst that does not depend on an investment service provider shall be deemed to produce independent evaluations if:

1 • It has no significant shareholdings in credit institutions or investment firms;

2 • No credit institution or investment firm owns more than one-third of its shares directly or indirectly;

3 • It has no equity holdings in the issuers that it analyses or in the advisers to these issuers, and none of the issuers that it

analyses and none of the advisers to these issuers have an equity holding in it.

4 • It has no legal links to the issuers that it analyses, unless the issuer that orders an analysis undertakes not to intervene in the production of this analysis or to impede its dissemination.

5 • If the investment analyst is a legal person, the majority of its share capital is owned by investment analysts that comply with the requirements stipulated in 1°, 2°, 3° and 4°.

II. - An investment analyst governed by this Chapter that has relations with a person or entity that prevent it from complying with any of the requirements stipulated in I shall adopt procedures and means to ensure that this person or entity shall not interfere in any way in the conduct of its business.

Article 327-5

Investment analysts governed by this Chapter shall retain all documents, in particular the analyses produced and published, including the preparatory documents, for at least five years.

Sub-section 2 - Establishing a code of conduct

Article 327-6

I. - Investment analysts governed by this Chapter shall adopt a code of conduct that defines:

1 • The principles of integrity, independence, skill and organisation that they must comply with;

2 • The methodology used to produce their analyses.

The code of conduct shall be available for consultation at the investment analyst's registered office or business address. This document shall be posted on the investment analyst's website, if it has one.

II. - Investment analysts governed by this Chapter shall be exempted from the requirements in I if they belong to an industry association that is recognised by the AMF under the terms of Sub-section 3 of this Section.

Sub-section 3 - Recognition of representative bodies

Paragraph 1 - Requirements for recognition by the AMF

Article 327-7

An association of investment analysts governed by this Chapter may apply to the AMF for recognition.

The recognised association must be representative of the investment analysis activity governed by this Chapter.

Article 327-8

I. - The industry association shall draw up a code of conduct that defines the fundamental principles that its members must comply with. The members of the association may give consideration to their size and organisational structure for the application of such principles.

The association shall draw up written procedures for supervising its members' compliance with legal, regulatory and ethical provisions.

II. - More specifically, the association's code of conduct shall define:

1 • Written procedures for admitting and sanctioning its members;

2 • The skills, training, professional experience and resources that the members must have;

3 • A code of conduct, as stipulated in Article 337-6;

4 • The confidentiality rules applying to its members;

5 • Where applicable, the establishment, management and supervision or participation in a mutual fund to finance research.

III. - The code of conduct shall specify any penalties for non-compliance.

IV. - The code of conduct shall be available for consultation by anyone at anytime by applying to the association's registered office. It shall also be posted on the association's website, if it has one.

Article 327-9

The association shall ensure that its members' knowledge is up to date by selecting or organising training.

Article 327-10

The association must have the human and material resources necessary for performing its tasks and ensuring its sustainability.

### Paragraph 2 - Recognition procedure

Article 327-11

The recognition of an industry association requires the filing of an application, containing:

1 • The articles of association of the association;

2 • A *curriculum vitae* and a copy of the judicial record for the legal representatives;

3 • The association's budget for the next three years;

4 • A draft code of conduct;

5 • A description of the personnel and technical resources to be used to ensure compliance with the requirements stipulated in this Chapter;

6 • The list of members.

Article 327-12

Before recognising an association, the AMF shall examine the application contents to see if the association meets the requirements set out in Articles 327-8 to 327-10.

The AMF shall have the right to request that the association provide any further information that it needs to make its decision.

### Paragraph 3 - Disclosures to the AMF

Article 327-13

Within six months of the end of the financial year, the association shall provide the AMF with copies of its balance sheet and income statement, along with the activity report describing the supervision carried out and record keeping, and the training courses provided or selected.

Article 327-14

The association shall immediately notify the AMF of changes to the information contained in the initial application for recognition, and in particular, changes in management, organisation and supervision.

Article 327-15
The association shall immediately notify the AMF of any sanctions imposed on one of its members.

Article 327-16
The industry association shall provide the AMF with an updated list of its members within three months of the end of each calendar year.

### Paragraph 4 - Withdrawal of recognition

Article 327-17
I. - The AMF may withdraw its recognition if the association no longer complies with the requirements and obligations therefor.

If it plans to withdraw recognition, the AMF shall notify the association and explain the grounds for the planned decision. The association then has one month from the receipt of this notice to make any response.

II. - If the AMF decides to withdraw recognition, the association shall be informed of its decision by registered letter with acknowledgement of receipt. The AMF shall inform the public of the withdrawal of recognition by posting a news release on its website.

The decision shall specify the terms and the implementation timeframe for the withdrawal of recognition.

The association must inform its members of the withdrawal of its recognition.

Article 327-18
If an association asks to surrender its recognition, it shall explain to the AMF the reasons for its request and the planned procedures for enabling its members to continue to conduct their business.

## Section 3 - Dissemination of investment research produced by third parties (Articles 327-19 à 327-23)

Article 327-19
*[Empty]*

Article 327-20
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Article 327-21
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Article 327-22
*[Empty]*

Article 327-23
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# Chapter VIII - Data reporting services providers (Articles 328-1 à 328-2)

Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive

Commission Delegated Regulation (EU) 2017/571 of 2 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on the authorisation, organisational requirements and the publication of transactions for data reporting services providers

Commission Delegated Regulation (EU) 2017/577 of 13 June 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on the volume cap mechanism and the provision of information for the purposes of transparency and other calculations

Commission Implementing Regulation (EU) 2017/1110 of 22 June 2017 laying down implementing technical standards with regard to the standard forms, templates and procedures for the authorisation of data reporting services providers and related notifications pursuant to Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments

Section single - Authorisation requirements and changes (Articles 328-1 à 328-2)

Article 328-1
In application of Article L. 549-4 of the Monetary and Financial Code, the AMF shall notify its decision to the applicant within six months from the date of receipt of the complete application, or, where relevant, of any additional information that it requested.

Article 328-2
In application of Article L. 549-3 of the Monetary and Financial Code, data reporting services providers shall promptly inform the AMF prior to any changes made with respect to Annex I of Commission Implementing Regulation (EU) 2017/1110 of 22 June 2017, or of any material change in the conditions under which the authorisation was granted referred to in the last sub-paragraph of Article L. 549-3 of said Code.

The AMF shall consider the appropriate follow-up to these changes within four months from the date of receipt of the complete application or, where relevant, of any additional information that it requested.

Changes relating to the composition of the management body of a data reporting services provider shall be considered to be a material change in the conditions under which the authorisation was granted as described in the last sub-paragraph of Article L. 549-3 of said Code.

# Book IV - Collective investment products

Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds

## Title I - Undertakings for Collective Investment in Transferable Securities (UCITS) (Articles 411-1 à 411-138)

Article 411-1
1 • The term "Undertaking for Collective Investment in Transferable Securities" (UCITS) designates an open-ended investment

company (*société d'investissement à capital variable* - SICAV) or a common fund (fonds commun de placement - FCP) approved in accordance with Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009;

2 • The term "holder" designates the holder of units in an FCP or shares in a SICAV;

3 • Where SICAVs do not delegate the overall management of their portfolio as stipulated in Article L. 214-7 of the Monetary and Financial Code, they shall meet all the conditions applying to management companies and respect the obligations applying to such companies.

4 • References to "members of the board of directors or the executive board of the SICAV" shall be understood to include, where applicable, the chairman of a simplified joint-stock company or the senior managers designated by the articles of incorporation to carry out the duties of the board of directors in accordance with the provisions of Article L. 227-1 of the Commercial Code.

## Chapter unique - Collective investment schemes (Articles 411-2 à 411-138)

### Article 411-2

The provisions of this Chapter apply to all collective investment schemes governed by of Book II, Title I, Chapter IV, Section 1, Sub-section 1 of the Monetary and Financial Code, as well as to their management companies and depositaries.

### Section 1 - Authorisation (Articles 411-3 à 411-19)

### Article 411-3

A UCITS cannot transform itself into another collective investment.

#### Sub-section 1 - SICAVs

### Article 411-4

The articles of incorporation of a SICAV are signed by the first shareholders in person, or by a specially empowered agent. The said articles stipulate the names of the first shareholders and the amounts paid in by each of them, and, where applicable, the names of the first directors or the names of the members of the executive board and the supervisory board, as well as the names of the first statutory auditor and, where applicable, the substitute auditor, named in accordance with the conditions stipulated in Article L. 214-7-2 of the Monetary and Financial Code.

A SICAV cannot set up sub-funds and issue different share classes unless its articles of incorporation explicitly provide for it to do so.

### Article 411-5

The articles of incorporation, along with the deposit certificate for the initial capital issued by the depositary, shall be filed with the registry of the commercial court with jurisdiction over the registered office of the SICAV.

If the articles of incorporation provide for the SICAV to be an umbrella fund, the depositary also issues a certificate for each sub-fund to the management company. The management company sends the said certificates to the AMF.

An AMF Instruction stipulates the minimum information disclosures required in the articles of incorporation of a SICAV.

### Article 411-5-1

The articles of incorporation provided for in Article L. 214-4 of the Monetary and Financial Code stipulate the principles for distributing the SICAV's distributable sums, the procedures for subscriptions and redemptions and, where applicable, the procedures governing the rights attaching to different share classes. The procedures for distributing the SICAV's distributable sums may be defined in the prospectus.

Article 411-6

I. Authorisation of a SICAV, which is provided for under Article L. 214-3 of the Monetary and Financial Code and, where applicable, the authorisation of each sub-fund provided for under the same Article is subject to prior filing of an application with the AMF containing the elements stipulated in an AMF Instruction.

Without prejudice to the provisions of III, the AMF notifies the SICAV whether its authorisation has been granted or refused within one month of the filing of the application.

If the AMF does not respond for one month following the acknowledgement of receipt of the application, authorisation is deemed to be granted.

If the AMF asks for further information that requires the management company to submit a supplementary information sheet, the AMF serves written notice stipulating that it shall receive the items requested within sixty days. If it fails to receive the said items within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received all the information requested. The acknowledgement of receipt stipulates a new authorisation period, which cannot be longer than the one referred to in the previous paragraph.

II. - The period referred to in I is reduced to eight working days after the AMF issues the acknowledgement of receipt of the authorisation application, if the SICAV applying for authorisation is comparable to a UCITS or an AIF that has already been authorised by the AMF.

The AMF assesses the comparability of the SICAV applying for authorisation, called the "comparable SICAV" and the UCITS or AIF previously authorised by the AMF, called the "reference UCITS or AIF", with respect to the following:

1 • The reference UCITS or AIF and the comparable SICAV are managed by the same management company or the same delegated investment manager, or by investment management companies or delegated investment managers belonging to the same corporate group, and subject to the AMF's assessment of the information provided by the management company of the comparable SICAV, in accordance with the requirements stipulated in an AMF Instruction;

2 • The reference UCITS or AIF has been authorised by the AMF and incorporated less than eighteen months before the date of receipt by the AMF of the authorisation application for the comparable SICAV. At the reasoned request of the management company of the comparable SICAV, the AMF may accept a reference UCITS or AIF that has been incorporated for more than eighteen months at the date of receipt of the authorisation application for the comparable SICAV;

3 • The reference UCITS or AIF has not undergone any changes other than those referred to in an AMF Instruction. At the reasoned request of the management company of the comparable SICAV, the AMF may allow a UCITS or AIF that has undergone changes other than those referred to in the instruction to be a reference UCITS or AIF;

4 • Subscribers to the comparable SICAV shall meet the requirements for subscribing and purchasing the reference UCITS or AIF;

5 • The investment strategy, risk profile, operating rules and articles of incorporation of the comparable SICAV shall be similar to those of the reference UCITS or AIF.

If one of the incorporation documents of the comparable SICAV is different from that of the reference UCITS or AIF, it shall be clearly identified in the authorisation application for the comparable SICAV, in accordance with the procedures stipulated in an AMF Instruction.

The authorisation application of the comparable SICAV shall be filed electronically.

If the AMF asks for further information that requires submission of a supplementary information sheet, the AMF serves such notice, stipulating that the items requested must arrive within sixty days. If it fails to receive the said elements within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received

all of the information requested. The acknowledgement of receipt stipulates a new authorisation period of eight worked days or less.

If the comparable SICAV or the reference UCITS or AIF do not comply with the requirements referred to in this Article, the AMF notifies the applicant, stipulating that the supplementary information required to compile an authorisation application under the procedures described in I shall be received within sixty days. If it fails to receive all of the supplementary information within this period, the authorisation application is deemed to be rejected. When all of the supplementary information has been received, the AMF issues a written acknowledgement of receipt and examines the authorisation application for the SICAV under the conditions and procedures referred to in I. The acknowledgement of receipt stipulates a new authorisation period of one month or less.

III. - If the SICAV has not appointed a management company, it will be notified whether authorisation has been granted or refused within three months of submitting an application. The AMF may extend this deadline by up to three months where it considers this necessary due to special circumstances, having notified the SICAV.

Article 411-7

In order to grant the authorisation for the SICAV provided for in Article L. 214-3 of the Monetary and Financial Code, the AMF examines the articles of incorporation of the SICAV, the investment strategy used to attain the investment objective of the UCITS, its charge structure and any share classes, as presented in the founding documents.

The AMF also examines the choice of depositary and the application of the management company to manage the SICAV.

If the management company is established in another European Union Member State or in another State party to the European Economic Area agreement, the AMF will rule on the application of the management company to manage the SICAV's portfolio in accordance with Article L. 214-7-1 of the Monetary and Financial Code.

The AMF ensures that there is no legal impediment that prevents the SICAV covered by this chapter from marketing its shares in France, such as a provision in its articles of incorporation.

Article 411-8

The management company or the SICAV, where applicable, shall send the AMF the deposit certificate for the initial capital of SICAV immediately after the funds are deposited and within one hundred eighty business days at the latest after the SICAV is authorised.

For SICAVs that are umbrella funds, this certificate shall be sent to the AMF within:

1 • One hundred eighty business days of the date of authorisation of the SICAV for at least one of the sub-funds; and

2 • Three hundred sixty business days of the date of notification of the authorisation for the other sub-funds if they exist.

The deposit certificate shall name the sub-fund(s) that it covers.

If the AMF does not receive the certificate within these time periods, it declares the authorisation null and void under the conditions set out in an AMF Instruction.

Where warranted by special circumstances, the SICAV may make a reasoned request for an extension of the deadline for depositing the funds, which shall reach the AMF before the date on which the authorisation is to be declared null and void, and mention the requested deadline. The AMF will notify the SICAV or the management company of its decision within eight worked days of receiving the request.

Article 411-9

The marketing of shares in a SICAV and, where applicable, one or more sub-funds, cannot start until the AMF has served notice of its authorisation. This notification is sent to the management company or the SICAV itself, where applicable, under the conditions

set out in an AMF Instruction.

Sub-section 2 - Common funds (FCPs)

Article 411-10

I. - Authorisation of an FCP, which is provided for under Article L. 214-3 of the Monetary and Financial Code and, where applicable, the authorisation of each sub-fund provided for under the same Article is subject to prior filing of an application with the AMF containing the elements stipulated in an AMF Instruction.

The investment company will be notified whether authorisation for the FCP has been granted or refused within one month of filing the application.

If the AMF does not respond for one month following acknowledgement of receipt of the application, authorisation is deemed to be granted.

If the AMF asks for further information that requires the management company to submit a supplementary information sheet, the AMF serves written notice stipulating that the elements requested must arrive within sixty days. If it fails to receive the said elements within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received all of the information requested. The acknowledgement of receipt stipulates a new authorisation period, which cannot be longer than those stipulated in the second and third paragraphs.

II. - The period referred to in I is reduced to eight worked days after the AMF issues an acknowledgement of receipt of the authorisation application if the FCP applying for authorisation is comparable to a UCITS or AIF that has already been authorised by the AMF.

The AMF assesses the comparability of the FCP applying for authorisation, called the "comparable FCP", and the UCITS or AIF previously authorised by the AMF, called the "reference UCITS or AIF", with respect to the following:

1 • The reference UCITS or AIF and the comparable FCP are managed by the same management company or the same delegated investment manager, or by investment management companies or delegated investment managers belonging to the same corporate group, and subject to the AMF's assessment of the information supplied by the management company of the comparable FCP in accordance with the requirements stipulated in an AMF Instruction;

2 • The reference UCITS or AIF has been authorised by the AMF and incorporated less than eighteen months before the date of receipt by the AMF of the authorisation application for the comparable FCP. At the reasoned request of the management company of the comparable FCP, the AMF may accept a reference UCITS or AIF that has been incorporated for more than eighteen months at the date of receipt of the authorisation application for the UCITS;

3 • The reference UCITS or AIF has not undergone any changes other than those referred to in an AMF Instruction. At the reasoned request of the management company of the comparable FCP, the AMF may allow a UCITS or AIF that has undergone changes other than those referred to in the instruction to be a reference UCITS or AIF;

4 • Subscribers to the comparable FCP shall meet the requirements for subscribing or purchasing the reference UCITS or AIF;

5 • The investment strategy, risk profile, operating rules and fund rules of the comparable FCP shall be similar to those of the reference UCITS or AIF.

If one of the founding documents of the comparable FCP is different from that of the reference UCITS or AIF, it shall be clearly identified in the authorisation application for the comparable FCP in accordance with the requirements set out in an AMF Instruction.

The authorisation application for the comparable FCP shall be filed electronically.

If the AMF asks for further information that requires submission of a supplementary information sheet, the AMF serves such notice, stipulating that the items requested must arrive within sixty days. If it fails to receive the said elements within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received all of the information requested. The acknowledgement of receipt stipulates a new authorisation period of eight worked days or less.

If the comparable FCP or the reference UCITS or AIF do not comply with the requirements referred to in this Article, the AMF notifies the applicant, stipulating that the supplementary information required to compile an authorisation application under the procedures described in I must be received within sixty days. If it fails to receive all of the supplementary within this period, the authorisation application is deemed to be rejected. When all of the supplementary information has been received, the AMF issues a written acknowledgement of receipt and examines the authorisation application for the SICAV under the conditions and procedures referred to in I. The acknowledgement of receipt stipulates a new authorisation period of one month or less.

Article 411-11

In order to grant the authorisation for the FCP provided for in Article L. 214-3 of the Monetary and Financial Code, the AMF examines the fund rules of the FCP, the investment strategy used to attain the investment objective of the CIS, its charge structure and any unit classes.

The AMF also examines the choice of depositary and the application of the management company to manage the FCP.

If the management company is established in another European Union Member State or another State party to the European Economic Area, the AMF will rule on the application of the management company to manage the FCP's portfolio in accordance with Article L. 214-8-1 of the Monetary and Financial Code.

The AMF ensures that there is no legal impediment that prevents the FCP covered by this chapter from marketing its shares in France, such as a provision in its fund rules.

The AMF also ensures that a depositary institution has been designated for the CIS' assets.

Article 411-12

The management company shall send the AMF the deposit certificate for the funds of the FCP immediately after the deposit of the funds and within one hundred eighty business days of the date of the authorisation for the FCP.

For FCPs that are umbrella funds, this certificate shall be sent to the AMF within:

1 • One hundred eighty business days of the date of authorisation of the FCP for at least one of the sub-funds; and

2 • Three hundred sixty business days of the date of notification of the authorisation for the other sub-funds if the y exist.

The deposit certificate shall name the sub-fund(s) that it covers.

If the AMF does not receive the certificate within these time periods, it will declare the authorisation null and void under the conditions set out in an AMF Instruction.

Where warranted by special circumstances, the management company may make a reasoned request an extension of the deadline for depositing the funds, which must reach the AMF before the date on which the authorisation is to be declared null and void, and mention the requested deadline. The AMF will notify the management company of its decision within eight worked days of receiving the request.

Article 411-13

The fund rules provided for in Article L. 214-8-1 of the Monetary and Financial Code set the term of the FCP and the minimum amount of its initial assets, which cannot be less than the amount stipulated in Article D.214-6 of the Monetary and Financial

Code.

The fund rules also stipulate the procedures for distributing the distributable sums of the FCP, the subscription and redemption procedures and, where applicable, the procedures governing the rights attaching to the different unit classes. The procedures for distributing the FCP's distributable sums may be defined in the prospectus.

The FCP cannot set up sub-funds unless its fund rules specifically provide for it to do so. An AMF Instruction shall define the contents of the sections in the FCP's fund rules.

Article 411-14

The marketing of FCP units and, where applicable, sub-fund units, cannot start until the AMF has served notice of its authorisation. The notice will be sent to the management company of the FCP under the conditions set out in an AMF Instruction.

Subscriptions may start once this notice has been received.

The founders shall undertake to complete, where applicable, subscriptions before the end of the period stipulated in the abovementioned Instruction for reaching the minimum amount stipulated in the FCP fund rules. The time period starts upon notification of the FCP's authorisation.

As soon as the amount referred to in the previous paragraph has been reached, the management company will determine the first net asset value. The corresponding deposit certificate issued by the depositary shall be sent to the AMF immediately.

If the FCP is an umbrella fund, the depositary shall issue a deposit certificate for each sub-fund.

### Sub-section 3 - Modifications

Article 411-15

Two types of modifications can occur in the life of CIS:

1 • Modifications that require authorisation, which are called "transfers";

2 • Modifications that do not require authorisation, which are called "changes".

The procedures for notifying holders and the conditions under which holders can redeem their units or shares are set out in an AMF Instruction.

#### Paragraph 1 - Transfers

Article 411-16

An AMF Instruction defines the conditions under which the AMF authorises transfers affecting a CIS. The authorisation period is eight worked days.

Except in the event of changes mentioned in Articles 411-53, 411-98, 411-100 and 411-104:

1 • The period between the date the unit holders are informed and the effective date for the change in the CIS shall be between at least three and ninety days in accordance with the conditions set by an AMF instruction.

2 • The period between the date the unit holders are informed and the end of the period to sell without charge shall be between at least three and ninety days in accordance with the conditions set by an AMF instruction.

Article 411-17

If a CIS or a sub-fund, where applicable, is liquidated, the statutory auditor produces a report on the valuation of the assets and on the liquidation terms, as well as transactions that have taken place since the end of the previous accounting year. This report is made available to the holders. It is sent to the AMF.

Paragraph 2 - Changes

Article 411-18

CISs that undergo changes shall report them in accordance with the procedures set out in an AMF Instruction.

Sub-section 4 - Constituting and transferring new sub-funds

Article 411-19

The prior authorisation of the AMF is required for constituting and transferring sub-funds as stipulated in Article L. 214-3 of the Monetary and Financial Code, in accordance with a procedure set out in an AMF Instruction.

Section 2 - General rules (Articles 411-20 à 411-22)

Sub-section 1 - Subscription and redemption rules

Article 411-20

In accordance with the provisions of Articles L. 214-7 and L. 214-8 of the Monetary and Financial Code, FCP units or SICAV shares are issued at the request of holders and at the net asset value, plus or minus charges and fees, as the case may be.

However, the UCITS may, in accordance with its rules or articles of incorporation, partially or totally cease, on a provisional or permanent basis, issuing shares or units pursuant to the third paragraph of Article L. 214-7-4 and the third paragraph of Article L. 214-8-7 of the Monetary and Financial Code, in objective circumstances entailing the closure of subscriptions, such as reaching a maximum number of shares or units to be issued, a maximum asset threshold, or the end of a given subscription period.

Shares and units are redeemed on the basis of their net asset values, under the conditions set out in Articles 411-123 to 411-125.

If redemptions are temporarily suspended under the terms of the first paragraph of Article L. 214-7-4 or the first paragraph of Article L. 214-8-7 of the Monetary and Financial Code, the UCITS or, where applicable, the management company shall immediately disclose the reasons and the procedures for the suspension of redemptions to the AMF and to all of the authorities of the European Union Member States and all the States party to the European Economic Area agreement where the units or shares are marketed.

Redemptions may be made in cash or in kind. If the redemption in kind corresponds to a representative pro rata share of the assets in the portfolio, then the written agreement signed by the outgoing holder must be obtained by the UCITS or the management company. Where the redemption in kind does not correspond to a representative pro rata share of the assets in the portfolio, all the unitholders must indicate in writing their agreement authorising the outgoing holder to redeem its shares or units against certain particular assets, as explicitly defined in the agreement.

By derogation from the above, where the UCITS is governed by Article 411-134, redemptions on the primary market may be carried out in kind under the conditions set out in the UCIT's prospectus.

Article 411-20-1

In accordance with the final paragraph of Article L. 214-7-4 and the final paragraph of Article L. 214-8-7 of the Monetary and Financial Code, the UCITS may provide for the temporary gating of redemptions of units or shares in the cases it is necessary owing to exceptional circumstances and in order to protect the interests of the units or shares holders, or those of the public. Such conditions may be met in particular where, irrespective of the normal carrying out of the management strategy, the level of redemption orders is such that considering the liquidity conditions of the assets of the SICAV, of the fund, or of one of its sub-funds, these orders cannot be executed on terms that protect the interests of holders and ensure their equitable treatment, or where redemption orders are made under circumstances that may undermine market integrity.

In these cases, redemptions may be gated in the same proportion for all concerned holders, who must be specifically informed of the fact. The part of orders that is unexecuted and that is resubmitted does not have any priority, on the next centralisation dates, over new redemption orders submitted for execution on those dates.

The management company shall notify the AMF of its decision to apply a redemption gate. The management company shall also notify the public, by any means under the conditions set forth in the prospectus and at a minimum, on the asset management company's website.

The rules of the common fund (FCP) or the articles of association of the SICAV shall precisely define the conditions under which a redemption gate may be decided and, in particular:

1 • Set the threshold above which the management company may decide to apply a redemption gate to redemption orders received in respect of a single centralisation date;

This threshold shall be justified based on the frequency of the net asset value calculation, on the management strategy and on the liquidity of the assets held by the UCITS portfolio; the threshold is equal to the ratio between:

— the difference registered, on the same centralisation date, between the number of redemption requests for units or shares of the UCITS and the number of subscription requests for units or shares of the UCITS; and

— the net asset of the UCITS or the total number of units or shares of the UCITS or sub-fund in question.

This threshold is determined on the basis of the most recent published net asset value or of the most recent indicative net asset value calculated by the management company, or of the number of units or shares outstanding on the valuation date;

2 • State the procedures according to which the UCITS may either decide to cancel the unexecuted part of redemption orders or to carry them forward until the next centralisation date. However, in the cases where the UCITS calculates its net asset value more than once a week, the unexecuted part of redemption orders is automatically carried forward to the next centralisation date;

3 • Specify whether, and under what terms, the holder may oppose to the carrying forward of the unexecuted part of his redemption order;

4 • Limit the gating of redemption requests to a maximum number of net asset values calculations for a given period; this maximum number must be explained with regard to the frequency of net asset value calculation, the management strategy and the liquidity of the assets in the UCITS portfolio.

Article 411-20-2

Pursuant to the final paragraph of Article L. 214-7 and the final paragraph of Article L. 214-8 of the Monetary and Financial Code, between the date at which the subscription or redemption order is centralised and the date at which the UCIT's custody account-keeper settles or delivers the units or shares, the UCITS prospectus may provide for a period that shall not exceed ten business days where the net asset value is established daily, provided the order is executed no later than the sixth business day after the order was centralised.

### Sub-section 2 - Minimum asset amount

Article 411-21

When the assets of a SICAV or an FCP fall below 300,000 euros, redemption of the SICAV shares or FCP units is suspended.

If the assets remain under the amounts stipulated in the first paragraph for thirty days, the CIS in question is wound up or subject to one of the transactions provided for in Article 411-15.

If the CIS is an umbrella fund, the provisions of this Article apply to each sub-fund.

The provisions of this Chapter do not apply to the collective investment schemes mentioned in Article R. 214-28 of the Monetary and Financial Code.

### Sub-section 3 - Classes of FCP units and SICAV shares

#### Article 411-22

The prospectus cited in Article 411-113 may provide for different unit or share classes within the same CIS or within the same sub-fund. These classes may:

1 • Be subject to different rules for distributing income;

2 • Be denominated in different currencies;

3 • Be subject to different management charges;

4 • Be charged different subscription and redemption fees;

5 • Have different par values;

6 • Come with automatic partial or full currency risk hedging, as defined in the prospectus. This hedging is achieved using derivatives that reduce the impact of hedging transactions on the other unit classes of the UCITS to a minimum;

7 • Be reserved for one or more marketing networks.

Subscriptions of a given unit or share class may be reserved for a category of investors defined in the prospectus using objective criteria, such as a subscription amount, a minimum holding period or any other commitment given by the holder.

## Section 3 - Operating rules (Articles 411-23 à 411-71)

### Sub-section 1 - Contributions and redemptions in kind

#### Article 411-23

Contributions in kind may include only the assets stipulated in Article L. 214-20 of the Monetary and Financial Code. Contributions and redemptions in kind are valued under the conditions stipulated in Articles 411-24 to 411-33.

### Sub-section 2 - Accounting and financial provisions

#### Paragraph 1 - Valuation

#### Article 411-24

The management company establishes, implements and enforces policies and procedures to compute the net asset value accurately on the basis of its accounting records and to ensure proper execution of subscription and redemption orders at that net asset value.

#### Article 411-25

The financial instruments, derivatives, securities and deposits listed as the assets of a CIS or held by the CIS are valued every day that the net asset value is determined, under the conditions set out in the prospectus.

#### Article 411-27

The management company shall value the financial instruments, derivatives, securities and deposits for which no prices have been observed or quoted on the day the net asset value is determined.

Article 411-28
Each category of financial instruments, derivatives, securities and deposits listed as the assets of a given CIS shall be subject to the same valuation rules.

Article 411-29
The net asset value per unit or share is obtained by dividing the net assets of the collective investment scheme by the number of units or shares.

The management company makes the net asset value available and communicates it to any person who requests it.

The net asset value shall be sent to the AMF on the same day as it is determined in accordance with the procedures set out in an AMF Instruction.

If a CIS issues different unit or share classes, the net asset value of each unit or share class are obtained by dividing the portion of net assets corresponding to the unit or share class in question by the number of units of shares in that class. The procedures for calculating the net asset values for CIS unit or share classes shall be explained in the prospectus.

Article 411-30
If CIS unit or share classes are denominated in different currencies, only one currency of account shall be used to recognise the assets of the CIS or the sub-fund.

Article 411-31
Articles 411-24 to 411-33 apply to each sub-fund of a CIS that is an umbrella fund.

Even if separate accounts are kept, each category of financial instruments, derivatives, securities and deposits listed as the assets of sub-funds of the same class in the same CIS is subject to the same valuation rules.

Article 411-32
The beneficiary's claim on the CIS mentioned in Article R. 214-19, II, 2 of the Monetary and Financial Code shall be calculated using the following procedures:

1 • The claim is calculated on the basis of all of the financial liabilities of the CIS resulting from transactions in financial instruments and derivatives mentioned in Article L. 211-36, 1 to 3 of the Monetary and Financial Code, before considering the goods and rights that make up the security interest;

2 • The management company obtains disclosure of the amount of the claim calculated by the beneficiary of the security interest;

3 • The management company establishes an internal procedure for daily monitoring of the value of the claim reported by the beneficiary of the security interest in accordance with 2;

4 • The internal procedure referred to in in 3 includes an arrangement for reducing any differentials in value found. The procedure establishes the thresholds that trigger the arrangement depending on the nature of the claim and it defines the decisions to be made to reduce the valuation differential found.

Article 411-33
The procedures for valuing the goods and rights that make up the security interest granted by the CIS referred to in the sixth paragraph of Article R. 214-19, II of the Monetary and Financial Code, are as follows:

1 • The goods and rights that make up the security interest are valued in compliance with the valuation rules used by the CIS to value its assets and off-balance sheet items;

2 • The management company obtains disclosure of the value of the goods and rights that make up the security interest as calculated by the beneficiary of the security interest;

3 • The management company establishes an internal procedure for daily monitoring of the value of the goods and rights that make up the security interest, as reported by the beneficiary of the security interest in accordance with 2;

4 • The internal procedure referred to in 3 includes an arrangement for reducing any differentials in value found. The procedure establishes the thresholds that trigger the arrangement and it defines the decisions to be made to reduce the valuation differential found.

Paragraph 2 - Annual financial statements

Article 411-34

The accounts of the CIS shall be kept in such a way that all of its assets and liabilities can be identified directly at any time.

Article 411-35

At the end of each accounting year, the board of directors or the executive board of the SICAV or the management company of the FCP compiles an inventory of the various assets and liabilities of the CIS. The depositary sends the certificate provided for in Article 323-10 to the management company.

The board of directors or the executive board of the SICAV or the management company of the FCP draws up the annual financial statements of the CIS. Where applicable, it submits the amount and the date of the proposed distribution to the General Meeting and makes the payments of distributable income provided for in Article L. 214-7-2 of the Monetary and Financial Code.

If the CIS is an umbrella fund, condensed financial statements shall be produced for each sub-fund.

These documents report on the situation on the last day of the CIS accounting year. The statements shall be sent to any holder asking for them.

Article 411-36

The annual financial statements of the CIS shall comply with the chart of accounts in force. They shall be certified by the statutory auditor.

Article 411-37

The annual financial statements of the CIS, along with the report by the board of directors or the executive board of the SICAV or the management company of the FCP shall be made available to the statutory auditor within 45 days of the end of the accounting year.

Within two months of receiving the report by the board of directors or the executive board of the SICAV or the management company of the FCP, the statutory auditor submits its report to the registered office of the SICAV or of the management company, along with the special report provided for under Article L. 225-40, paragraph 3 of the Commercial Code, where applicable.

Article 411-38

An AMF Instruction determines the contents of the report by the management company on the management of the FCP or of the report by the board of directors or the executive board of the SICAV.

Article 411-39

The annual financial statements, the list of assets at the end of the accounting year, the reports by the statutory auditors of the CIS and the report by the board of directors or the executive board of the SICAV, shall be made available for holders at the

registered office of the SICAV or the management company of the FCP. They shall be sent to any holders who request them within eight business days of receiving the request.

Subject to the holder's consent, the documents may be sent electronically.

#### Paragraph 3 - Advances, contributions and redemptions in kind

Article 411-40
The board of directors or the executive board of the SICAV or the management company of the FCP may decide to distribute one or more advances on the basis of the statements certified by the statutory auditor.

The statutory auditor assesses both the valuation of contributions in kind and their remuneration. The auditor shall also assess the valuation of redemptions in kind. The auditor's report shall be filed within fifteen days after the contribution or redemption.

If the contributions or redemptions in kind involve one or more sub-funds in a UCITS, the statutory auditor shall produce a report for each sub-fund concerned.

Where the UCITS is governed by Article 411-134, contributions or redemptions in kind on the primary market shall not be subject to the provisions provided for in the second and third paragraphs of this article.

#### Paragraph 4 - Charges paid by the cis

Article 411-41
If the compensation of the depositary's delegates, the management company and the companies related to it as defined in Article R. 214-43 of the Monetary and Financial Code that perform tasks on behalf of the CIS or act as counterparties in transactions by the CIS is charged directly to the assets of the CIS, such charges shall be within the limit of the maximum charges of the CIS, as defined in the prospectus, except for the proportion charged by the CIS in which the investment is made.

Article 411-42
*[Empty]*

Article 411-43
The statutory auditor's fees are set by mutual agreement between the auditor and the management company in consideration of the programme of audit tasks deemed to be necessary.

### Sub-section 3 - Mergers

Article 411-44
I. - This sub-section applies to mergers of French UCITS covered by this chapter and foreign UCITS or mergers of two French UCITS covered by this chapter where at least one of them has been subject to the notification provided for in Article 411-136.

This sub-section applies to the sub-funds of such UCITS.

A merger of a French UCITS covered by this chapter that does not meet the requirements provided for in the first paragraph is subject to the procedure described in Chapter II, Section 1, sub-section 7, paragraph 1 of Title II of this Book.

II. - Mergers may take one of the two following forms:

1 • Either a merger-takeover in which one or more UCITS or UCITS sub-funds, called "merging UCITS", transfer all of their assets after or at the time of their winding up to another existing UCITS or a sub-fund of that UCITS, called the "receiving UCITS", in exchange for the attribution of units or shares in the receiving UCITS to their holders and, possibly, a cash payment of up to 10% of the net asset value of such units or shares.

The consequences of this transaction are as follows:

a • The assets and liabilities of the merging UCITS are transferred to the receiving UCITS or, where applicable, to the depositary of the foreign receiving UCITS;

b • The holders of the merging UCITS become of holders of the receiving UCITS and, where applicable, they are entitled to a cash payment of up to 10% of the net asset value of their units or shares in the merging UCITS;

c • The merging UCITS ceases to exist on the date the merger takes effect.

2 • Or a merger where a new UCITS, called the "receiving UCITS", is set up by two or more UCITS or UCITS sub-funds, called "merging UCITS", which then transfer all of their assets after or at the time of their winding up in exchange for the attribution of units or shares in the receiving UCITS to their holders and, possibly, a cash payment of up to 10% of the net asset value of such units or shares.

The consequences of this transaction are as follows:

a • The assets and liabilities of the merging UCITS are transferred to the newly set up receiving UCITS or, where applicable, to the depositary of the foreign receiving UCITS;

b • The holders of the merging UCITS become of holders of the newly set up receiving UCITS and, where applicable, they are entitled to a cash payment of up to 10% of the net asset value of their units or shares in the merging UCITS;

c • The merging UCITS cease to exist on the date the merger takes effect.

Article 411-45

If the CIS is managed by an management company, legal costs, as well as the costs of advisory and administrative services related to preparing and implementing the merger are not charged to the merging CIS, or the receiving CIS, or to their holders.

Article 411-46

A French UCITS subject to the merger procedure provided for in this sub-section shall apply the internal procedures described by Chapter II, Section 1, sub-section 7, paragraph 1 of Title II of this Book.

The merging UCITS and the receiving UCITS draft a "joint merger proposal" containing the information stipulated by an AMF Instruction, as well as supplementary information that they may add.

Article 411-47

The depositaries of the merging CIS and the receiving CIS issue a "compliance statement" after verifying the compliance of the following information in the "joint merger proposal" with the legal and regulatory requirements in force and with the provisions of the fund rules or articles of incorporation of their respective CIS:

a) Identification of the form of the merger and the CIS concerned;

b) Planned date for the merger to take effect;

c) Rules applying to the asset transfer and to the exchange of units or shares.

Article 411-48

f the merging CIS is French, the reports on the execution terms of the merger are prepared by the statutory auditors of the merging CIS and the receiving CIS. However, one of the statutory auditors may produce a single report on behalf of the CIS concerned.

The report(s) shall validate the following:

a) The criteria used to value the assets and, where applicable, the liabilities on the day when the exchange ratio referred to in Article 411-60 is calculated;

b) Where applicable, the cash payment per unit or share;

c) The method used to calculate the exchange ratio, and the actual exchange ratio set on the day the ratio referred to in Article 411-60 is calculated.

Copies of the statutory auditors' reports shall be made available on request and free of charge to the holders of the CIS concerned.

The reports shall also be made available to the AMF and, where applicable, the competent authorities supervising the foreign CIS.

Article 411-49

If the merging UCITS is French, it shall submit the following to the AMF:

1 • The joint merger proposal, duly approved by the merging UCITS and the receiving UCITS;

2 • The updated version of the prospectus and the key investor information document of the receiving UCITS, if it is established in another European Union Member State or in another State party to the European Economic Area agreement;

3 • The compliance statements from the depositaries of the merging UCITS and the receiving UCITS referred to in Article 411-47;

4 • Information about the proposed merger that the receiving and merging UCITS intend to provide to their respective holders.

This information shall be provided in French and, if the receiving UCITS is established in another European Union Member State or in another State party to the European Economic Area agreement, in one of the official languages of that State or in a language accepted by the competent authorities of that State.

Article 411-50

If the receiving UCITS is established in another European Union Member State or in another State party to the European Economic Area agreement and the AMF has received all of the information referred to in Article 411-49, the AMF immediately transfers copies of this information to the competent authorities of the home State of the receiving UCITS. The AMF and the competent authorities of the home State of the receiving UCITS each examine the potential impact of the proposed merger on the holders of the merging UCITS and the receiving UCITS to determine whether appropriate information shall be provided to the holders.

If the AMF deems it necessary, it may issue a written demand for clarification of the information aimed at the holders of the merging UCITS.

If the competent authorities of the home State of the receiving UCITS deem it necessary, they may issue a written demand, within fifteen working days of the day of receipt of the copies of all the information referred to in Article 411-49, requiring the receiving UCITS to amend the information to be provided to its holders.

In this case the competent authorities of the home State of the receiving UCITS notify the AMF of their dissatisfaction with the information.

They shall notify the AMF within twenty working days of the day of receipt of the notification, if they deem the amended information aimed at the holders of the receiving UCITS to be satisfactory.

Article 411-51

If the merging UCITS is French, the AMF authorises the proposed merger, if the following conditions are met:

1 • The proposed merger complies with the requirements of the provisions of this sub-section;

2 • Notification regarding the receiving UCITS has been received under the terms of Article L. 214-2-2 of the Monetary and Financial Code for marketing of its units or shares in France and in all of the European Member States and all the States party to the European Economic Area agreement where the merging UCITS is marketed;

3 • The AMF and, if the receiving UCITS is established in another European Union Member State or in another State party to the European Economic Area agreement, the competent authorities of the home State of the receiving UCITS deem that the information to be provided to the holders is satisfactory, or they do not give any sign of their dissatisfaction under the terms of the fourth paragraph of Article 411-50.

Article 411-52

If the AMF deems that the application is incomplete, it will ask the merging UCITS for supplementary information within ten working day of the day of receipt of the information referred to in Article 411-49.

The AMF will notify the merging UCITS of its decision whether to authorise the merger within twenty working days of the day of receipt of all the information referred to in Article 411-49.

If the receiving UCITS is established in another European Union Member State or in another State party to the European Economic Area agreement, the AMF shall notify the competent authorities of the home State of the receiving UCITS of its decision.

Article 411-53

If the AMF authorises the merger, the merging CIS and the receiving CIS shall provide their respective holders with a document containing helpful and accurate information about the proposed merger, referred to in an AMF Instruction.

The purpose of this document is to enable unit holders to make an informed judgment about the impact of the merger on their investment and to exercise the rights attributed to them by Article 411-56.

The information contained in this document shall be written in a concise manner and in non-technical language that enables holders to make an informed judgment of the impact of the proposed merger on their investment.

If the merger is a cross-border merger, the merging UICITS and the receiving CIS respectively shall explain in plain language any terms or procedures relating to the other CIS which differ from those commonly used in its country.

The information provided to holders of the merging CIS shall meet the needs of investors who have no prior knowledge of the features of the receiving CIS or of the manner of its operation. It shall draw their attention to the key investor information of the receiving CIS and emphasise the desirability of reading it.

The information to be provided to the unit holders of the receiving CIS shall focus on the operation of the merger and its potential impact on the receiving CIS.

This document shall be sent at least thirty days before the cutoff date for requesting repurchase, redemption or conversion of units or shares free of charge, in accordance with Article 411-56.

Once the AMF has approved the merger, any French CIS involved in the merger shall make public the date the merger shall take effect at least thirty days prior to it actually taking effect in accordance with the provisions of Article R. 214-4 of the Monetary and Financial Code for SICAVs using a durable medium in the sense of Article 314-5 and accessible to the public for common funds.

Article 411-54

If the merging UCITS or the receiving UCITS has been the subject of a notification for the marketing of its units or shares in another European Union Member State or in another State party to the European Economic Area agreement, the information referred to in Article 411-53 shall be provided in the official language or one of the official languages of the home State of the UCITS concerned, or in a language accepted by the competent authorities. The UCITS required to provide the information is responsible for its translation, which shall be faithful to the original information.

Article 411-55

The merging CIS and the receiving CIS shall provide their holders with the document referred to in Article 411-53 on paper or in another durable medium within the meaning of Article 314-5.

If the information is provided using a durable medium other than paper, the following conditions shall be fulfilled:

1 • The provision of information is appropriate to the context in which the business between the unit holder and the merging CIS or the receiving CIS is, or is to be, carried on;

2 • The unit holder to whom the information is to be provided, when offered the choice between information on paper or in another durable medium, shall specifically choose that other medium.

Provision of information by means of electronic communications is treated as appropriate to the context in which the business between the merging CIS or the receiving CIS and the unit holder is, or is to be, carried on if it is demonstrated that the unit holder has regular access to the Internet. The provision by the unit holder of an e-mail address for the purpose of carrying on that business such dealings is deemed to meet this requirement.

Article 411-56

The unit holders of the merging CIS and the receiving CIS shall obtain, without any charge other than those retained by the CIS to meet disinvestment costs, the repurchase or redemption of their units or, where possible, to convert them into units in another CIS with similar investment policies and managed by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding

This right can be exercised as of the date on which unit holders of the merging CIS and the receiving CIS are notified of the proposed merger under the terms of Article 411-53 and expires five working days before the day on which the exchange ratio referred to in Article 411-60 is calculated.

Article 411-57

An updated version of the key investor information document, incorporating the changes relating to the planned merger, shall be sent to holders of the merging CIS and the receiving CIS immediately.

Article 411-58

Between the date on which the document referred to in Article 411-53 is provided to the holders and the entry into effect of the merger, the said document and the updated key investor information document of the receiving CIS shall be provided to any person buying or subscribing units or shares in the merging CIS or the receiving CIS or any person who requests the fund rules, articles of incorporation, prospectus or key investor information document of one of the CIS concerned.

Article 411-59

If the receiving CIS is French, the entry into effect of the merger shall be disclosed in a durable medium within the meaning of Article 314-5 that is accessible to the public and sent to the unit holders of the CIS concerned.

The merging CIS and the receiving CIS shall notify the AMF and, where applicable, any foreign competent authority supervising them of the entry into effect of the merger.

Article 411-60

If the receiving CIS is French:

1 • The merger takes effect at least thirty days after the date of publication of the proposal;

2 • The exchange ratio of units or shares in the merging CIS for units or shares in the receiving CIS is calculated on the day the merger takes effect;

3 • The net asset value used for cash payments is the same as that used for the merger.

Article 411-61

If the receiving CIS is French, it shall confirm to its depositary that the transfer of the assets of the merging CIS and, where applicable, the transfer of the liabilities of the merging CIS have been executed. This confirmation shall be made in a durable medium within the meaning of Article 314-5 on the same day the transfers take place.

Article 411-62

If the receiving CIS is French, it will have six months from the day the merger take effect to comply with Articles R. 214-21 to R. 214-25 of the Monetary and Financial Code.

Article 411-63

Creditors of a French CIS involved in a merger governed by this sub-section and holding a claim that predates the notice given on the date of the execution of the merger in accordance with Article 411-53 may oppose the merger within thirty days of the publication of such notice.

### Sub-section 4 - Fund administration

Article 411-64

Fund administration covers the following tasks:

1 • Centralising subscription and redemption orders for CIS units or shares;

2 • Managing the CIS unit or share registry.

Article 411-65

I. - The key tasks of centralising subscription and redemption orders for CIS units or shares, under the provisions of Article L. 214-13 of the Monetary and Financial Code, are as follows:

1 • Providing centralised reception and registration of subscription and redemption orders;

2 • Supervising compliance with the cutoff for centralising subscription and redemption orders referred to in the prospectus;

3 • Reporting the outcome of centralised reception of subscription and redemption orders for the CIS as an amount and, where applicable, as the aggregate number of units or shares subscribed or redeemed;

4 • Valuing the orders after receiving information about the net asset value per unit or share from the CIS; To enable the order centraliser to perform its tasks promptly, the CIS shall send it the information about the net asset value per unit or share as soon as it is available;

5 • Reporting the information that the institution managing the unit or share registry needs to create or cancel units or shares;

6 • Reporting information about the outcome of the order processing to the entity that sent the order to the order centraliser of the CIS.

II. - The order registration contains the following information:

1 • The CIS concerned;

2 • The person who gave or sent the order;

3 • The person who received the order;

4 • The time and date of the order;

5 • Payment terms and media;

6 • The type of order;

7 • The order execution date;

8 • The number of units or shares subscribed or redeemed;

9 • The subscription or redemption price per unit or share;

0 • The total value of the units or shares subscribed or redeemed;

1 • The gross value of the order, including subscription charges or the net amount of the order after deducting the redemption charges.

Article 411-66

The entity responsible for centralising orders is referred to as the "order centraliser" in the prospectus of the CIS. Where applicable, any entity responsible for centralising orders in accordance with the provisions of Article 411-67 shall be named in the prospectus.

Article 411-67

I. - The order centraliser may delegate the performance of centralising tasks to:

1 • One of the persons referred to in Article L. 214-13 of the Monetary and Financial Code, or to any other investment service provider located in a State party to the Agreement on the European Economic Area;

2 • An intermediary authorised within the European Economic Area to perform centralising tasks within the meaning of Article 411-65.

II. - An agreement is entered into by the order centraliser and the entity to which the performance of centralising tasks is delegated. This agreement shall contain the following clauses:

1 • The key centralising tasks, as referred to in Article 411-65, that are delegated to the entity, including the procedures for registering subscription and redemption orders;

2 • The nature of the information necessary for the entity to perform the tasks delegated to it, along with the procedures for the order centraliser to transmit such information to the entity, especially information about the net asset value of the CIS;

3 • The procedures for handling an event affecting the subscription and redemption process for CIS units or shares;

4 • A clause allowing the AMF effective access to the data about centralising subscription and redemption orders for units or shares in the CIS and to the business premises of the entity.

The procedures for terminating the agreement at the initiative of either party shall ensure the continuity and the quality of the service provided.

The order centraliser shall give the CIS and, where applicable, the management company that represents it to the depositary prior notice of any change in the entity to which the centralising tasks have been delegated.

The order centraliser is responsible for the performance of the centralising tasks that it delegates.

For CIS that were created before Articles 411-64 to 411-71 came into force, the entity mentioned in the prospectus as responsible for centralising orders is presumed to be acting on a delegation from the CIS.

Article 411-68

A subscription or redemption order for CIS units or shares sent to an order centraliser or to any other entity to which centralising tasks have been delegated becomes irrevocable as of the order centralisation cutoff specified in the prospectus of the CIS.

A subscription and redemption order for CIS units or shares requires the investor and the entity that sent the order to the order centraliser, or to any other entity to which the performance of centralising tasks has been delegated, to pay for or deliver said units or shares.

Article 411-69

The term: "direct order" denotes a subscription and redemption order for CIS units or shares sent directly to the order centraliser and accepted by the latter subject to the provisions of an agreement between the order centraliser and the CIS or, where applicable, the management company representing the CIS, that sets out the requirements for accepting and settling direct orders.

The CIS or the management company that represents it shall implement an appropriate arrangement for managing the risks involved in accepting and settling such orders.

Article 411-70

The unit or share registry management tasks are as follows:

1 • Produce documented and traceable records of the number of securities corresponding to the creation or cancellation of units or shares resulting from the centralisation of subscription and redemption orders, and determine the resulting number of securities making up the capital of the CIS; the unit or share registry manager ensures that a corresponding entry has been posted to the cash account of the CIS.

2 • Identify the owners of registered units or shares and recording the number of units or shares owned by each owner. If the CIS is not admitted to the transactions of the central depositary, the entity responsible for managing the unit or share registry also records the number of bearer units or shares held by custodians that are directly identified in the unit or share registry, where applicable;

3 • Organise simultaneous payments and deliveries of securities resulting from the creation or cancellation of units or shares; the registry manager also organises deliveries and, where applicable, payments resulting from any other transfers of units or shares. If a securities settlement system is used, the unit or share registry manager ensures that it has appropriate procedures in place;

4 • Ensure that the total number of units or shares issued on a given date corresponds to the number of circulating units or shares on the same date, including registered units or shares and, where applicable, bearer units or shares.

5 • Organise coupon and dividend payments and organise the processing of corporate actions affecting the CIS units or shares.

6 • Ensure the transmission of the specific information mentioned in II (3°) of Article 322-12, depending on the case, either

directly to the bearers, or directly to their intermediary custody account-keepers, by the central depository or by any other means.

Article 411-71

Unit or share registry management is part of the administrative management of the CIS. The CIS or, where applicable, the management company that represents it may delegate the performance of the unit or share registry management tasks described in Article 411-70 to an investment services provider in accordance with the conditions set out in Article 321-97, 1 to 3 and 5 to 9.

## Section 4 - Calculating global exposure (Articles 411-71-1 à 411-84)

### Paragraph 1 - Measuring the global exposure of CIS to financial derivative instruments

Article 411-71-1

In accordance with the provisions of Article R. 214-15-2 of the Monetary and Financial Code, eligible securities and money market instruments hosting a financial derivative instrument are treated as financial derivative instruments within the meaning of this paragraph.

#### Sub-paragraph 1 - General provisions

Article 411-72

I. - The management company shall calculate the global exposure of CIS under its management at least once daily. If necessary, and depending on the investment strategy of the scheme, the management company may calculate the global exposure of a CIS several times daily.

The limits placed on global exposure shall be complied with on an ongoing basis.

II. - The global exposure of CIS shall be one of the following values:

1 • Total exposure and leverage obtained by the managed CIS via financial derivative instruments. This total shall not exceed the scheme's net assets;

2 • The market risk of the CIS portfolio, as defined in defined in Article 321-76.

Article 411-73

I.-To calculate the global exposure of the CIS under its management, the management company shall use either the commitment approach or the Value at Risk (VaR) approach specified in an AMF instruction.

Within the meaning of this paragraph, "value at risk" shall mean the estimated maximum potential loss at a given confidence interval and over a given period.

II. - The CIS management company shall ensure that the method that it uses to measure global exposure is appropriate, given the risk profile arising from the CIS investment strategy, the types and complexity of financial derivative instruments entered into, and the share of the CIS portfolio made up of financial derivative instruments.

III. - The management company shall use the VaR approach if the managed CIS presents one of the following characteristics:

a) The CIS implements complex investment strategies that comprise a significant proportion of its investment policy;

b) The CIS has significant exposure to non-standard financial derivative instruments;

c) If the market risk, as defined in Article 321-76, borne by the CIS is not adequately captured by the commitment approach.

The VaR approach is supplemented by a stress-testing programme. An AMF instruction shall provide definitions for standard and non-standard financial derivative instruments.

IV. - A feeder CIS shall calculate its global exposure to financial derivative instruments by adding its own direct exposure to financial derivative instruments entered into in accordance with Article L. 214-22 of the Monetary and Financial Code to:

a) either the real exposure of the master CIS to financial derivative instruments, proportionate to the feeder's investment in the master CIS;

b) or the maximum potential global exposure of the master CIS to financial derivative instruments provided for under the master CIS rules or instruments of incorporation, proportionate to the feeder's investment in the master CIS.

Sub-paragraph 2 - Commitment approach

Article 411-74

I. - Where the management company uses the commitment approach to calculate global exposure, it shall use the same method for all positions in financial derivative instruments, whether they are employed as part of the CIS's general investment policy, for the purposes of risk mitigation or for the purposes of efficient portfolio management, as provided for in Article R. 214-18 of the Monetary and Financial Code.

II. - Where a CIS uses, in accordance with Article L. 214-21 of the Monetary and Financial Code, techniques and instruments intended to increase its leverage or exposure to market risk, including repurchase agreements and securities-lending transactions, the management company shall take these transactions into account when calculating global exposure.

III. - If the global exposure of a CIS is determined using the commitment approach, each financial derivative position shall be converted to the market value of an equivalent position in the underlying asset of that derivative.

An AMF instruction shall specify the steps for measuring global exposure using the commitment approach as well as the conversion formulae.

Article 411-75

I. - The management company may take account of netting and hedging arrangements, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.

II. - 1° A netting arrangement comprises a combination of positions in financial derivative instruments or securities relating to the same underlying asset, regardless of the contracts' due dates, where the positions are solely intended to eliminate the risks linked to positions taken through other financial derivative instruments or securities.

2° A hedging arrangement is a combination of positions in financial derivative instruments and/or securities that:

a) do not necessarily refer to the same underlying asset;

b) are entered into solely to offset risks linked to positions taken via other financial derivative instruments or securities.

3° A CIS that has primarily entered into interest rate derivatives may use specific duration netting rules, whose procedures are specified in an AMF instruction, to take account of correlations between instruments with different maturities on the yield curve. Specific duration netting rules may not be used if they lead the CIS risk profile to be incorrectly assessed.

A CIS that uses specific duration netting rules for its interest rate derivatives may still take hedging arrangements into consideration. However, only interest rate derivatives that are not included in hedging arrangements may apply the specific netting rules.

Article 411-76

I. - If the use of financial derivative instruments does not generate additional exposure for the CIS and if the following criteria are met, it is not necessary to include the underlying exposure in the commitment calculation:

1 • It is designed to exchange the performance of all or part of the scheme's assets for the performance of other reference financial instruments;

2 • It totally eliminates the market risk of the assets being exchanged. The performance of the CIS no longer depends on the performance of the assets being exchanged;

3 • It does not include an additional optional component, leverage, or any additional risk as compared with a direct investment in the reference assets.

II. - A financial derivative instrument is not included in the calculation of global exposure using the commitment approach if it meets the following criteria:

a) The combination of the derivative and a cash amount invested in assets earning the risk-free rate may be used to obtain exposure equivalent to that obtained through a direct investment in the underlying;

b) It does not generate additional exposure or leverage and does not add any market risk as defined in Article 321-76.

III. - If the commitment approach is used, it is not necessary when calculating global exposure to include temporary cash borrowing arrangements entered into on behalf of the CIS in accordance with Article R. 214-29 of the Monetary and Financial Code.

Sub-paragraph 3 - VaR approach

Article 411-77

I. - The global exposure of a CIS calculated using the VaR approach covers all positions in the portfolio.

The maximum VaR of a CIS is established by the management company based on its identified risk profile.

II. - The VaR of a CIS is determined over a period of 20 business days at a 99% confidence interval. The effective observation period of risk factors should be at least 250 business days but VaR shall be calculated over a shorter observation period if price volatility increases significantly. The data set used in the calculation should be updated at least quarterly, or more often if market prices are subject to material changes.

An AMF instruction will specify the conditions for exemptions to II. VaR shall be calculated at least daily.

An AMF instruction will specify the steps for calculating global exposure using the VaR approach.

Article 411-78

I. - When measuring global exposure using the VaR approach, the management company is responsible for selecting the most appropriate method - relative or absolute VaR - given the risk profile of the CIS and the investment strategy.

The management company shall be able to demonstrate that the VaR method used is appropriate. The choice of method and the underlying assumptions are documented.

The global exposure of a CIS calculated using the relative VaR method is equal to the VaR of the CIS portfolio divided by the VaR of a reference portfolio, defined in an AMF instruction, minus one, multiplied by the scheme's net assets.

II. - The absolute VaR method should limit maximum VaR to 20% of the market value of the scheme's net assets. An AMF

instruction shall stipulate the conditions for applying the provisions of this article.

Article 411-79
The management company shall establish:

1 • A programme for back-testing the model's calculations using historical data to check the precision and performance of the VaR model;

2 • A rigorous and comprehensive stress-testing programme adjusted to the risk profile of the CIS that can be used to simulate the behaviour of the CIS under stress.

3 • Where required by the risk profile and investment strategy, risk management tools and methods suited to the scheme's risk profile and investment strategy may be used to supplement the programmes referred to in 1° and 2°.

Sub-paragraph 4 - Global exposure of structured funds

Article 411-80
The global exposure of a structured fund may be measured using the commitment approach or the VaR approach.

If the structured fund meets all the following criteria, it may apply specific rules, set out in an AMF instruction, when measuring global exposure using the commitment approach:

1 • The remuneration offered to investors is based on a calculation formula whose possible predefined payoffs may be divided into a finite number of scenarios that depend on the value of the underlying assets. Each scenario offers investors a different payoff;

2 • The investor may be exposed only to one payoff scenario at a time during the life of the CIS;

3 • It is appropriate to use the commitment approach to measure the global exposure for each individual scenario, taking into account the provisions of Article 411-73;

4 • The final maturity of the CIS does not exceed nine years, starting from the end of the marketing period;

5 • The CIS does not accept new subscriptions from the public following the initial marketing period;

6 • The maximum loss that the CIS may bear when switching from one scenario to another shall not exceed 100% of the net asset value at the end of the marketing period;

7 • The impact of each underlying asset on the investor payoff profile, at a given date, owing to a switch in scenario, shall comply with the diversification rules referred to in Article R. 214-21 of the Monetary and Financial Code, based on the net asset value at the end of the marketing period.

Sub-paragraph 5 - Entry into force

Article 411-81
By way of derogation to the provisions of Article 411-72, if they meet the criteria of 1° of I of Article R. 214-28 of the Monetary and Financial Code as well as the criteria of 1° to 3° of I of Article 411-80, structured funds already in existence at the date on which Decree 2011-922 of 1 August 2011 enters into force may calculate their global exposure as the value of the maximum loss on the date that trades in derivatives were entered into, provided that the fund formula does not change.

Paragraph 2 - Counterparty risk and issuer concentration

Article 411-82

1 • The management company shall ensure that the counterparty risk of the UCITS as defined in Article 321-76 arising from an over-the-counter financial derivative instrument (OTC derivative) is subject to the limits set out in Article R. 214-21 of the Monetary and Financial Code.

2 • When calculating the exposure of the UCITS to a counterparty in accordance with the limits set out in I of Article R. 214-21 of the Monetary and Financial Code, the management company will use the positive mark-to- market value of the OTC derivative with that counterparty.

The management company may net the derivative positions of a UCITS with the same counterparty, provided it has the means, as provided for under Article L. 211-36-1 of the Monetary and Financial Code or equivalent foreign provisions, to enforce netting agreements with the counterparty on behalf of the UCITS. Netting is only permissible with respect to OTC derivatives with the same counterparty, and not with respect to other exposures the UCITS may have with that same counterparty;

3 • The management company may reduce the exposure of a UCITS to a counterparty in an OTC derivative transaction by receiving collateral for the benefit of the UCITS. This collateral shall be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation;

4 • The management company will take account of collateral when calculating exposure to counterparty risk as referred to in I of Article R. 214-21 of the Monetary and Financial Code, if it provides collateral to an OTC counterparty on behalf of the UCITS. Collateral may be taken into account on a net basis only if the management company has the legal and regulatory means to enforce netting agreements with the counterparty on behalf of the UCITS;

5 • The management company shall use as its basis the underlying exposure created through the use of OTC derivatives in accordance with the commitment approach, to ensure compliance with the concentration limits by category of issuer mentioned in Articles R. 214-21, R. 214-24 and R. 214-25 of the Monetary and Financial Code;

6 • As regards exposure arising from OTC derivatives transactions referred to in 3° of III of Article R. 214-21 of the Monetary and Financial Code, the management company shall include in its calculation any exposure to counterparty risk from such contracts.

Article 411-83

I. - A UCITS comprising different categories of shares or units in accordance with the provisions of the second paragraph of Article L. 214-4 of the Monetary and Financial Code shall assess the counterparty risk limit defined in the final paragraph of I of Article R. 214-21 of the same code with regard to the share in the net assets corresponding to each of these categories of shares or units integrating automatic risk hedging.

II. - To calculate the counterparty risk referred to in I of Article R. 214-21 of the Monetary and Financial Code, the UCITS will take account of collateral, and subsequent variations in that collateral, granted to an investment services provider for derivatives concluded on a market referred to in Points 1°, 2° or 3° of I of Article R. 214-11 of the same code or traded over the counter, where such collateral is not protected by customer asset protection rules or other similar rules to protect the UCITS against the risk of failure of the investment services provider.

III. - To calculate the limits referred to in III of Article R. 214-21 of the Monetary and Financial Code, the UCITS shall take into account the net risk to which it is exposed via the transactions referred to in Article R. 214-18 of the Monetary and Financial Code with a single counterparty. The net risk is equal to the amount that may be recovered by the UCITS less any collateral posted in favour of the UCITS.

The risk arising from reuse of collateral posted in favour of the UCITS shall also be taken into account when calculating the issuer ratio.

IV. - To calculate the limits referred to in Article R. 214-21 of the Monetary and Financial Code, the UCITS shall determine whether

the counterparty to which it is exposed is an investment services provider, a clearing house or another entity in the context of an OTC derivative.

V. - The limits set in Articles R. 214-21, R. 214-24 and R. 214-25 of the Monetary and Financial Code take into account exposure linked to the underlying assets of derivatives, including embedded derivatives, relating to eligible securities, money market instruments or shares or units in UCITS or French or foreign collective investment schemes or foreign investment funds.

VI. - Where the UCITS calculates concentration limits by category of issuer, the underlying assets of derivatives, including in the case of embedded derivatives, shall be taken into account to determine exposure to a given issuer resulting from these positions.

Exposure arising from a position shall be taken into account when calculating concentration limits by category of issuer.

This exposure shall be measured using the commitment approach, where appropriate.

The estimated maximum potential loss arising from default of the issuer shall be taken into account if this gives a more conservative result.

The provisions of this article shall apply to all UCITS, whether or not they use the VaR approach to calculate global exposure.

The provisions of II to VI do not apply to index-based derivatives linked to an index meeting the criteria of Article R. 214-16 of the Monetary and Financial Code.

### Paragraph 3 - Procedure for valuing OTC derivatives

#### Article 411-84

I. - The management company shall ensure that exposures are measured at market values that are not based merely on market quotations prepared by the counterparties to over-the-counter (OTC) transactions in derivatives contracts and that comply with the criteria set out in 3° of Article R. 214-15 of the Monetary and Financial Code.

II. - For the purposes of applying I, the management company shall establish, implement and maintain operational methods and procedures to ensure adequate, transparent and fair valuation of CIS exposure to OTC derivatives.

The management company shall ensure that the fair value measurement of OTC derivatives is appropriate, precise and independent.

The valuation methods and procedures shall be appropriate and commensurate with the nature and complexity of the OTC derivatives in question.

The management company shall comply with the requirements set out in the final paragraph of Article 321-97 and 9° of Article 321-101 if the methods and procedures used to value OTC derivatives require the involvement of third parties.

III. - For the purposes of applying I and II, specific tasks and responsibilities are entrusted to the risk management function. IV. - The valuation methods and procedures mentioned in II shall be described in a document provided for this purpose.

### Section 5 - Master and feeder funds (Articles 411-85 à 411-104)

#### Article 411-85

A master CIS in which at least two feeder CIS are invested may be authorised as compliant even if it does not have the sole aim of promoting the sale of its units or shares to the public and of collecting funds from other investors.

#### Article 411-85-1

By way of derogation to Articles 411-6, 411-10 and 411-16, the feeder CIS is informed within fifteen business days following

submission of the request whether or not authorisation has been granted. Silence on the part of the AMF for a period of fifteen business days from the day the AMF acknowledges receipt of the request shall be deemed authorisation of the request.

### Paragraph 1 - Information-sharing agreement between master and feeder CIS or internal conduct of business rules

#### Article 411-86

The feeder CIS or the management company representing it shall sign an information-sharing agreement with the master CIS or the management company representing it. Under the agreement, the master CIS shall provide the feeder CIS with all the documents and information required for the feeder to comply with its regulatory obligations.

An AMF instruction will specify the content of this agreement.

#### Article 411-87

Where the master UCITS and the feeder UCITS are authorised by the AMF, the agreement between the two UCITS is governed by French law and subject to the jurisdiction of the French courts.

Where the master UCITS or the feeder UCITS is established in another Member State of the European Union or in another State party to the European Economic Area agreement, the agreement shall provide that the applicable law shall be either the law of the country where the master UCITS is established or the law of country where the feeder UCITS is established and that both parties agree to the exclusive jurisdiction of the courts of the country whose law they have stipulated to be applicable to the agreement.

Where the master UCITS and the feeder UCITS are managed by the same management company, the agreement may be replaced by internal conduct of business rules that ensure compliance with the requirements of this section.

The internal conduct of business rules of the management company shall include appropriate measures to mitigate conflicts of interest that may arise between the feeder UCITS and the master UCITS, or between the feeder UCITS and other holders of the master UCITS, to the extent that these are not sufficiently addressed by the measures applied by the management company to prevent conflicts of interest from harming the interests of its customers, pursuant to 3° of Article L. 533-10 of the Monetary and Financial Code.

An AMF instruction will specify the content of these rules.

#### Article 411-88

The master CIS and the feeder CIS shall take appropriate measures to coordinate the timing of calculating and publishing net asset values, to prevent market timing.

### Paragraph 2 - Agreement between depositaries

#### Article 411-89

Prior to authorisation of the feeder CIS and the feeder's investment in the units or shares of the master CIS, the depositaries of the master and feeder CIS shall enter into an information-sharing agreement in order to ensure the fulfilment of the duties of both depositaries.

This agreement shall allow the depositaries of the master and feeder CIS to receive all the documents and information needed to fulfil their duties.

An AMF instruction will specify the content of this agreement.

#### Article 411-90

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#### Article 411-91

Where the master UCITS or the feeder UCITS is established in another Member State of the European Union or in another State party to the European Economic Area agreement, the information-sharing agreement signed by the depositaries shall include the same provisions on applicable law and court jurisdiction as the information-sharing agreement between the master UCITS and the feeder UCITS.

Where the exchange of documents and information between the master UCITS and the feeder UCITS is provided for under the internal conduct of business rules of the management company, the agreement between the depositaries of the master UCITS and the feeder UCITS provides that the law applying to the information-sharing agreement between both depositaries shall be either that of the Member State in which the feeder UCITS is established or, where different, that of the Member State in which the master UCITS is established, and that both depositaries agree to the exclusive jurisdiction of the courts of the Member State whose law is applicable to the information-sharing agreement.

The irregularities referred to in II of Article L. 214-22-2 of the Monetary and Financial Code that the depositary of the master UCITS detects in the course of carrying out its function and that may have a negative impact on the feeder UCITS shall include, but are not limited to:

a) Errors in the net asset value calculation of the master UCITS;

b) Errors in transactions for or settlement of the purchase, subscription or request to repurchase or redeem units in the master UCITS undertaken by the feeder UCITS;

c) Errors in the payment or capitalisation of income arising from the master UCITS, or in the calculation of any related withholding tax;

d) Breaches of the investment objectives, policy or strategy of the master UCITS, as described in its fund rules or instruments of incorporation, prospectus or key investor information document;

e) Breaches of investment and borrowing limits set out in national law or in the fund rules, instruments of incorporation, prospectus or key investor information document.

### Paragraph 3 - Agreement between auditors of master and feeder CIS

Article 411-92

Prior to the authorisation of the feeder UCITS, the auditors of the master and feeder UCITS shall enter into an information- sharing agreement to ensure that they receive all the documents and information needed to fulfil their duties.

An AMF instruction will specify the content of this agreement.

In its audit report, the auditor of the feeder UCITS takes account of the audit report of the master UCITS.

Where the feeder UCITS and the master UCITS have different accounting years, the auditor of the master UCITS produces an ad hoc report on the closing date of the feeder UCITS.

The auditor of the feeder UCITS shall report on any irregularities revealed in the audit report of the master UCITS and on their impact on the feeder UCITS.

Where the master UCITS or the feeder UCITS is established in another Member State of the European Union or in another State party to the European Economic Area agreement, the information-sharing agreement between the auditors of the master UCITS and the feeder UCITS shall contain the same stipulations on applicable law and court jurisdiction as in the agreement between the master UCITS and the feeder UCITS.

Where the exchange of documents and information between the master UCITS and the feeder UCITS is provided for under the

internal conduct of business rules of the management company, the agreement between the auditors of the master UCITS and the feeder UCITS provides that the law applying to the information-sharing agreement between both auditors shall be either that of the State in which the feeder UCITS is established or, where different, that of the State in which the master UCITS is established, and that both auditors agree to the exclusive jurisdiction of the courts of the State whose law is applicable to the information-sharing agreement.

### Paragraph 4 - Expenses

#### Article 411-93

Where, in connection with an investment in the units of the master CIS, a distribution fee, commission or other monetary benefit is received by the feeder CIS, its management company, or any person acting on behalf of either the feeder CIS or the management company of the feeder CIS, the fee, commission or other monetary benefit shall be paid into the assets of the feeder CIS.

#### Article 411-94

The master CIS shall not charge subscription or redemption fees for the purchase by the feeder CIS of its units or the disposal thereof.

### Paragraph 5 - Disclosures

#### Article 411-96

The master UCITS shall ensure the timely availability of all information that is required in accordance with applicable laws and regulations, the fund rules or the instruments of incorporation to the feeder UCITS or, where applicable, its management company, and to the AMF, or, if the feeder UCITS is established in another Member State of the European Union or in another State party to the European Economic Area agreement, the authorities of that country, the depositary and the auditor of the feeder UCITS.

#### Article 411-97

I. - The prospectus of the feeder CIS shall contain the following information:

1 • A declaration that the feeder CIS is a feeder of a particular master CIS and as such permanently invests 85% or more of its assets in units of that master CIS;

2 • The investment objective and policy, including the risk profile and whether the performance of the feeder and the master CIS are identical, or to what extent and for which reasons they differ. The prospectus also contains a description of assets other than units or shares of the master CIS in which the feeder CIS may invest up to 15% of its assets pursuant to Article L. 214-22 of the Monetary and Financial Code.

3 • A brief description of the master CIS, its organisation, its investment objective and policy, including the risk profile, and an indication of how the prospectus of the master CIS may be obtained;

4 • A summary of the agreement entered into between the feeder CIS and the master CIS or of the internal conduct of business rules pursuant to Article L. 214-22-1 of the Monetary and Financial Code;

5 • How holders may obtain further information on the master CIS and the abovementioned agreement entered into between the feeder CIS and the master CIS;

6 • A description of all remuneration or reimbursement of costs payable by the feeder CIS by virtue of its investment in units or shares of the master CIS, as well as of the aggregate charges of the feeder CIS and the master CIS;

7 • A description of the tax implications of the investment into the master CIS for the feeder CIS.

II. - The annual report of the feeder CIS shall include the information specified in an AMF instruction and a statement on the

aggregate charges of the feeder CIS and the master CIS.

The annual and the half-yearly reports of the feeder CIS shall indicate how the annual and the half-yearly reports of the master CIS can be obtained.

III. - In addition to the requirements laid down in Articles 411-112, 411-120 and 411-122, the feeder CIS authorised by the AMF shall send the prospectus, the key investor information document and any amendment thereto, as well as the annual and half-yearly reports of the master CIS, to the AMF.

IV. - The feeder CIS shall disclose in its advertising communications that it permanently invests 85% or more of its assets in units of the master CIS.

V. - A paper copy of the prospectus and the annual and half-yearly reports of the master CIS shall be delivered by the feeder CIS to investors on request and free of charge.

### Paragraph 6 - Conversion of existing CIS into feeder cis and change of master CIS

Article 411-98

I. - A UCITS that becomes a feeder for a master UCITS, or a feeder UCITS that changes master UCITS, shall provide the following information to holders:

1 • A statement that the AMF or, where applicable, the competent authorities of the home State of the feeder UCITS, has approved the investment of the feeder UCITS in units of such master UCITS;

2 • The key investor information document referred to in Article 411-106 concerning the feeder UCITS and the master UCITS;

3 • The date when the feeder UCITS is to start to invest in the master UCITS or, if it has already invested therein, the date when more than 20% of its assets will be invested in the units or shares of that UCITS; and

4 • A statement that the holders have the right to request within 30 days the repurchase or redemption of their units without any charges other than those retained by the UCITS to cover disinvestment costs; that right shall become effective from the moment the feeder UCITS has provided the information referred to in this article.

That information shall be provided at least 30 days before the date referred to in 3°.

II. - If the feeder UCITS is a foreign UCITS authorised to be marketed in France under the passporting procedure, thee information referred to in I shall be provided in the official language, or one of the official languages, of the feeder UCITS host State or in a language approved by its competent authorities. The feeder UCITS shall be responsible for producing the translation. That translation shall faithfully reflect the content of the original.

III. - The feeder UCITS shall not invest into the units of the given master UCITS in excess of the limit of 20% of its assets set under Article R. 214-24 of the Monetary and Financial Code before the period of 30 days referred to in the last paragraph of I has elapsed.

### Paragraph 7 - Master CIS mergers and demergers

Article 411-99

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Article 411-100

The merger or demerger of a master CIS will take effect only if the fund has provided all holders and the competent authorities of the home Member States of its feeder CIS with the disclosures referred to in Article 411-53, no later than 60 days prior to the

proposed effective date.

Article 411-101
A feeder CIS whose master CIS is to be merged, taken over or demerged shall be liquidated unless the AMF gives its authorisation for:

1 • The feeder CIS to continue to be a feeder CIS of the master CIS or of another CIS that results from the merger or demerger of the master CIS;

2 • The feeder CIS to change master CIS and invest at least 85% of its assets in the units or shares of another CIS that is not the result of the merger or demerger;

3 • The feeder CIS to amend its rules or instruments of incorporation to convert itself into a non-feeder CIS.

The feeder CIS shall file an application for authorisation with the AMF no later than one month after the date on which it was informed about the proposed merger or demerger.

The feeder CIS is informed within a period of fifteen business days following submission of the request whether or not authorisation has been granted for the operation mentioned in 1°, 2° or 3°. Silence on the part of the AMF for a period of fifteen business days from the day the AMF acknowledges receipt of the request shall be deemed authorisation of the request.

An AMF instruction will specify the content of authorisation applications as well as the authorisation procedure.

Article 411-102
Where the feeder CIS changes master CIS or is converted into a non-feeder CIS, it may repurchase or redeem all units in the master CIS before the merger or division of the master CIS becomes effective.

Article 411-103
Where the feeder CIS changes master CIS following the liquidation, merger or division of the master CIS, the feeder CIS shall not impair the right of holders to exit free of charge by temporarily suspending repurchases and redemptions, except in exceptional circumstances where suspension is required to protect holders' interests.

Article 411-104
Liquidation of a master UCITS shall lead to liquidation of the feeder UCITS, unless the AMF authorises:

a) At least 85% of the assets of the feeder UCITS to be invested in the units or shares of another master UCITS; or

b) The rules or instruments of incorporation of the feeder UCITS to be amended to allow the fund to be converted into a non-feeder UCITS.

The liquidation of a master UCITS shall take place no sooner than three months after the master UCITS has informed all of its holders and the AMF, or, if the feeder UCITS is established in another Member State of the European Union or in another State party to the European Economic Area agreement, the competent authorities of that State, of the binding decision to liquidate.

The feeder UCITS is informed within a period of fifteen business days following submission of the request whether or not authorisation has been granted for the operation mentioned in a) or b). Silence on the part of the AMF for a period of fifteen business days from the day the AMF acknowledges receipt of the request shall be deemed authorisation of the request.

An AMF instruction will specify the content of authorisation applications as well as the authorisation procedure.

## Section 6 - Information to be provided to investors (Articles 411-104-1 à 411-125)

Commission Regulation (EU) No 583/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website

Article 411-104-1
The management company is solely responsible for the content of documents sent to the AMF for web-posting.

Sub-section 1 - Language of investor information documents

Article 411-105
I.- Pursuant to Article L. 214-23-1 of the Monetary and Financial Code, the rules or instruments of incorporation as well as documents intended to provide information to holders of a UCITS shall be written in French.

II- By way of derogation to I, the rules or instruments of incorporation and documents intended to provide information to holders may be drawn up in a language other than French that is customary in the sphere of finance, provided that the UCITS or its management company ensures that the marketing arrangements put in place prevent these documents from being sent to, or from being likely to reach, investors in the territory of the French Republic who might not understand this language.

III. - A foreign UCITS whose units or shares are marketed in France shall draw up its key investor information document in French.

Sub-section 2 - Key investor information document

Article 411-106
The CIS will draw up a short document containing key information for investors, known as a key investor information document (KIID).

This document is prepared following the procedures provided for by European Regulation 583/2010 of 1 July 2010.

Article 411-107
The key investor information document, whose content is precontractual, shall meet the following requirements:

1 • The words "informations clés pour l'investisseur" shall be clearly stated in French.

2 • It shall contain accurate, clear, non-misleading information that is consistent with the relevant parts of the UCITS prospectus.

3 • It shall contain appropriate information about the essential characteristics of the UCITS that is to be provided to investors so that they are reasonably able to understand the nature and the risks of the UCITS that is being offered to them and, consequently, to take investment decisions on an informed basis.

4 • It shall contain information about the following essential characteristics of the UCITS and of the competent authority of the UCITS:

a • Identification information;

b • A brief description of the fund's investment objectives and policy;

c • A review of past performance and, where applicable, performance scenarios;

d • Costs and associated charges;

e • The risk/reward profile of the investment, including appropriate guidance and warnings about the risks associated with investments in the UCITS.

These essential elements shall be comprehensible to the investor without any reference to other documents. This information shall be kept up to date.

5 • The key investor information document shall clearly specify where and how to obtain additional information about the proposed investment, including where and how the prospectus and the annual and half-yearly reports may be obtained on request and free of charge at any time, and the language in which such information is available to investors. It shall also include a statement to the effect that the details of the up-to-date remuneration policy are available by means of a website. These details include:

a • A description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits;

b • The composition of the remuneration committee, where such a committee exists.

The statement shall include a reference to that website and indicate that a paper copy will be made available free of charge upon request.

6 • The key investor information document shall be written in a concise manner and in non-technical language.

7 • It shall be drawn up in a common format, allowing comparison with other UCITS.

8 • It shall be presented in a manner that is likely to be understood by retail customers.

9 • The key investor information document is to be used without alterations or supplements, except translation, in all Member States of the European Union or all the States party to the European Economic Area agreement where the UCITS is notified to market its units or shares in accordance with Article 411-137.

Article 411-108
The key investor information document shall contain a clear warning stating that the CIS or its management company will not incur civil liability unless the statements contained in the document are misleading, inaccurate or inconsistent with the relevant parts of the CIS prospectus.

Article 411-109
*[Empty]*

Article 411-110
*[Empty]*

Article 411-111
*[Empty]*

Article 411-112
The CIS shall include its key investor information document in the application for authorisation that it sends to the AMF.

Sub-section 3 - Prospectus

Article 411-113
The CIS prospectus shall include the information necessary for investors to be able to make an informed judgement of the

investment proposed to them, and, in particular, of the risks attached thereto.

The prospectus shall include:

1 • Either the details of the up-to-date remuneration policy, including, but not limited to:

  a • A description of how remuneration and benefits are calculated, the identities of persons responsible for awarding the remuneration and benefits;

  b • The composition of the remuneration committee, where such a committee exists;

2 • Or a summary of the remuneration policy and a statement to the effect that the details of the up-to-date remuneration policy are available by means of a website. These details include:

  a • A description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits;

  b • The composition of the remuneration committee, where such a committee exists.

The statement shall include a reference to that website and indicate that a paper copy will be made available free of charge upon request.

It shall include, independent of the instruments invested in, a clear and easily understandable explanation of the fund's risk profile.

The rules or instruments of incorporation of the CIS form an integral part of the prospectus and shall be annexed thereto. The rules or instruments of incorporation are not, however, required to be annexed to the prospectus provided that the investor is informed that, on request, he or she will be sent those documents or be apprised of the place where he or she may consult them.

The essential elements of the prospectus shall be kept up to date. An AMF instruction will specify the content of the prospectus.

Article 411-114

The prospectus shall describe all expenses borne by holders or by the UCITS, including all taxes, with information:

1 • About the fees paid by holders:

  a • The maximum percentage of the subscription or redemption fee that is not kept by the collective investment scheme;

  b • The percentage of the fee that is kept by the collective investment scheme and the conditions under which this percentage may be reduced.

2 • About the fees paid by the UCITS, the maximum percentage of the operating and management fees. Information about this percentage shall be supplemented, as appropriate, with the following details:

  a • The rules on calculating transaction fees;

  b • The rules for calculating the proportion of income from temporary purchases and sales of securities that is not paid to the UCITS;

  c • The maximum fees and commissions that may be paid by French or foreign collective investments or third country investment funds to be kept by the UCITS;

d • The rules for calculating variable management fees.

The prospectus format and the procedures for calculating the fees referred to in this article are specified in an AMF instruction.

Article 411-115

The prospectus shall define the valuation rules for each category of financial instruments, deposits, securities and contracts. Between one calculation of the net asset value and the next, a CIS may determine and publish an indicative net asset value

called "estimated value". The prospectus shall stipulate the conditions for publishing this value and warn investors that the value may not be used as a basis for subscriptions or redemptions.

Any publication of an estimated value shall include this warning.

Article 411-116

The prospectus shall indicate in which categories of assets a CIS is authorised to invest.

It will also mention if transactions in financial derivative instruments are authorised, in which case it shall include a prominent statement indicating whether those operations may be carried out for the purpose of hedging or with the aim of meeting investment goals, and the possible outcome of the use of financial derivative instruments on the risk profile.

Article 411-117

I. - Where the UCITS invests principally in any category of assets defined in Article 214-20 of the Monetary and Financial Code other than eligible securities or money market instruments, or where a UCITS replicates a stock or debt securities index in accordance with Article R. 214-16 of the Monetary and Financial Code, its prospectus shall include a prominent statement drawing attention to the investment policy.

II. - A UCITS that invests a substantial proportion of its assets in other collective investments shall disclose in its prospectus the maximum level of the management fees that may be charged both to the UCITS itself and to the other collective investment schemes in which it intends to invest.

III. - The UCITS referred to in Article R. 214-23 of the Monetary and Financial Code shall include a prominent statement in its prospectus drawing attention to its authorisation and indicating the European Union Member States, States party to the European Economic Area agreement, local authorities, or public international bodies in the securities of which it intends to invest or has invested more than 35% of its assets.

IV. – When a UCITS indicates in its prospectus that it is a “short-term money market” fund or a “money market” fund, it shall provide appropriate information about its risk/reward profile so that investors can identify specific risks stemming from its investment strategy.

1 • A short-term money market UCITS must:

a • Have the primary investment objective of maintaining the principal of the fund and aim to provide a return in line with money market rates;

b • Invest in money market instruments that comply with the criteria in Directive 2009/65/EC of 13 July 2009, or in term deposits with credit institutions;

c • Ensure the money market instruments in which it invests are of a high quality according to an internal assessment process whereby the UCITS or the management company must take into account a combination of factors which include, but are not limited to the following:

i) The creditworthiness of the instrument;

ii) The nature of the asset class represented by the instrument;

iii) The operational and counterparty risks inherent to the structure of the investment for structural financial instruments;

iv) The liquidity profile;

**d** • May, for the purposes of point c.i), also refer to, as appropriate and in a non-exclusive manner, the short-term ratings of the rating agencies registered with the European Securities and Markets Authority which have rated the instrument and which the “short-term monetary” UCITS or its management company may deem relevant, whilst at the same time avoiding any mechanical dependence in relation to these notations.

**e** • Limit its investment to financial instruments with a residual maturity until the legal redemption date, corresponding to the contractual maturity date defined in the issuance documents of the financial instruments, of no more than 397 days. The residual maturity means the period remaining before the legal redemption date;

**f** • Have a net asset value based on a daily valuation and provide daily subscription and redemption;

**g** • Ensure that its portfolio has a weighted average maturity until the portfolio's maturity date calculated according to the procedures defined in Committee of European Securities Regulators' Guidelines of 19 May 2010 under the heading “definitions” of no more than 60 days;

**h** • Ensure that its portfolio has a weighted average life until the extinction date of the financial instruments of its portfolio calculated as an average of the financial instruments' final maturities according to the procedures defined in CESR's Guidelines of 19 May 2010 under the heading “definitions” of no more than 120 days;

**i** • When calculating the weighted average life for securities, including structured financial instruments, base the maturity calculation on the residual maturity until the legal redemption date of the instruments.

However, when a financial instrument embeds a put option before the legal date, the exercise date of the put option may be used only if the following conditions are fulfilled at all times:

i) The option may be freely exercised by the UCITS at its exercise date;

ii) The exercise price of the put option is close to the anticipated valuation of the financial instrument at the nearest exercise date;

iii) The investment strategy means that there is a strong probability that the option will be exercised at the nearest exercise date.

**j** • Take into account, for both the weighted average life and weighted average maturity calculations, the impact of financial derivatives, term deposits and the techniques and instruments used for efficient investment management, in accordance with the criteria defined in Article R. 214-18, II of the Monetary and Financial Code;

**k** • Not incur direct or indirect exposure to equity or commodities markets, including via derivatives; and use derivatives only in line with its money market investment strategy. Derivatives that give exposure to the foreign exchange market may be used only for hedging purposes. Investment in non-base currency securities is allowed, provided the exchange rate exposure is fully hedged;

**l** • Limit its investment in other UCITS and AIFs to those that comply with the definition of a short-term money market fund;

m • Have either a constant or a variable net asset value.

2 • A “money market” UCITS must:

a • Fulfil the conditions in points a, b, c, d, f, i, j and k of point 1;

Furthermore, a, money market UCITS:

b • must have a fluctuating net asset value;

c • Must limit its investment to securities to those with a residual maturity of no more than 2 years, provided that the time remaining until the next interest rate reset date is no more than 397 days. Floating rate securities should reset to a money market rate or index;

d • Must ensure that its portfolio has a weighted average maturity of no more than 6 months calculated according to the procedures defined in Committee of European Securities Regulators' Guidelines of 19 May 2010 under the heading “definitions”.

e • Must ensure that its portfolio has a weighted average life of no more than 12 months calculated according to the procedures defined in Committee of European Securities Regulators'Guidelines of 19 May 2010 under the heading “definitions”;

f • Must limit its investment in other UCITS and AIFs to those that comply with the definition of a “money market fund” or a “short-term money market fund”.

Article 411-118
Where the net asset value of a CIS is likely to have a high volatility due to its portfolio composition or the portfolio management techniques that may be used, its prospectus shall include a prominent statement drawing attention to that characteristic.

Article 411-119
Upon the request of an investor that has already received the prospectus the CIS shall also provide supplementary information relating to the quantitative limits that apply in the risk management of the CIS, to the methods chosen to this end and to the recent evolution of the main risks and yields of the instrument categories.

Article 411-120
The UCITS will send to the AMF its prospectus and any amendments thereto, following the procedures established by an AMF instruction.

Where the UCITS is managed by a management company established in another Member State of the European Union or in another State party to the European Economic Area agreement, it shall provide its prospectus on request to the competent authorities of the home State of the management company.

### Sub-section 4 - Annual and half-yearly reports

Article 411-121
The annual and half-yearly reports of the CIS shall contain the elements detailed in an AMF instruction. If the OPCI has subfunds, a half-yearly report shall also be produced for each subfund.

Article 411-122
The UCITS will send to the AMF its annual and half-yearly reports, following the procedures established by an AMF instruction.

If the UCITS is managed by a management company established in another Member State of the European Union or in another State party to the European Economic Area agreement, it shall provide its annual and half-yearly reports on request to the competent authorities of the home State of the management company.

### Sub-section 5 - Net asset value

#### Article 411-123

CIS are required to determine their net asset value in accordance with the provisions of Articles 411-24 to 411-33. This net asset value shall be determined and published with a frequency that is suited to the nature of the financial instruments, contracts, securities and deposits held by the CIS.

CIS are required to publish the net asset value of their shares or units in an appropriate manner at least twice a month. However, the net asset value of shares or units may be published on a monthly basis, provided this does not impinge on the interests of shareholders or unitholders and subject to prior authorisation from the AMF.

The prospectus specifies the frequency with which the net asset value is compiled and published, as well as the reference calendar chosen.

Once the net asset value has been published, subscriptions and redemptions of CIS units or shares shall be carried out on the basis of this value, under the conditions set out in the prospectus.

This article applies to each subfund.

#### Article 411-124

CIS whose units or shares are admitted to trading on a regulated market operating on a regular basis shall compile and publish their net asset value each day the market on which they are listed is open for trading.

This article applies to each subfund.

#### Article 411-125

CIS with assets of more than EUR 80 million shall have the composition of their assets certified quarterly by the scheme's auditor.

## Section 7 - marketing of CIS in france (Articles 411-126 à 411-135)

### Sub-section 1 - General rules

#### Article 411-126

The AMF is entitled to exercise the prerogatives referred to in Article 314-6 with regard to any person distributing UCITS.

Advertisements from the CIS aimed at investors shall be clearly identified as such. They shall be accurate, clear and not misleading. More specifically, if an advertisement containing an invitation to buy units or shares in a CIS includes specific information about the CIS, it cannot contain information that contradicts the information provided in the prospectus and the key investor information document, or that understates the importance of such information.

Such advertisements shall state whether a prospectus exists and a key investor information document is available.

They shall stipulate where and in which languages holders and potential investors can obtain this information and these documents, or how they can gain access to them.

#### Article 411-127

I. - Where a UCITS invests principally in any category of assets defined in Article L. 214-20 of the Monetary and Financial Code other than eligible securities or money market instruments, or where a UCITS replicates a stock or debt securities index in

accordance with Article R. 214-22 of the Monetary and Financial Code, its advertising communications shall include a prominent statement drawing attention to the investment policy.

II. - Where the net asset value of a UCITS is likely to have a high volatility due to its portfolio composition or the portfolio management techniques that may be used, its advertising communications shall include a prominent statement drawing attention to that characteristic.

III. - The UCITS referred to in Article R. 214-23 of the Monetary and Financial Code shall include a prominent statement in their advertising communications drawing attention to their authorisation and indicating the Member States, States party to the European Economic Area agreement, local authorities, or public international bodies in the securities of which they intend to invest or have invested more than 35 % of their assets.

Article 411-128

The key investor information document (KIID) is to be provided to investors free of charge and in a timely manner before they subscribe units or shares in the CIS.

Article 411-128-1

The CIS may provide the key investor information document in a durable medium, within the meaning of Article 314-5, or by means of its website or the website of its management company.

A paper copy shall be delivered to investors on request and free of charge.

An up-to-date version of the key investor information document will be made available on the website of the CIS or management company.

Article 411-128-2

The CIS will deliver the key investor information document on request to persons that market its shares or units or that provide advice concerning the CIS or products that are exposed to the CIS.

These persons shall comply with the obligation referred to in Article 411-128.

Article 411-128-3

The prospectus shall be provided to investors on request and free of charge in a durable medium, within the meaning of Article 314-5 or by means of a website.

The most recently published annual and half-yearly reports of the CIS shall be delivered to investors on request and free of charge and made available in the manner specified in the prospectus and the key investor information document.

A paper copy of the documents referred to in this article will be delivered to the investors on request and free of charge.

Article 411-129

I. - Without prejudice to the legal and regulatory provisions applicable to the provision of the service of investment advice, a management company that markets the units or shares of CIS under its management shall comply with the rules of conduct applicable to the service of order execution for third parties while a company that markets the units or shares of CIS managed by other entities shall comply with the rules of conduct applicable to the service of order reception and transmission for third parties.

An AMF instruction shall stipulate the conditions for applying the provisions of this article.

II. - Any person marketing FCP units or SICAV shares or subfund units or shares shall ensure that the investor meets the subscription requirements referred to in Article 411-22.

Where the asset management company or the SICAV has entered into a contract to distribute the units or shares of the CIS, the contract shall specify how the investor may obtain access to information documents for the CIS.

III. - Any person marketing, in the territory of the French Republic, FCP units or SICAV shares or FCP or SICAV subfund units or shares whose instruments of incorporation, rules or any other document intended to provide information to holders is written in a language customary in the sphere of finance other than French, under the conditions set out in Article L. 214-23-1 of the Monetary and Financial Code, shall market particularly towards investors in the professional customer categories referred to in Article D. 533-11 of the Monetary and Financial Code. Furthermore, it shall ensure that the language used is understandable to investors.

Article 411-129-1

Rebates of management fees received for investments made on behalf of a UCITS in units or shares of a French or foreign collective investment or a third country investment fund shall be paid into the UCITS:

1 • Either through a direct payment to the UCITS;

2 • Or by means of a deduction from the management fee charged by the management company.

Article 411-130

I. - Rebates of management fees or subscription or redemption commissions that arise on investments made by the management company in shares or units of a French or foreign collective investment or a non-EU investment fund on behalf of a UCITS marketed in the territory of the French Republic, are prohibited, with the exception of the following:

1 • Fees and commissions referred to in the eighth paragraph of Article 321-119;

2 • Rebates that exclusively benefit the UCITS;

3 • Rebates paid by the management company of a master UCITS in order to remunerate a third party in charge of marketing the feeder UCITS of this master UCITS;

4 • Rebates remunerating a third party in charge of marketing of a collective investment governed by French law or foreign law or a third country investment fund where this third party acts independently of the management company investing in these UCITS or investment funds.

II. - The receipt by the management company of the following rebates in particular is prohibited:

1 • Subscription or redemption fees resulting from investment by the portfolio in a UCITS managed in a collective investment governed by French law or foreign law or a third country investment fund;

2 • Management fees arising from investment by the portfolio in a UCITS managed in a collective investment governed by French law or foreign law or a third country investment fund.

Article 411-131

Soliciting members of the public on behalf of foreign UCITS that have been the subject of a notification in accordance with the provisions of Article L. 214-2-2 of the Monetary and Financial Code shall be subject to the same provisions as those applicable to other UCITS governed by this section.

Article 411-132

The provisions of Articles 411-126, and 411-129 to 411-130 shall apply to the marketing of CIS referred to in Article 411-135.

Sub-section 2 - Special rules applicable to the admission to trading on a regulated market or a multilateral trading facility

Article 411-133

I. - UCITS whose units or shares are admitted to trading on a regulated market or a multilateral trading facility under the conditions set out in Article D. 214-22-1 of the Monetary and Financial Code will make available to the public the specific information related to the admission to trading, in accordance with the conditions set out in an AMF instruction.

This information is made public before the units or shares of the UCITS are effectively admitted to trading on a regulated market or a multilateral trading facility.

A copy of the prospectus shall be sent free of charge to any person who requests it and an electronic version of the prospectus is published on the website of the management company and shall be sent to the AMF for posting on its website.

II. - The provisions of this article apply to the marketing of units or shares of UCITS referred to in Article 411-135, where they are admitted to trading on a regulated market or on a multilateral trading facility under the conditions set out in Article D. 214-22-1 of the Monetary and Financial Code.

III. - Any person marketing units or shares of UCITS whose units or shares are admitted to trading on a regulated market or on a multilateral trading facility under the conditions set out in Article D. 214-22-1 of the Monetary and Financial Code shall ensure that investors have the information provided for in this sub-section.

Article 411-134

I.-The units or shares of a UCITS whose management objective is based on an index, pursuant to II of Article D. 214-22-1 of the Monetary and Financial Code, may be admitted to trading on a regulated market. These are:

1 • The units or shares of index-based UCITS governed by Article R. 214-22 of the Monetary and Financial Code;

2 • The units or shares of a UCITS whose management objective is to replicate the result obtained by applying a mathematical formula called an "algorithm" to an index complying with the conditions set out in I of Article R. 214-22 of the Monetary and Financial Code;

3 • The units or shares of UCITS mentioned in 1° or 2° that are subject to a notification in accordance with the provisions of Article L. 214-2-2 of the Monetary and Financial Code.

The algorithm includes one or more parameters that may vary over time and that are called "'variables".

The algorithm, the index and conditions for adjusting the variables shall be described in the prospectus and set in a way that is compatible with the proper information of the public.

II. - Where the units or shares of UCITS are admitted to trading on a regulated market under the conditions provided for in I, the management company shall disclose to the public :

1 • The results of the algorithm in accordance with the timetable described in the prospectus;

2 • Any adjustment of the variables of the algorithm. This disclosure shall take place no later than seven business days before the implementation of the adjustment;

3 • By way of derogation to 2°, where one or more variables are adjusted automatically by application of objective criteria and according to a timetable described in the prospectus, the public shall be informed no later than seven business days following the implementation of the adjustments.

The asset management company will ensure the effective and complete disclosure of the information referred to in points 1°, 2° and 3°.

It will also post the information on its website.

III. - The provisions of this article apply to the marketing of units or shares of UCITS referred to in Article 411-135, where they are admitted to trading on a regulated market under the conditions provided for in II of Article D. 214-22-1 of the Monetary and Financial Code.

### Sub-section 3 - Centralising correspondent

#### Article 411-135

A foreign UCITS that has been the subject of a notification in accordance with the provisions of Article L. 214-2-2 of the Monetary and Financial Code shall name one or more correspondents, including a centralising correspondent, that are established in France under the conditions set out by an AMF instruction.

The correspondent(s) shall belong to one of the categories referred to in Article L. 214-10-1, I of the Monetary and Financial Code.

The centralising correspondent and any other correspondent(s), where applicable, shall be under contract to provide the following financial services:

1 • Processing subscription and redemption requests;

2 • Paying coupons and dividends;

3 • Making information documents available to investors;

4 • Providing specific information to holders in the cases to be stipulated by an AMF instruction.

Where the UCITS is not accepted by the central depositary in France, the contract signed by the centralising correspondent and the UCITS may provide that the centralising correspondent may be responsible only for the service referred to in point 3°, and the UCITS shall ensure that the services listed under 1°, 2° and 4° are properly carried out. In this case, the UCITS informs the centralising correspondent that the tasks for which it is responsible have been carried out and sends a copy of the information mentioned in 4° to the centralising correspondent.

The centralising correspondent is responsible for payment of the fixed annual fee, in accordance with Article L. 621-5-3 of the Monetary and Financial Code.

### Section 8 - Passeport (Articles 411-136 à 411-138)

Commission Regulation (EU) No 584/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards the form and content of the standard notification letter and UCITS attestation, the use of electronic communication between competent authorities for the purpose of notification, and procedures for on-the-spot verifications and investigations and the exchange of information between competent authorities

#### Article 411-136

In preparing for carrying out marketing in other Member States of the European Union or in other States party to the European Economic Area agreement, a French UCITS eligible for the mutual authorisation recognition procedure provided for under the provisions of Directive 2009/65/EC of 13 July 2009 shall first submit a notification letter to the AMF.

The procedures for submitting this letter, its content and documents relating to the UCITS that shall be appended are specified in

an AMF instruction.

The UCITS or its management company shall ensure that an electronic copy of each document appended to the notification letter is available on the website of the management company or another website indicated by the UCITS or its management company in the notification letter or in its updates. Any document made available on a website shall be provided in a commonly used electronic format.

The UCITS or its management company will ensure that the UCITS host State can access the website.

Article 411-137

The AMF will verify that the application for marketing authorisation submitted by the UCITS, comprising the notification letter and the UCITS information documents, is complete.

The AMF will then transmit the application to the competent authorities of the Member State(s) in which the UCITS proposes to market its units or shares, no later than ten working days of the date of receipt of the aforementioned application.

The AMF will enclose with the documentation an attestation that the UCITS fulfils the conditions imposed by Directive 2009/65/EC of 13 July 2009.

Upon the transmission of the application, the AMF will immediately notify the UCITS about the transmission.

The management company may market the units or shares of the UCITS in the host State as from the date of that notification. The notification letter shall be provided to the AMF in French and in the language required by the regulations of the host State.

The attestation of compliance shall be provided in French or in a language other than French customary in the sphere of finance, and in the official language of the State where the UCITS will be marketed, if required under the regulations of that State.

Article 411-138

I. - Where a UCITS markets its units or shares in another State, it shall provide to investors in the territory of such State all information and documents which it is required pursuant to Article L. 214-23-1 of the Monetary and Financial Code to provide to French investors.

Such information and documents shall be provided to investors in compliance with the following provisions:

a) Without prejudice to the provisions of Section 5 of this chapter, such information or documents shall be provided to investors in the way prescribed by the laws, regulations or administrative provisions of the UCITS host State;

b) The key investor information document shall be translated into the official language, or one of the official languages, of the UCITS host State or into a language approved by the competent authorities of that State;

c) Other information or documents may be translated, at the choice of the UCITS, into the official language, or one of the official languages, of the UCITS host State, into a language approved by the competent authorities of that

State or into a language customary in the sphere of international finance; and

d) Translations of information or documents under points (b) and (c) shall be produced under the responsibility of the UCITS and shall faithfully reflect the content of the original information.

II. - The requirements set out in I shall also be applicable to any changes to the information and documents referred therein.

III. - The frequency of the publication of the issue, sale, repurchase or redemption price of units or shares of the UCITS shall comply

with Article 411-123.

## Title II - AIFS (Articles 421-A à 425-17)

Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds

Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs)

Commission Delegated Regulation (EU) 2017/653 of 8 March 2017 supplementing Regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPs) by laying down regulatory technical standards with regard to the presentation, content, review and revision of key information documents and the conditions for fulfilling the requirement to provide such documents

Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

### Chapter I - General provisions (Articles 421-A à 421-37)

Article 421-A

I. - This Chapter covers the provisions arising from Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011, pursuant to Chapter IV, Section 2, sub-section 1 of Title I of Book II of the Monetary and Financial Code, and Articles 421-25 and 421-26 on marketing shares or units of AIFs in France and Articles 421-28 and 421-29 on the net asset value of AIFs.

II. - The provisions of this Chapter apply to all French or foreign AIFs managed or marketed in France. However, only Articles 421-24, 421-25, 421-26, 421-28 and 421-29 apply to the French AIFs or "other AIFs" mentioned in the last paragraph of II and in points 2° and 3° and the last paragraph of III of Article L. 214-24 of the Monetary and Financial Code, where the asset management company or the legal entity managing the AIFs has chosen not to submit them to the rules of Directive 2011/61/EU. Where these AIFs are real-estate collective investment undertakings, professional real-estate collective investment undertakings, real- estate investment companies or forestry investment companies, an external valuer is appointed under the conditions set out in Article L. 214-24-16 of the Monetary and Financial Code and in Article 421-31. Third country AIFs managed by a management company are not subject to Articles 421-36 and 421-37. Third country AIFs managed by an AIF manager and marketed solely to non-professional clients are not subject to Articles 421-28 through 421-37.

III. - For the purposes of applying this Chapter:

1 • The term "asset management company" refers to the French asset management company;

2 • The term "management company" refers to the management company established in another EU Member State;

3 • The term "AIF manager" (alternative investment fund manager) refers to the manager established in a third country for which the Member State of reference is France.

#### Section 1 - AIF marketing procedure (Articles 421-1 à 421-27-2)

Paragraph 1 - Procedure for marketing AIFs with a passport to professional investors in France

Sub-paragraph 1 - Procedure for marketing EU AIFs managed by an asset management company

Article 421-1

The notification mentioned in I of Article L. 214-24-1 of the Monetary and Financial Code, sent by an asset management company prior to marketing units or shares of an EU AIF in France, includes the following for every AIF that the company intends to market:

a) A notification letter, including a programme of activity identifying the AIFs that the asset management company intends to market and information on where the AIFs are established;

b) The AIF rules or articles of association;

c) Identification of the depositary of the AIF;

d) A description of, or any information on, the AIF available to investors;

e) Information on where the master AIF is established if the AIF is a feeder AIF;

f) Any additional information referred to in the second and third paragraphs of Article L. 214-24-19 of the Monetary and Financial Code, for each AIF that the asset management company intends to market;

g) Where relevant, information on the arrangements established to prevent units or shares of the AIF from being marketed to retail investors, including in the case where the asset management company independent entities to provide investment services in respect of the AIF.

Article 421-2

Within 20 working days following receipt of a complete notification file pursuant to I of Article L. 214-24-1 of the Monetary and Financial Code, the AMF shall inform the asset management company whether it may start marketing the AIF identified in the notification. The AMF shall oppose the marketing of the AIF only if the asset management company's management of the AIF does not or will not comply with the legislative and regulatory provisions applicable to asset management companies or with Books II and V of the Monetary and Financial Code. In the case of a positive decision, the asset management company may start marketing the AIF in France from the date of the AMF notification to that effect.

Where the competent authorities of the AIF and the asset management company are different, the AMF shall also inform the competent authorities of the AIF that the asset management company may start marketing units or shares of the AIF in France.

Article 421-3

In the event of a material change to any of the particulars communicated in accordance with I of Article L. 214-24-1 of the Monetary and Financial Code, the asset management company shall give written notice of that change to the AMF at least one month before implementing the change, as regards any changes planned by the asset management company, or immediately after an unplanned change.

If, pursuant to a planned change, the asset management company's management of the AIF would no longer comply with the provisions applicable to asset management companies, the AMF shall inform the asset management company without undue delay that it is not to implement the change.

If a planned change is implemented notwithstanding the first and second paragraphs, or if an unplanned change has taken place pursuant to which the asset management company's management of the AIF no longer complies with the provisions applicable to asset management companies, the AMF shall take all due measures in accordance with its powers provided for in Books V and VI,

including, if necessary, the express prohibition to market the AIF.

Sub-paragraph 2 - Procedure for marketing third country AIFs managed by an asset management company

Article 421-4
The date of entry into force of the provisions of this subparagraph is set in accordance with the provisions of the European Commission's delegated act provided for in Article 67(6) of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011.

Article 421-5
The notification mentioned in I of Article L. 214-24-1 of the Monetary and Financial Code, sent by an asset management company prior to marketing units or shares of a third country AIF in France, includes the following:

a) A notification letter comprising a programme of activity identifying the AIFs that the asset management company intends to market and information about where the AIFs are established;

b) The AIF rules or articles of association;

c) Identification of the depositary of the AIF;

d) A description of, or any information on, the AIF available to investors;

e) Information on where the master AIF is established if the AIF is a feeder AIF;

f) Any additional information referred to in the second and third paragraphs of Article L. 214-24-19 of the Monetary and Financial Code, for each AIF that the asset management company intends to market;

g) Where relevant, information on the arrangements established to prevent units or shares of the AIF from being marketed to retail investors, including in the case where the asset management company relies independent entities to provide investment services in respect of the AIF.

Article 421-6
Within 20 working days following receipt of a complete notification file pursuant to Article L. 214-24-1 of the Monetary and Financial Code, AMF shall inform the asset management company whether it may start marketing in France the AIF identified in the notification. The AMF shall oppose the marketing of the AIF only if the asset management company's management of the AIF does not or will not comply with the provisions applicable to asset management companies. In the case of a positive decision, the asset management company may start marketing the AIF in France from the date of the notification by the AMF to that effect.

The AMF shall also inform the European Securities and Markets Authority that the asset management company may start marketing units or shares in the AIF in France.

Article 421-6-1
In the event of a material change to any of the particulars communicated in accordance with I of Article L. 214-24-1 of the Monetary and Financial Code, the asset management company shall give written notice of that change to the AMF at least one month before implementing the change, as regards any changes planned by the asset management company, or immediately after an unplanned change.

If, pursuant to a planned change, the asset management company's management of the AIF would no longer comply with the provisions applicable to asset management companies, the AMF shall inform the asset management company without undue delay that it is not to implement the change.

If a planned change is implemented notwithstanding the first and second paragraphs, or if an unplanned change has taken place

pursuant to which the asset management company's management of the AIF no longer complies with the provisions applicable to asset management companies, the AMF shall take all due measures in accordance with its powers provided for in Books V and VI, including, if necessary, the express prohibition to market the AIF.

Sub-paragraph 3 - Procedure for marketing EU AIFs managed by an AIF manager established in a third country

Article 421-7

The date of entry into force of the provisions of this subparagraph is set in accordance with the provisions of the European Commission's delegated act provided for in Article 67(6) of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011.

Article 421-8

The notification mentioned in I of Article L. 214-24-1 of the Monetary and Financial Code, sent by an AIF manager established in a third country for which the Member State of reference is France, prior to marketing units or shares of an EU AIF in France, includes the following:

a) A notification letter comprising a programme of activity identifying the AIFs that the manager intends to market and information about where the AIFs are established;

b) The AIF rules or articles of association;

c) Identification of the depositary of the AIF;

d) A description of, or any information on, the AIF available to investors;

e) Information on where the master AIF is established if the AIF is a feeder AIF;

f) Any additional information referred to in the second and third paragraphs of Article L. 214-24-19 of the Monetary and Financial Code, for each AIF that the manager intends to market;

g) Where relevant, information on the arrangements established to prevent units or shares of the AIF from being marketed to retail investors, including in the case where the manager relies independent entities to provide investment services in respect of the AIF.

Article 421-9

Within 20 working days following receipt of the complete notification file pursuant to Article L. 214-24-1 of the Monetary and Financial Code, AMF shall inform the AIF manager whether it may start marketing in France the AIF identified in the notification. The AMF shall oppose the marketing of the AIF only if the AIF manager's management of the AIF does not or will not comply with the legislative and regulatory provisions applicable to asset management companies.. In the case of a positive decision, the asset management company may start marketing the AIF in France from the date of the notification by the AMF to that effect.

The AMF shall also inform the European Securities and Markets Authority and the competent authorities of the AIF that the AIF manager may start marketing units or shares in the AIF in France.

Sub-paragraph 4 - Procedure for marketing third country AIFs managed by an AIF manager established in a third country

Article 421-10

The date of entry into force of the provisions of this subparagraph is set in accordance with the provisions of the European Commission's delegated act provided for in Article 67(6) of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011.

Article 421-11

The notification mentioned in I of Article L. 214-24-1 of the Monetary and Financial Code, sent by an AIF manager established in a

third country for which the Member State of reference is France, prior to marketing units or shares of a third country AIF in France, includes the following:

a) A notification letter comprising a programme of activity identifying the AIFs that the manager intends to market and information about where the AIFs are established;

b) The AIF rules or articles of association;

c) Identification of the depositary of the AIF;

d) A description of, or any information on, the AIF available to investors;

e) Information on where the master AIF is established if the AIF is a feeder AIF;

f) Any additional information referred to in the second and third paragraphs of Article L. 214-24-19 of the Monetary and Financial Code, for each AIF that the manager intends to market;

g) Where relevant, information on the arrangements established to prevent units or shares of the AIF from being marketed to retail investors, including in the case where the manager relies independent entities to provide investment services.

Article 421-12

Within 20 working days following receipt of a complete notification file pursuant to Article L. 214-24-1 of the Monetary and Financial Code, AMF shall inform the AIF manager whether it may start marketing in France the AIF identified in the notification. The AMF shall oppose the marketing of the AIF only if the AIF manager's management of the AIF does not or will not comply with the legislative and regulatory provisions applicable to asset management companies.. In the case of a positive decision, the asset management company may start marketing the AIF in France from the date of the notification by the AMF to that effect.

Article 421-12-1

In the event of a material change to any of the particulars communicated in accordance with I of Article L. 214-24-1, the AIF manager shall give written notice of that change to the AMF at least one month before implementing the change, or immediately after an unplanned change has occurred.

If, pursuant to a planned change, the AIF manager's management of the units or shares of the AIF would no longer comply with the legislative and regulatory provisions applicable to asset management companies, the AMF shall inform the AIF manager without undue delay that it is not to implement the change.

If a planned change is implemented notwithstanding the first and second paragraphs, or if an unplanned change has taken place pursuant to which the AIF manager's management of the units or shares of the AIF no longer complies with the legislative and regulatory provisions applicable to asset management companies, the AMF shall take all due measures, including, if necessary, the express prohibition to market the AIF.

### Paragraph 2 - Procedure for marketing aifs in france to retail investors

Article 421-13

I.- In application of III of Article L. 214-24-1 of the Monetary and Financial Code, any asset management company, management company established in the European Union or AIF manager established in a third country must submit an application for authorisation in accordance with the conditions set forth in an AMF Instruction, prior to marketing units or shares of an AIF under its management and established in an EU Member State or a third country to retail investors in France.

II. - If the AIF is established in an EU Member State other than France or in a third country, the AMF shall only issue the marketing authorisation mentioned in I of this Article on condition that:

1 • An information exchange and mutual assistance system in the field of asset management on behalf of third parties has been set up between the AMF and the supervisory authority of the AIF; and

2 • The AIF meets the conditions laid down in a mutual recognition agreement on AIFs that may be marketed to retail investors, signed between the AMF and the supervisory authority of the AIF.

III. - If the management company is established in an EU Member State other than France or if the AIF manager is established in a third country, the AMF shall only issue the marketing authorisation mentioned in I of this Article on condition that:

1 • An information exchange and mutual assistance system in the field of asset management on behalf of third parties has been set up between the AMF and the supervisory authority of the management company or AIF manager; and

2 • The management company or the AIF manager meets the conditions laid down in a mutual recognition agreement establishing the specific requirements applicable to the authorisation of management companies or AIF managers of AIFs that may be marketed to retail investors, signed between the AMF and the supervisory authority of the management company or AIF manager.

### Paragraph 3 - Procedure for marketing in France of EU or third country AIFs by an asset management company, a management company or a third country AIF manager without a passport

#### Article 421-13-1

For an asset management company or a management company to market units or shares of third country AIFs in France without a passport, or for a third party AIF manager to market units or shares of EU or third country AIFs in France without a passport, the asset management company, management company or AIF manager shall send the AMF an application for prior authorisation, in accordance with the conditions set forth in an AMF instruction.

This instruction shall specify the procedure and the information to be sent once marketing authorisation has been given.

## Sub-section 2 - Procedure for marketing AIFs in an EU Member State other than France

### Paragraph 1 - Procedure for an asset management company to market EU AIFs to professional investors with a passport

#### Article 421-14

The notification mentioned in I of Article L. 214-24-2 of the Monetary and Financial Code, sent by an asset management company prior to marketing units or shares of an EU AIF in an EU Member State other than France, includes the following for every AIF concerned :

a) A notification letter comprising a programme of activity identifying the AIFs that the asset management company intends to market and information about where the AIFs are established;

b) The AIF rules or articles of association;

c) Identification of the depositary of the AIF;

d) A description of, or any information on, the AIF available to investors;

e) Information on where the master AIF is established if the AIF is a feeder AIF;

f) Any additional information referred to in the second and third paragraphs of Article L. 214-24-19 of the Monetary and Financial Code, for each AIF that the asset management company intends to market ;

g) The indication of the Member State in which the asset management company intends to market the units or shares of the AIF to

professional investors;

h) Information about arrangements for marketing AIFs and, where relevant, information on the arrangements established to prevent units or shares of the AIF from being marketed to retail investors, including in the case where the asset management company relies on independent entities to provide investment services in respect of the AIF.

### Paragraph 2 - Procedure for an asset management company to market third country AIFs to professional investors with a passport

#### Article 421-15

The date of entry into force of the provisions of this paragraph is set in accordance with the provisions of the European Commission's delegated act provided for in Article 67(6) of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011.

#### Article 421-16

The notification mentioned in I of Article L. 214-24-2 of the Monetary and Financial Code, sent by an asset management company prior to marketing units or share of third country AIFs in an EU Member State other than France, includes the following for every AIF concerned:

a) A notification letter comprising a programme of activity identifying the AIFs that the asset management company intends to market and information about where the AIFs are established;

b) The AIF rules or articles of association;

c) Identification of the depositary of the AIF;

d) A description of, or any information on, the AIF available to investors;

e) Information on where the master AIF is established if the AIF is a feeder AIF;

f) Any additional information referred to in the second and third paragraphs of Article L. 214-24-19 of the Monetary and Financial Code, for each AIF that the asset management company intends to market ;

g) The indication of the Member State in which the asset management company intends to market the units or shares of the AIF to professional investors;

h) Information about arrangements for marketing AIFs and, where relevant, information on the arrangements established to prevent units or shares of the AIF from being marketed to retail investors, including in the case where the management company relies on independent entities to provide investment services in respect of the AIF.

#### Article 421-17

The arrangements referred to in point h) of Article 421-16 shall be subject to the laws and supervision of the host Member States of the asset management company.

### Paragraph 3 - Procedure for marketing AIFs established in an EU member state, managed by an AIF manager established in a third country for which the member state of reference is France

#### Article 421-18

The date of entry into force of the provisions of this paragraph regarding AIFs or AIF managers established in a third country is set in accordance with the provisions of the European Commission's delegated act provided for in Article 67(6) of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011.

#### Article 421-19

The notification mentioned in I of Article L. 214-24-2 of the Monetary and Financial Code, sent by an AIF manager established in a third country for which the Member State of reference is France, prior to marketing units or shares of EU AIFs in an EU Member State, includes the following for every AIF concerned:

a) A notification letter comprising a programme of activity identifying the AIFs that the AIF manager intends to market and information about where the AIFs are established;

b) The AIF rules or articles of association;

c) Identification of the depositary of the AIF;

d) A description of, or any information on, the AIF available to investors;

e) Information on where the master AIF is established if the AIF is a feeder AIF;

f) Any additional information referred to in the second and third paragraphs of Article L. 214-24-19 of the Monetary and Financial Code, for each AIF that the AIF manager intends to market;

g) The indication of the Member State in which the AIF manager intends to market the units or shares of the AIF to professional investors;

h) Information about arrangements for marketing AIFs and, where relevant, information on the arrangements established to prevent units or shares of the AIF from being marketed to retail investors, including in the case where the AIF manager relies on independent entities to provide investment services in respect of the AIF.

Article 421-20

The arrangements referred to in point h) of Article 421-19 shall be subject to the laws and supervision of the host Member States of the AIF manager.

### Paragraph 4 - Procedure for marketing third country AIFs in an eu member state other than France by a third country AIF manager for which the member state of reference is France

Article 421-21

The date of entry into force of the provisions of this paragraph regarding AIFs or AIF managers established in a third country is set in accordance with the provisions of the European Commission's delegated act provided for in Article 67(6) of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011.

Article 421-22

The notification mentioned in I of Article L. 214-24-2 of the Monetary and Financial Code includes:

a) A notification letter comprising a programme of activity identifying the AIFs that the AIF manager intends to market and information about where the AIFs are established;

b) The AIF rules or articles of association;

c) Identification of the depositary of the AIF;

d) A description of, or any information on, the AIF available to investors;

e) Information on where the master AIF is established if the AIF is a feeder AIF;

f) Any additional information referred to in the second and third paragraphs of Article L. 214-24-19 of the Monetary and Financial Code, for each AIF that the AIF manager intends to market;

g) The indication of the Member State in which the AIF manager intends to market the units or shares of the AIF to professional investors;

h) Information about arrangements for marketing AIFs and, where relevant, information on the arrangements established to prevent units or shares of the AIF from being marketed to retail investors, including in the case where the AIF manager relies on independent entities to provide investment services in respect of the AIF.

Article 421-23

The arrangements referred to in point h) of Article 421-22 shall be subject to the laws and supervision of the host Member States of the AIF manager.

### Sub-section 3 - Marketing rules

#### Paragraph 1 - General provisions

Article 421-24

French and foreign AIFs authorised for marketing in France, or their asset management companies, management company or AIF manager, are subject to the provisions of this sub-section.

Article 421-25

The AMF is entitled to exercise the prerogatives referred to in Article 314-6 with regard to any person distributing AIFs.

Advertisements from the AIF aimed at investors shall be clearly identified as such. They shall be accurate, clear and not

misleading. More specifically, if an advertisement containing an invitation to buy units or shares in an AIF includes specific information about the AIF, it cannot contain information that contradicts the information provided in the investor disclosure documents or that understates the importance of such information.

Such advertisements shall state whether investor disclosure documents exist and are available.

They shall stipulate where and in which languages the holders of units or shares of the AIF and potential investors can obtain this information and these documents, or how they can gain access to them.

Article 421-26

I. - Without prejudice to the legal and regulatory provisions applicable to the provision of the service of investment advice, an asset management company, management company or AIF manager that markets the units or shares of AIFs under its management shall comply with the conduct of business rules applicable to the service of order execution for third parties provided for in Chapter IV of Title I of Book III, while an asset management company, management company or AIF manager that markets the units or shares of AIFs managed by other entities shall comply with the conduct of business rules applicable to the service of order reception and transmission for third parties provided for in Chapter IV of Title I of Book III.

An AMF Instruction shall stipulate the conditions for applying the provisions of this Article.

II. - Any person marketing units or shares of AIFs or units or shares of sub-funds shall ensure that the investor meets the subscription requirements for that AIF.

Where the AIF or its asset management company, management company or AIF manager has entered into a contract to distribute the units or shares of the AIF, the contract shall specify how investors may obtain access to investor disclosure documents.

III. - Any person marketing units or shares of an AIF or units or shares of sub-funds whose articles of association, rules or any other document intended to provide information to holders is written in a language customary in the sphere of finance other than French, under the conditions set out in Article L. 214-25 of the Monetary and Financial Code, shall direct its marketing particularly at investors in the professional customer categories referred to in Article D. 533-11 of the Monetary and Financial Code and investors who meet the conditions set by this General Regulation for the subscription of units or shares of these AIFs. Furthermore, such persons shall ensure that the language used is understandable to investors.

Article 421-27

An AIF established in an EU Member State other than France or its management company, or a third country AIF or its AIF manager, being subject to authorisation as set out in Articles 421-13 and 421-13-1, shall name one or more correspondents, including a centralising correspondent, that are established in France under conditions set forth in an AMF Instruction.

The correspondent(s) shall belong to one of the categories referred to in Article 1 of the ministerial order of 6 September 1989.

The centralising correspondent and any other correspondent(s), where applicable, shall be under contract to provide the following financial services:

1° Processing subscription and redemption requests;

2° Paying coupons and dividends;

3° Making information documents available to investors;

4° Providing specific information to holders in the cases stipulated by an AMF Instruction.

Where the AIF is not admitted to the central depositary in France, the contract signed by the centralising correspondent and the AIF may provide that the centralising correspondent is responsible only for the service referred to in point 3°, and the AIF shall ensure that the services listed under 1°, 2° and 4° are properly carried out. In this case, the AIF informs the centralising correspondent that the tasks for which it is responsible have been carried out and sends a copy of the information mentioned in 4° to the centralising correspondent.

The centralising correspondent is responsible for payment of the fixed annual fee, in accordance with Article L. 621-5-3 of the Monetary and Financial Code.

Paragraph 2 - Special provisions applicable to the admission to trading on a regulated market or a multilateral trading facility

Article 421-27-1

I. - AIFs whose units or shares are admitted to trading on a regulated market or a multilateral trading facility under the conditions set out in Article D. 214-32-31 of the Monetary and Financial Code will also make available to the public the specific information related to the admission to trading, in accordance with the conditions set out in an AMF instruction.

This information is made public before the units or shares of the AIF are effectively admitted to trading on a regulated market or a multilateral trading facility.

A copy of the prospectus shall be sent free of charge to any person who requests it and an electronic version of the prospectus is published on the website of the AIF portfolio management company and shall be sent to the AMF for posting on its website.

II. - The provisions of this article apply to the marketing of units or shares of retail investment funds governed by Articles 422-2 et seq., private equity funds governed by Articles 422-120-1 et seq., funds of alternative funds governed by Articles 422-250 et seq., professional investment funds governed by Articles 423-1 et seq., professional specialised investment funds governed by Articles 423-16 et seq., professional private equity funds governed by Articles 423-37 et seq. and foreign AIFs marketed under the conditions provided for in Article L. 214-24-1 of the Monetary and Financial Code, where these units or shares are admitted to

trading on a regulated market or on a multilateral trading facility under the conditions set out in Article D. 214-32-31 of the Monetary and Financial Code.

III. - Any person marketing the units or shares of AIFs whose units or shares are admitted to trading on a regulated market or on a multilateral trading facility under the conditions set out in Article D. 214-32-31 of the Monetary and Financial Code shall ensure that investors have the information provided for in this paragraph.

Article 421-27-2

I. - The units or shares of an AIF whose management objective is based on an index, pursuant to II of Article D. 214-32-31 of the Monetary and Financial Code, may be admitted to trading on a regulated market. These are:

1 • Units or shares of index-based AIFs governed by Article R. 214-32-30 of the Monetary and Financial Code;

2 • The units or shares of an AIF whose management objective is to replicate the result obtained by applying a mathematical formula called an "algorithm" to an index complying with the conditions set out in I of Article R. 214-32-30 of the Monetary and Financial Code;

3 • The units or shares of foreign AIFs that are subject to a notification in accordance with the provisions of Article L. 214-24-1 of the Monetary and Financial Code and that meet the conditions provided for in 1° and 2°.

The algorithm includes one or more parameters that may vary over time and that are called "variables".

The algorithm, the index and conditions for adjusting the variables shall be described in the prospectus and set in a way that is compatible with the proper information of the public.

II. - Where the units or shares of AIFs are admitted to trading on a regulated market under the conditions provided for in I, the management company shall disclose to the public:

1 • The results of the algorithm in accordance with the timetable described in the prospectus;

2 • Any adjustment of the variables of the algorithm. This disclosure shall take place no later than seven business days before the implementation of the adjustment;

3 • By way of derogation to 2°, where one or more variables are adjusted automatically by application of objective criteria and according to a timetable described in the prospectus, the public shall be informed no later than seven business days following the implementation of the adjustments.

The management company will ensure the effective and complete disclosure of the information referred to in points 1°, 2° and 3°.

It will also post the information on its website.

III. - The provisions of this article apply to the marketing of units or shares of retail investment funds governed by Articles 422-2 et seq. and to the units or shares of foreign AIFs marketed under the conditions provided for in Article L. 214-24-1 of the Monetary and Financial Code, where these units or shares are admitted to trading on a regulated market under the conditions provided for in II of Article D. 214-32-31 of the Monetary and Financial Code.

Section 2 - Valuation (Articles 421-28 à 421-32)

Article 421-28

The net asset value is obtained by dividing the net assets of the AIF by the number of shares or units.

The assets in the AIF portfolio are valued every day that the net asset value is determined, under the conditions set out in the AIF rules or articles of association.

Article 421-29
The asset management company, management company or AIF manager makes the net asset value available and communicates it to any person who requests it.

If an AIF is governed by French law, its net asset value is sent to the AMF on the day it is determined, in accordance with the procedures set out in an AMF Instruction.

Article 421-30
The valuation procedures used shall ensure that the AIF's assets are valued and that the net asset value per unit or share is calculated at least once a year.

If the AIF is open-ended, such valuations and calculations shall also be carried out at a frequency which is appropriate both to the assets held by the AIF and to the issuance and redemption frequency.

If the AIF closed-ended, such valuations and calculations shall also be carried out in case of an increase or decrease of the capital by the relevant AIF.

Investors in the AIF shall be informed of the valuations and calculations as set out in the relevant AIF rules or articles of association.

Article 421-31
In application of Article L. 214-24-16 of the Monetary and Financial Code, where an external valuer performs the valuation function:

1 • The appointment of the external valuer shall comply with the rules on delegation provided for in I, II and VII of Article 318-58;

2 • The asset management company, management company or AIF manager shall comply with Article 73 of Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012;

3 • The external valuer, who may be a member of one or more professional bodies, shall at all times abide by a charter that includes:

a • A description of the valuation tools and methods used for each category of assets in which the valuer is competent;

b • A principle of independence that the valuer must comply with, and specifically a procedure for detecting and managing conflicts of interest and, where appropriate, informing the asset management company, management company or AIF manager thereof;

c • An information policy and procedure by means of which the external valuer informs the asset management company, management company or AIF manager without delay of any changes in the valuer's situation as declared at the time of appointment.

Article 421-32
The AIF or AIF portfolio management company, management company or AIF manager shall comply with Articles 67 to 74 of Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012.

Section 3 - Information (Articles 421-33 à 421-37)

Sub-section 1 - Disclosure to investors

Article 421-33

The annual report of the AIF shall include the information specified in an AMF Instruction.

Article 421-34

I.-The information referred to in an AMF Instruction is made available to investors before they subscribe units or shares in an AIF.

Any material changes to the information in this document are also made available to investors.

II. - The AIF or its asset management company, management company or AIF manager shall inform investors before they invest in the AIF of any arrangement made by the depositary to contractually discharge itself of liability in accordance with II and III of Article L. 214-24-10 of the Monetary and Financial Code. The AIF or its asset management company, management company or AIF manager shall also inform investors without delay of any changes with respect to depositary liability.

III. - Where the AIF is required to publish a prospectus in accordance with Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, only such information referred to in I and II which is in addition to that contained in the prospectus need be disclosed separately or as additional information in the prospectus.

IV. - EU AIFs and AIFs marketed in the EU, or their asset management company, management company or AIF manager, shall periodically disclose to investors:

1 • The percentage of the AIF's assets subject to special arrangements arising from their illiquid nature;

2 • Any new arrangements for managing the liquidity of the AIF;

3 • The current risk profile of the AIF and the risk management systems employed by the AIF or its asset management company, management company or AIF manager to manage those risks.

V. - EU AIFs and AIFs marketed in the EU, employing leverage, or their asset management company, management company or AIF manager, shall, for each such AIF, disclose on a regular basis:

1 • Any changes to the maximum level of leverage which the asset management company, management company or AIF manager may employ on behalf of the AIF as well as any right of reuse of the AIF's assets given as collateral and any guarantee under the leveraging arrangements;

2 • The total amount of leverage employed by that AIF.

Article 421-35

The AIF or AIF portfolio management company, management company or AIF manager shall comply with Articles 103 to 109 of Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012.

Sub-section 2 - Information to AMF

Article 421-36

I. - Any AIF managed or marketed in the European Union, or its asset management company, management company or AIF manager, shall provide the AMF with the following:

1 • The percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature;

2 • Any new arrangements for managing the liquidity of the AIF;

3 • The current risk profile of the AIF and the risk management systems employed to manage the market risk, liquidity risk, counterparty risk and other risks including operational risk;

4 • Information on the main categories of assets in which the AIF invested; and

5 • The results of the stress tests performed in accordance with point 2° of Article 318-41 and the second paragraph of Article 318-44.

II. - At the AMF's request:

1 • An AIF managed or marketed in the European Union, or its asset management company, management company or AIF manager, shall provide it with an annual report for each financial year, in accordance with Article L. 214-24-19 of the Monetary and Financial Code;

2 • The asset management company, management company or AIF manager shall provide it with a detailed list of all AIFs which it manages, for the end of each quarter.

Article 421-37

The AIF or AIF portfolio management company, management company or AIF manager shall comply with Articles 110 to 111 and Annex IV of Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012.

## Chapter II - Funds open to retail investors (Articles 422-1 à 422-252)

Article 422-1

*[Empty]*

### Section 1 - Retail investment funds (Articles 422-2 à 422-120)

Article 422-2

For the purposes of applying this Section:

1 • The term "AIF" designates either an open-ended investment company (société d'investissement à capital variable - SICAV) or a common fund (fonds commun de placement - FCP);

2 • The term "holder" designates the holder of units in an FCP or shares in a SICAV;

3 • Where SICAVs do not delegate the overall management of their portfolio as stipulated in Article L. 214-24-29 of the Monetary and Financial Code, they shall meet all the conditions applying to management companies and discharge the obligations applying to such companies;

4 • References to "members of the board of directors or the executive board of the SICAV" shall be understood to include, where applicable, the chairman of a simplified joint-stock company or the senior managers designated by the articles of association to carry out the duties of the board of directors in accordance with Article L. 227-1 of the Commercial Code.

Article 422-3

The provisions of Chapter I of this Title apply to retail investment funds except where provided otherwise.

#### Sub-section 1 - Authorisation

##### Paragraph 1 - SICAVS

Article 422-4

The articles of association of a SICAV are signed by the first shareholders in person or by a specially empowered agent. The said articles stipulate the names of the first shareholders and the amounts paid in by each of them, and, where applicable, the names of the first directors or the names of the members of the executive board and the supervisory board, as well as the names of the first statutory auditor and, where applicable, the alternate auditor, named in accordance with the conditions stipulated in Article L. 214-24-31 of the Monetary and Financial Code.

A SICAV cannot set up sub-funds and issue different share classes unless its articles of association explicitly provide for it to do so.

Article 422-5

The articles of association, along with the deposit certificate for the initial capital issued by the depositary, shall be filed with the registry of the commercial court with jurisdiction over the registered office of the SICAV.

If the articles of association provide for the SICAV to be an umbrella fund, the depositary also issues a certificate for each sub-fund to the asset management company. The asset management company sends the said certificates to the AMF.

An AMF Instruction stipulates the minimum information disclosures required in the articles of association of a SICAV.

Article 422-6

The articles of association provided for in Article L. 214-24-25 of the Monetary and Financial Code stipulate the principles for distributing the SICAV's distributable sums, the procedures for subscriptions and redemptions and, where applicable, the procedures governing the rights attaching to different share classes. The procedures for distributing the SICAV's distributable sums may be defined in the prospectus.

Article 422-7

I. - Authorisation of a SICAV, as provided for under Article L. 214-24-24 of the Monetary and Financial Code and, where applicable, the authorisation of each sub-fund provided for under the same Article, is subject to prior filing of an application with the AMF containing the elements stipulated in an AMF Instruction.

The AMF notifies the SICAV whether its authorisation has been granted or refused, within one month of the filing of the application.

If the AMF does not respond for one month following the acknowledgement of receipt of the application, authorisation is deemed to be granted.

If the AMF asks for further information that requires the asset management company to submit a supplementary information sheet, the AMF serves written notice stipulating that it shall receive the items requested within sixty days. If it fails to receive the said items within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received all the information requested. The acknowledgement of receipt stipulates a new deadline for authorisation, which cannot be longer than the one referred to in the previous paragraph.

II. - The period referred to in I is reduced to eight working days after the AMF issues the acknowledgement of receipt of the authorisation application, if the SICAV applying for authorisation is comparable to a UCITS or retail investment fund that has already been authorised by the AMF.

The AMF assesses the comparability of the SICAV applying for authorisation, called the "comparable SICAV", and the UCITS or retail investment fund previously authorised by the AMF, called the "reference UCITS or retail investment fund", with respect to the following:

1 • The reference UCITS or retail investment fund and the comparable SICAV are managed by the same asset management company or the same delegated investment manager, or by investment management companies or delegated investment managers belonging to the same corporate group, and subject to the AMF's assessment of the information provided by the

management company of the comparable SICAV, in accordance with the requirements stipulated in an AMF Instruction;

2 • The reference UCITS or retail investment fund has been authorised by the AMF and incorporated less than eighteen months before the date of receipt by the AMF of the authorisation application for the comparable SICAV. At the reasoned request of the management company of the comparable SICAV, the AMF may accept an authorized reference UCITS or retail investment fund that has been incorporated for more than eighteen months at the date of receipt of the authorisation application for the comparable SICAV;

3 • The reference UCITS or retail investment fund has not undergone any changes other than those referred to in an AMF Instruction.

At the reasoned request of the management company of the comparable SICAV, the AMF may allow a UCITS or retail investment fund that has undergone changes other than those referred to in the Instruction to be a reference UCITS or retail investment fund;

4 • Subscribers to the comparable SICAV shall meet the subscription and purchasing requirements of the reference UCITS or retail investment fund;

5 • The investment strategy, risk profile, operating rules and articles of association of the comparable SICAV shall be similar to those of the reference UCITS or retail investment fund.

If one of the incorporation documents of the comparable SICAV is different from that of the reference UCITS or retail investment fund, it shall be clearly identified in the authorisation application for the comparable SICAV, in accordance with the procedures stipulated in an AMF Instruction.

The authorisation application of the comparable SICAV shall be filed electronically.

If the AMF asks for further information that requires the submission of a supplementary information sheet, the AMF serves such notice stipulating that the items requested must arrive within sixty days. If it fails to receive the said items within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received all the information requested. The acknowledgement of receipt stipulates a new deadline for authorisation of eight working days or less.

If the comparable SICAV or the reference UCITS or retail investment fund do not comply with the requirements referred to in this Article, the AMF notifies the applicant, stipulating that the supplementary information required to compile an authorisation application under the procedures described in I shall be received within sixty days. If it fails to receive all of the supplementary information within this period, the authorisation application is deemed to be rejected. When all of the supplementary information has been received, the AMF issues a written acknowledgement of receipt and examines the authorisation application for the SICAV under the conditions and procedures referred to in I. The acknowledgement of receipt stipulates a new deadline for authorisation of one month or less.

Article 422-8

In order to grant the authorisation for the SICAV provided for in Article L. 214-24-24 of the Monetary and Financial Code, the AMF examines the articles of association of the SICAV, the investment strategy used to attain the investment objective of the retail investment fund, its fee structure and any share classes, as presented in the articles of association.

The AMF also examines the choice of depositary and the application of the asset management company to manage the SICAV.

Article 422-9

The asset management company or the SICAV, where applicable, shall send the AMF the deposit certificate for the initial capital of the SICAV immediately after the funds have been deposited and within one hundred and eighty working days from the date of authorisation of the SICAV.

For umbrella SICAVs, this certificate shall be sent to the AMF within:

1 • One hundred and eighty working days from the date of authorisation of the SICAV for at least one of the sub-funds; and

2 • Three hundred and sixty working days from the date of notification of the authorisation for the other sub-funds, if any. The deposit certificate shall name the sub-fund(s) that it covers.

If the AMF does not receive the certificate within these time periods, it declares the authorisation null and void under the conditions set out in an AMF Instruction.

Where warranted by special circumstances, the SICAV may make a reasoned request for an extension of the deadline for depositing the funds, which shall reach the AMF before the date on which the authorisation is to be declared null and void and mention the requested deadline. The AMF will notify the SICAV of its decision within eight working days of receiving the request.

Article 422-10

The notification of authorisation of the SICAV is sent to the asset management company or, where applicable, to the SICAV itself under the conditions set out in an AMF Instruction.

Paragraph 2 - Common funds (FCPS)

Article 422-11

I. - Authorisation of an FCP, which is provided for under Article L. 214-24-24 of the Monetary and Financial Code and, where applicable, the authorisation of each sub-fund provided for under the same Article, is subject to prior filing of an application with the AMF containing the elements stipulated in an AMF Instruction.

The AMF notifies the asset management company whether authorisation of the FCP has been granted or refused, within one month of the filing of the application.

If the AMF does not respond for one month following the acknowledgement of receipt of the application, authorisation is deemed to be granted.

If the AMF asks for further information that requires the asset management company to submit a supplementary information sheet, the AMF serves written notice stipulating that it shall receive the items requested within sixty days. If it fails to receive the said items within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received all the information requested. The acknowledgement of receipt stipulates a new deadline for authorisation, which cannot be longer than the one referred to in the second and third paragraphs.

II. - The period referred to in I is reduced to eight working days after the AMF issues the acknowledgement of receipt of the authorisation application, if the FCP applying for authorisation is comparable to a UCITS or a retail investment fund that has already been authorised by the AMF.

The AMF assesses the comparability of the FCP applying for authorisation, called the "comparable FCP", and the UCITS or retail investment fund previously authorised by the AMF, called the "reference UCITS or retail investment fund", with respect to the following:

1 • The reference UCITS or retail investment fund and the comparable FCP are managed by the same asset management company or the same delegated investment manager, or by investment management companies or delegated investment managers belonging to the same corporate group and, subject to the AMF's assessment, of the information provided by the asset management company of the comparable FCP, in accordance with the requirements stipulated in an AMF Instruction;

2 • The reference UCITS or retail investment fund has been authorised by the AMF and incorporated less than eighteen months before the date of receipt by the AMF of the authorisation application for the comparable FCP. At the reasoned request of the

asset management company of the comparable FCP, the AMF may accept an authorised reference UCITS or retail investment fund that has been incorporated for more than eighteen months at the date of receipt of the authorisation application for the comparable FCP;

3 • The reference UCITS or retail investment fund has not undergone any changes other than those referred to in an AMF Instruction.

At the reasoned request of the management company of the comparable FCP, the AMF may allow a UCITS or retail investment fund that has undergone changes other than those referred to in the Instruction to be a reference UCITS or retail investment fund;

4 • Subscribers to the comparable FCP shall meet the subscription and purchasing requirements of the reference UCITS or retail investment fund;

5 • The investment strategy, risk profile, operating rules and fund rules of the comparable FCP shall be similar to those of the reference UCITS or retail investment fund.

If one of the articles of association of the comparable FCP is different from that of the reference UCITS or retail investment fund, it shall be clearly identified in the authorisation application for the comparable FCP, in accordance with the requirements set out in an AMF Instruction.

The authorisation application of the comparable FCP shall be filed electronically.

If the AMF asks for further information that requires the submission of a supplementary information sheet, the AMF serves such notice stipulating that the items requested must arrived within sixty days. If it fails to receive the said items within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received all the information requested. The acknowledgement of receipt stipulates a new deadline for authorisation of eight working days or less.

If the comparable FCP or the reference UCITS or retail investment fund do not comply with the requirements referred to in this Article, the AMF notifies the applicant, stipulating that the supplementary information required to compile an authorisation application under the procedures described in I shall be received within sixty days. If it fails to receive all of the supplementary information within this period, the authorisation application is deemed to be rejected. When all of the supplementary information has been received, the AMF issues a written acknowledgement of receipt and examines the authorisation application for the FCP under the conditions and procedures referred to in I. The acknowledgement of receipt stipulates a new deadline for authorisation of one month or less.

Article 422-12

In order to grant the authorisation for the FCP provided for in Article L. 214-24-24 of the Monetary and Financial Code, the AMF examines the fund rules of the FCP, the investment strategy used to attain the investment objective of the retail investment fund, its fee structure and any share classes.

The AMF also examines the choice of depositary and the application of the asset management company to manage the FCP.

Article 422-13

The asset management company shall send the AMF the deposit certificate for the funds of the FCP immediately after the deposit of the funds and within one hundred and eighty working days from the date of authorisation of the FCP.

For umbrella FCPs, this certificate shall be sent to the AMF within:

1 • One hundred and eighty working days from the date of authorisation of the FCP for at least one of the sub-funds; and

2 • Three hundred and sixty working days from the date of notification of the authorisation for the other sub-funds, if any.

The deposit certificate shall name the sub-fund(s) that it covers.

If the AMF does not receive the certificate within these time periods, it declares the authorisation null and void under the conditions set out in an AMF Instruction.

Where warranted by special circumstances, the asset management company may make a reasoned request for an extension of the deadline for depositing the funds, which shall reach the AMF before the date on which the authorisation is to be declared null and void and mention the requested deadline. The AMF will notify the asset management company of its decision within eight working days of receiving the request.

Article 422-14

The fund rules provided for in Article L. 214-24-35 of the Monetary and Financial Code set the term of the FCP and the minimum amount of its initial assets, which cannot be less than the amount stipulated in Article D. 214-32-13 of the Monetary and Financial Code.

The fund rules stipulate the principles for distributing the distributable sums of the FCP, the subscription and redemption procedures and, where applicable, the procedures governing the rights attaching to the different unit classes. The procedures for distributing the FCP's distributable sums may be defined in the prospectus.

The FCP cannot set up sub-funds unless its fund rules specifically provide for it to do so. An AMF Instruction shall define the contents of the sections in the FCP's fund rules.

Article 422-15

Without prejudice to Article L. 214-24-1 of the Monetary and Financial Code, the marketing of FCP units and, where applicable, sub-fund units, cannot start until the AMF has served notice of its authorisation. The notice will be sent to the asset management company of the FCP under the conditions set out in an AMF Instruction.

Subscriptions may start once this notice has been received.

The founders shall undertake to complete subscriptions, where applicable, before the end of the period stipulated in the abovementioned Instruction for reaching the minimum amount provided for in the FCP fund rules. This period starts upon notification of the FCP's authorisation.

As soon as the amount referred to in the previous paragraph has been reached, the asset management company will determine the first net asset value. The corresponding deposit certificate issued by the depositary shall be sent to the AMF immediately.

If the FCP is an umbrella fund, the depositary shall issue a deposit certificate for each sub-fund.

### Paragraph 3 - Modifications

Article 422-16

Two types of modifications can occur in the life of a retail investment fund:

1 • Changes subject to pre-approval;

2 • Changes subject to ex-post notification.

The procedures for notifying holders and the conditions under which holders can redeem their units or shares are set out in an AMF Instruction.

Sub-paragraph 1 - Changes subject to pre-approval

Article 422-17

An AMF Instruction defines the conditions under which the AMF authorises changes subject to pre-approval affecting a retail investment fund. The authorisation period is eight working days.

Except in the event of the changes mentioned in Articles 411-53, 411-98, 411-100 and 411-104:

1 • The period between the date the holders are informed and the effective date for the change to the retail investment fund shall be between three and ninety days at least, in accordance with the conditions set by an AMF Instruction.

2 • The period between the date the holders are informed and the end of the period for selling without charge shall be between three and ninety days at least, in accordance with the conditions set by an AMF Instruction.

Article 422-18

If a retail investment fund or, where applicable, a sub-fund is liquidated, the statutory auditor produces a report on the valuation of the assets and on the liquidation terms, as well as on the transactions that have taken place since the end of the previous accounting year. This report is made available to the investors. It is sent to the AMF.

Sub-paragraph 2 - Changes subject to ex-post notification

Article 422-19

Retail investment funds that undergo changes subject to ex-post notification shall report them in accordance with the procedures set out in an AMF Instruction.

Paragraph 4 - Constitution of new sub-funds, and changes subject to pre-approval

Article 422-20

The prior authorisation of the AMF is required for constituting sub-funds and making changes subject to pre-approval, as stipulated in Article L. 214-24-24 of the Monetary and Financial Code, in accordance with a procedure set out in an AMF Instruction.

Sub-section 2 - General rules

Paragraph 1 - Subscription and redemption rules

Article 422-21

In accordance with Articles L. 214-24-29 and L. 214-24-34 of the Monetary and Financial Code, FCP units or SICAV shares are issued at the request of the holders and at the net asset value plus or minus charges and fees, as appropriate.

However, the retail investment fund may, in accordance with its rules or articles of incorporation, partially or totally cease, on a provisional or permanent basis, issuing shares or units pursuant to the third paragraph of Article L. 214-24-33 and the third paragraph of Article L. 214-24-41 of the Monetary and Financial Code, in objective circumstances entailing the closure of subscriptions, such as reaching a maximum number of shares or units to be issued, a maximum asset threshold, or the end of a given subscription period.

Shares and units are redeemed on the basis of their net asset values, under the conditions set out in Articles 422-81 to 422-83.

In the event of a temporary suspension under the terms of the first paragraph of Article L. 214-24-33 or the first paragraph of Article L. 214-24-41 of the Monetary and Financial Code, the retail investment fund or, where applicable, the asset management company shall immediately disclose the reasons and the procedures for suspending redemptions to the AMF and to the authorities of all the EU Member States where the units or shares are marketed.

Redemptions may be made in cash or in kind. If the redemption in kind corresponds to a representative pro rata share of the

assets in the portfolio, then the written agreement signed by the outgoing holder must be obtained by the retail investment fund or the management company. Where the redemption in kind does not correspond to a representative pro rata share of the assets in the portfolio, all the unitholders must indicate in writing their agreement authorising the outgoing holder to redeem its shares or units against certain particular assets, as explicitly defined in the agreement.

By derogation from the above, where the retail investment fund is governed by Article 421-27-2, redemptions on the primary market may be carried out in kind under the conditions set out in the fund's prospectus.

Article 422-21-1

In accordance with the final paragraph of Article L. 214-24-33 and the final paragraph of Article L. 214-24-41 of the Monetary and Financial Code, a retail investment fund (FIVG) may temporarily gate the redemption of units or shares in the case it is necessary owing to exceptional circumstances and in order to protect the interests of units or shares holders or those of the public. Such conditions may be met in particular where irrespective of the normal carrying out of the management strategy, the level of redemption orders is such that, given the liquidity conditions of the assets of the SICAV, of the fund, or of one of its sub-funds, these orders cannot be executed on terms that protect the interests of holders and ensure their equitable treatment, or where redemption orders are made under circumstances that may undermine market integrity.

In these cases, redemptions may be gated in the same proportion for all concerned holders, who must be specifically informed of the fact. The part of orders that is unexecuted and that is resubmitted does not have any priority, on the next centralisation dates, over new redemption orders submitted on those dates.

The management company shall notify the AMF of its decision to apply a redemption gate. The management company shall also notify the public, by any means under the conditions set in the prospectus and, at a minimum, on the asset management company's website.

The rules of the common fund (FCP) or the articles of association of the SICAV shall precisely define the conditions under which a redemption gate may be applied, and in particular:

1 • Set the threshold above which the management company may decide to apply a redemption gate to redemption orders received in respect of a single centralisation date;

This threshold shall be justified based on the frequency of net asset value calculation, on the management strategy and on the liquidity of the assets in the UCITS portfolio; the threshold is equal to the ratio between:

— the difference registered on the same centralisation date between the number of redemption requests for units or shares of the UCITS and the number of subscription requests for units or sharesof the UCITS; and

— the net assets of the UCITS or the total number of units or shares of the UCITS, or of the sub-fund in question.

This threshold is determined on the basis of the most recent published net asset value or of the most recent indicative net asset value calculated by the management company, or of the number of units or shares outstanding on the valuation date;

2 • State the procedures according to which the UCITS may either decide to cancel the unexecuted part of redemption orders or to carry them forward until the next centralisation date. However, in the cases where the UCITS calculates its net asset value more than once a week, the unexecuted part of redemption orders is automatically carried forward to the next centralisation date;

3 • Specify whether, and under what terms, the holder may oppose to the carrying forward of the unexecuted part of a redemption order;

4 • Limit the gating of redemption requests to a maximum number of net asset values calculations for a given period; this maximum number must be explained with regard to the frequency of net asset value calculation, the management strategy

and the liquidity of the assets in the UCITS portfolio.

Article 422-21-2

Pursuant to the final paragraph of Article L. 214-24-29 and the final paragraph of Article L. 214-24-34 of the Monetary and Financial Code, between the date at which the subscription or redemption order is centralised and the date at which the retail investment fund's custody account-keeper settles or delivers the units or shares, the fund's prospectus may provide for a period that shall not exceed ten business days where the net asset value is established daily, provided the order is executed no later than the sixth business day after the order was centralised.

### Paragraph 2 - Minimum asset amount

Article 422-22

When the assets of a SICAV or an FCP fall below 300,000 euros, redemption of the SICAV shares or FCP units is suspended.

If the assets remain below the amount stipulated in the first paragraph for thirty days, the retail investment fund is liquidated or subject to one of the operations provided for in Article 422-16.

If the retail investment fund is an umbrella fund, the provisions of this Article apply to each sub-fund.

The provisions of this Article do not apply to the retail investment funds mentioned in Article R. 214-32-39 of the Monetary and Financial Code.

### Paragraph 3 - Classes of FCP units and SICAV shares

Article 422-23

The prospectus mentioned in Article 422-71 may provide for different unit or share classes within the same retail investment fund or within the same sub-fund. These classes may:

1 • Be subject to different rules for distributing income;

2 • Be denominated in different currencies;

3 • Be subject to different management charges;

4 • Be charged different subscription and redemption fees;

5 • Have different par values;

6 • Come with automatic partial or full risk hedging, as defined in the prospectus. Hedging by category of shares or units may apply to only one risk factor in addition, where applicable, to currency risk. This hedging is achieved using derivatives that reduce the impact of hedging transactions on the other unit classes of the retail investment fund to a minimum;

7 • Be reserved for one or more marketing networks.

Subscriptions of a given unit or share class may be reserved for a category of investors defined in the prospectus using objective criteria, such as a subscription amount, a minimum holding period or any other commitment given by the holder.

### Paragraph 4 - Intervention in commodity markets

Article 422-24

For the purpose of assessing significant correlation as provided for in Article R. 214-32-23 of the Monetary and Financial Code, contracts relative to sub-categories of the same commodity shall be considered as being a single contract for a single commodity

when it comes to calculating the diversification limits. Sub-categories of a commodity shall not be considered as being the same commodity if they are not highly correlated.

An AMF Instruction shall set out the procedures for applying this Article.

### Sub-section 3 - Operating rules

#### Paragraph 1 - Contributions and redemptions in kind

Article 422-25
Contributions in kind may include only the assets stipulated in Article L. 214-24-55 of the Monetary and Financial Code.
Contributions and redemptions in kind are valued under the conditions stipulated in Articles 422-26 to 422-32.

#### Paragraph 2 - Accounting and financial provisions

##### Sub-paragraph 1 - Valuation

Article 422-26
The retail investment fund or its asset management company establishes, implements and enforces policies and procedures to compute the net asset value correctly on the basis of its accounting records and to ensure proper execution of subscription and redemption orders at that net asset value.

Article 422-27
The asset management company shall value assets for which no prices have been observed or quoted on the day the net asset value is determined.

Article 422-28
If a retail investment fund issues different unit or share classes, the net asset value of each unit or share class is obtained by dividing the portion of net assets corresponding to the unit or share class in question by the number of units or shares in that class. The procedures for calculating the net asset values for retail investment fund unit or share classes are explained in the prospectus.

Article 422-29
If retail investment fund units or shares are denominated in different currencies, only one currency of account is used to recognise the assets of the retail investment fund or, where applicable, the sub-fund.

Article 422-30
Articles 422-26 to 422-32 apply to each sub-fund of a retail investment fund that is an umbrella fund.

Even if separate accounts are kept, each category of contracts, securities, financial instruments and deposits listed as the assets of sub-funds of the same class in the same retail investment fund, is subject to the same valuation rules.

Article 422-31
The beneficiary's claim on the retail investment fund mentioned in point 2° of II of Article R. 214-32-28 of the Monetary and Financial Code shall be calculated using the following procedures:

1 • The claim is calculated on the basis of all the financial liabilities of the retail investment fund resulting from transactions in financial instruments and contracts mentioned in points 1° to 3° of Article L. 211-36 of the Monetary and Financial Code, before considering the goods and rights that make up the guarantee;

2 • The asset management company obtains disclosure of the value of the claim calculated by the beneficiary of the guarantee;

3 • The asset management company establishes an internal procedure for daily monitoring of the value of the claim disclosed by the beneficiary of the guarantee in application of point 2°;

4 • The internal procedure referred to in point 3° includes an arrangement for reducing any differentials in value found. The procedure establishes the thresholds that trigger the arrangement depending on the nature of the claim and defines the decisions to be made to reduce the valuation differential found.

Article 422-32

The procedures for valuing the goods and rights that make up the guarantee granted by the retail investment fund, mentioned in the sixth paragraph of II of Article R. 214-32-28 of the Monetary and Financial Code, are as follows:

1 • The goods and rights that make up the guarantee are valued in compliance with the valuation rules used by the retail investment fund to value its assets and off-balance sheet items;

2 • The asset management company obtains disclosure of the value of the goods and rights that make up the guarantee from the beneficiary of the goods and rights that make up the guarantee, calculated by the beneficiary;

3 • The asset management company establishes an internal procedure for daily monitoring of the value of the goods and rights that make up the guarantee disclosed by the beneficiary in application of point 2°;

4 • The internal procedure referred to in point 3° includes an arrangement for reducing any differentials in value found. The procedure establishes the thresholds that trigger the arrangement and defines the decisions to be made to reduce the valuation differential found.

Sub-paragraph 2 - Annual financial statements

Article 422-33

The accounts of the retail investment fund shall be kept in such a way that all of its assets and liabilities can be identified directly at any time.

Article 422-34

At the end of each accounting year, the board of directors or the executive board of the SICAV or the asset management company of the FCP compiles an inventory of the various assets and liabilities of the retail investment fund. The depositary sends the certificate provided for in Article 323-10 to the asset management company.

The board of directors or the executive board of the SICAV or the asset management company of the FCP draws up the annual financial statements of the retail investment fund. Where applicable, it submits the amount and date of the proposed distribution to the General Meeting and makes the payments of distributable income provided for in Article L. 214-24-31 of the Monetary and Financial Code.

If the retail investment fund is an umbrella fund, condensed financial statements shall be produced for each sub-fund.

These documents report on the situation on the last day of the retail investment fund accounting year. The statements shall be sent to any holder asking for them.

Article 422-35

The annual financial statements of the retail investment fund are certified by the statutory auditor.

Article 422-36

The annual financial statements of the retail investment fund, along with the report by the board of directors or executive board of the SICAV or the asset management company of the FCP, shall be made available to the statutory auditor within sixty days of the end of the accounting year.

Within two months of receiving the report by the board of directors or the executive board of the SICAV or the asset management company of the FCP, the statutory auditor submits its report to the registered office of the SICAV or of the asset management company, along with the special report provided for in paragraph 3 of Article L. 225-40 of the Commercial Code, where applicable.

Article 422-37
An AMF Instruction determines the contents of the report by the asset management company on the management of the FCP or of the report by the board of directors or the executive board of the SICAV.

Article 422-38
The annual financial statements, the list of assets at the end of the accounting year, the reports by the statutory auditor of a retail investment fund, and the report by the board of directors or the executive board of the SICAV, shall be made available for holders at the registered office of the SICAV or of the asset management company of the FCP. They shall be sent to any holders who request them within eight working days of receiving the request.

Subject to the holder's consent, the documents may be sent electronically.

Sub-paragraph 3 - Advances, contributions and redemptions in kind

Article 422-39
The board of directors or the executive board of the SICAV or the management company of the FCP may decide to distribute one or more advances on the basis of the statements certified by the statutory auditor.

The statutory auditor assesses both the valuation of contributions in kind and their remuneration. The auditor shall also assess the valuation of redemptions in kind. The auditor's report shall be filed within fifteen days after the contribution or redemption.

If the contributions or redemptions in kind involve one or more sub-funds in a retail investment fund, the statutory auditor shall produce a report for each sub-fund concerned.

Where the retail investment fund is governed by Article 421-27-2, contributions or redemptions in kind on the primary market shall not be subject to the provisions provided for in the second and third paragraphs of this article.

Sub-paragraph 4 - Charges paid by the retail investment fund

Article 422-40
If the compensation of the depository's delegates, the asset management company and the companies affiliated to it as defined in Article R. 214-43 of the Monetary and Financial Code that perform tasks on behalf of a retail investment fund or act as counterparties in transactions by the fund, is charged direct to the fund's assets, such charges shall be within the limit of the maximum charges of the fund, as defined in the prospectus, except for the proportion charged by the fund in which the investment is being made.

Article 422-41
The statutory auditor's fees are set by mutual agreement between the auditor and the asset management company, on the basis of the programme of audit tasks deemed to be necessary.

Paragraph 3 - Fund administration

Article 422-42
Fund administration covers the following tasks:

1 • Centralising subscription and redemption orders for units or shares of retail investment funds;

2 • Managing the retail investment fund unit or share registry.

Article 422-43

I. - The key tasks of centralising subscription and redemption orders for units or shares of retail investment funds, under the provisions of article L. 214-24-46 of the Monetary and Financial Code, are as follows:

1 • Providing centralised reception and registration of subscription and redemption orders;

2 • Supervising compliance with the cutoff for centralising subscription and redemption orders referred to in the prospectus;

3 • Reporting the outcome of centralised reception of subscription and redemption orders for the retail investment fund as an amount and, where applicable, as the aggregate number of units or shares subscribed or redeemed;

4 • Valuing the orders after receiving information about the net asset value per unit or share from the retail investment fund. To enable the transfer agent to perform its tasks promptly, the retail investment fund shall send it the information about the net asset value per unit or share as soon as available;

5 • Reporting the information that the institution managing the unit or share registry needs to create or cancel units or shares;

6 • Reporting information about the outcome of the order processing to the entity that sent the order to the transfer agent and to the retail investment fund.

II. - The order registration contains the following information:

1 • The retail investment fund concerned;

2 • The person who gave or sent the order;

3 • The person who received the order;

4 • The date and time of the order;

5 • Payment terms and media;

6 • The type of order;

7 • The order execution date;

8 • The number of units subscribed or redeemed;

9 • The subscription or redemption price per unit;

0 • The total value of the units subscribed or redeemed;

1 • The gross value of the order, including subscription charges, or the net amount after deducting the redemption charges.

Article 422-44

The entity responsible for centralising orders is referred to as the "transfer agent" in the prospectus of the retail investment fund. Where applicable, any entity responsible for centralising orders in accordance with the provisions of Article 422-45 shall be named in the prospectus.

Article 422-45

I. - The transfer agent may delegate the performance of centralising tasks to:

1 • One of the persons referred to in article L. 214-24-46 of the Monetary and Financial Code, or to an investment services provider located in a State party to the European Economic Area agreement;

2 • An intermediary authorised within the European Economic Area to perform centralising tasks within the meaning of Article 422-43.

II. - An agreement is entered into by the transfer agent and the entity to which the performance of centralising tasks is delegated. This agreement shall contain the following clauses:

1 • The key centralising tasks, as referred to in Article 422-43, that are delegated to the entity, including the procedures for registering subscription and redemption orders;

2 • The nature of the information necessary for the entity to perform the tasks delegated to it, along with the procedures for the transfer agent to transmit such information to the entity, especially information about the net asset value of the retail investment fund;

3 • The procedures for handling an event affecting the subscription and redemption process for units or shares of the retail investment fund;

4 • A clause allowing the AMF effective access to the data about centralising subscription and redemption orders for units or shares in the retail investment fund and to the business premises of the entity.

The procedures for terminating the agreement at the initiative of either party shall ensure the continuity and the quality of service provided.

The transfer agent shall give the retail investment fund and, where applicable, the asset management company that represents it, and the depositary, prior notice of any change in the entity to which the centralising tasks have been delegated.

The transfer agent remains responsible for the performance of the centralising tasks that it delegates.

For retail investment funds created before 21 October 2011, the entity mentioned in the prospectus as responsible for centralising orders is presumed to be acting on a delegation from the fund.

Article 422-46

A subscription or redemption order for retail investment fund units or shares sent to a transfer agent or any other entity to which centralising tasks have been delegated becomes irrevocable as of the order centralisation cutoff specified in the fund prospectus.

An irrevocable subscription or redemption order for retail investment fund units or shares requires the investor and the entity that sent the order to the transfer agent, or to any entity to which the performance of centralising tasks has been delegated, to pay for or deliver said units or shares.

Article 422-47

The term "direct order" denotes a subscription and redemption order for retail investment fund units or shares sent directly to the transfer agent and accepted by the latter subject to the provisions of an agreement between the transfer agent and the retail investment fund or, where applicable, the asset management company representing it, that sets out the requirements for accepting and settling direct orders.

The retail investment fund or the asset management company that represents it shall implement an appropriate arrangement for managing the risks involved in accepting and settling such orders.

Article 422-48

The unit or share registry management tasks are as follows:

1 • Producing documented and traceable records of the number of securities corresponding to the creation or cancellation of units or shares resulting from the centralisation of subscription and redemption orders, and determining the resulting number of securities making up the capital of the retail investment fund; the unit or share registry manager ensures that a corresponding entry has been posted to the cash account of the retail investment fund;

2 • Identifying the owners of registered units or shares and recording the number of units or shares owned by each owner. If the retail investment fund is not admitted to the central depositary, the entity responsible for managing the unit or share registry also records the number of bearer units or shares held by the custodians directly identified in the unit or share registry, where applicable;

3 • Organising simultaneous payments and deliveries of securities resulting from the creation or cancellation of units or shares; the registry manager also organises deliveries and, where applicable, payments resulting from any other transfers of units or shares. If a securities settlement and delivery system is used, the unit or share registry manager ensures that it has appropriate procedures in place;

4 • Ensuring that the total number of units or shares issued on a given date corresponds to the number of circulating units or shares on the same date, including registered units or shares and, where applicable, bearer units or shares.

5 • Organising coupon and dividend payments and organising the processing of transactions affecting the retail investment fund units or shares.

Article 422-49

Unit or share registry management is part of the administrative management of the retail investment fund.

The retail investment fund or, where applicable, the asset management company that represents it, may delegate the performance of the unit or share registry management tasks described in Article 422-48 to an investment services provider in accordance with the conditions set out in points 1° to 3° and 5° to 9° of Article 321-97 or, where applicable, Article 318-58.

### Sub-section 4 - Calculation of aggregate risk

#### Paragraph 1 - Measurement of aggregate risk for retail investment funds in relation to financial contracts

Article 422-50

Pursuant to Article R. 214-32-24-1 of the Monetary and Financial Code, for the purposes of this paragraph eligible financial securities and money market instruments including a financial contract are equivalent to financial contracts.

##### Sub-paragraph 1 - General provisions

Article 422-51

I. - The asset management company shall calculate at least once a day the aggregate risk of retail investment funds that it manages. If necessary, and depending on the retail investment fund investment strategy, the asset management company may calculate the aggregate risk of retail investment funds several times a day.

The established aggregate risk limits shall be observed at all times.

II. - The aggregate risk of retail investment funds shall correspond to either of the following values:

1 • Total exposure and leverage of the retail investment fund through financial contracts; this may not exceed the net assets of the retail investment fund;

2 • Market risk for the retail investment fund portfolio.

Article 422-52

I.- In order to calculate the aggregate risk of retail investment funds under its management, the asset management company shall use the commitment approach or the value at risk approach set by an AMF instruction.

For the purposes of this paragraph, the term: "value at risk" denotes the measure of maximum potential loss on the basis of a given level of confidence and for a given period.

II. - Any company managing portfolios of retail investment funds shall ensure that the approaches it uses to measure aggregate risk are appropriate in the light of the corresponding risk profile for the investment strategy of the retail investment fund, the type and degree of complexity of the financial contracts concluded, and the share of the retail investment fund portfolio consisting of financial contracts.

III. - The asset management company shall use the value at risk approach if the retail investment fund that it manages has any of the following characteristics:

a) The retail investment fund uses complex investment strategies that account for a substantial proportion of its investment policy;

b) The exposure of the retail investment fund to non-standard financial contracts is substantial;

c) If the market risks run by the retail investment fund are not adequately taken into account by the commitment approach.

The value at risk approach shall be supplemented by a stress test system. An AMF instruction shall define the concepts of standard and non-standard financial contracts.

IV. - Aggregate risk for a feeder retail investment fund in relation to financial contracts shall be calculated by combining the fund's own direct risk with respect to financial contracts concluded pursuant to Article L. 214-24-57 of the Monetary and Financial Code with the following:

a) Either the actual risk for the master UCITS or AIF in relation to financial contracts, proportionate to the investments by the feeder retail investment fund in the master UCITS or AIF;

b) Or the potential maximum aggregate risk of the master UCITS or AIF with regard to financial contracts specified in the regulations or articles of association of the master UCITS or AIF, proportionate to the investments by the feeder retail investment fund in the master UCITS or AIF.

Sub-paragraph 2 - Commitment approach

Article 422-53

I. - If the asset management company uses the commitment approach to calculate aggregate risk, it shall also use this approach for all positions on financial contracts, irrespective of whether they are used as part of general policy for the retail investment fund, for the purposes of risk reduction or for the purposes of efficient portfolio management, as specified in Article R. 214-32-27 of the Monetary and Financial Code.

II. - If a retail investment fund, in accordance with Article L. 214-24-56 of the Monetary and Financial Code, uses techniques and instruments designed to increase its leverage or exposure to market risk, including repurchase agreements or securities lending or borrowing transactions, the asset management company shall take these transactions into account when calculating aggregate risk.

III. - Calculation of aggregate risk for a retail investment fund using the commitment approach requires the position of each financial contract to be converted into the market value of an equivalent position for the underlying asset for the contract in

question.

The stages of calculation of aggregate risk using the commitment approach and the conversion formulas shall be specified in an AMF instruction.

Article 422-54

I.- The asset management company may take into account netting and hedging arrangements provided that these arrangements do not ignore obvious and material risks and that they result in a clear reduction in risk.

II. - 1° Netting arrangement consist of a combination of positions on financial contracts or securities for the same underlying asset irrespective of their maturity dates, whose sole purpose is to eliminate the risks relating to certain positions taken through other financial contracts or securities.

2° Hedging arrangements consist of a combination of positions on financial contracts and/or financial securities for which:

a) The underlying assets are not necessarily identical

b) The positions are concluded with the sole purpose of offsetting the risks relating to positions taken through other financial contracts or securities.

3° Any retail investment fund which has principally concluded financial contracts relating to interest rates may use specific duration netting rules, for which the relevant procedures are specified in an AMF instruction, in order to take into account correlations between instruments with differing maturities along the interest rate curve. Specific duration netting rules may not be used if they lead to an incorrect valuation of the risk profile of the retail investment fund.

A retail investment fund which uses specific duration netting rules for its financial contracts relating to interest rates may take hedging arrangements into consideration. However, only financial contracts relating to interest rates that have not been taken into account in any hedging arrangement may use these specific netting rules.

Article 422-55

I. - If the use of financial contracts does not create any additional exposure for the retail investment fund, it is not necessary to include the underlying exposure in the commitment calculation if it fulfils the following criteria:

1 • Its purpose is to swap the performance of all or part of the retail investment fund asset with the performance of other reference financial instruments;

2 • It completely eliminates market risk for the swapped assets. Performance of the retail investment fund no longer depends on the performance of the assets that are the subject of the swap;

3 • It does not include any additional optional component, any leverage or any other additional risk relating to any direct investment in the reference assets.

II. - A financial contract shall not be not taken into account in calculation of aggregate risk using the commitment approach if it fulfils the following criteria:

a) Combination of the financial contract and a cash sum invested in assets yielding the risk-free rate of interest offers equivalent exposure to that obtained by a direct investment in the underlying asset;

b) It does not generate any additional exposure or leverage, and does not add any market risk.

III. - If the commitment approach is used, the calculation of aggregate risk need not include any temporary cash borrowing

agreements concluded on behalf of the retail investment fund pursuant to Article R. 214-32-40 of the Monetary and Financial Code.

Sub-paragraph 3 - Value at risk approach

Article 422-56

I. - The aggregate risk of a retail investment fund calculated according to the value at risk approach shall cover all positions in the portfolio.

The maximum value at risk of a retail investment fund shall be set by the asset management company on the basis of how its risk profile is defined.

II. - The value at risk of a retail investment fund shall cover a period of twenty working days with a confidence threshold of 99 per cent. The effective observation period for risk factors shall be no less than two hundred and fifty working days. In the event of any significant increase in price volatility, the value at risk shall be calculated for a shorter observation period. The data sample used for the calculation shall be updated at least quarterly, or more frequently if market prices are subject to material changes.

The conditions in which this section II may be waived shall be specified in an AMF instruction. The value at risk approach shall be performed at least daily.

The calculation stages for aggregate risk using the value at risk approach shall be specified in an AMF instruction.

Article 422-57

I. - In order to calculate aggregate risk using the value at risk approach, the asset management company shall be responsible for choosing the most appropriate approach (either relative value at risk or absolute value at risk) on the basis of the risk profile of the retail investment fund and the investment strategy.

The asset management company shall be able to demonstrate that the value at risk approach used is appropriate. The choice of approach used and the underlying scenarios shall be specified in documentation.

The aggregate risk of a retail investment fund according to the relative value at risk approach shall be equal to the ratio of the value at risk of the retail investment fund portfolio and the value at risk of a reference portfolio whose defining criteria shall be specified in an AMF instruction, minus one, multiplied by the net assets of the retail investment fund.

II. - The absolute value at risk approach for a retail investment fund shall restrict the maximum value at risk it may attain to 20 per cent of the market value of its net assets.

The terms of application of this article shall be detailed in an AMF instruction.

Article 422-58

The asset management company shall install:

1 • An ex-post control mechanism for calculations using the model on previous data, in order to monitor the accuracy and performance of the value at risk model;

2 • A set of stress tests that are stringent, complete and appropriate to the risk profile of the retail investment fund, capable of simulating how the retail investment fund behaves in crisis situations.

3 • Where required by the risk profile and investment strategy, risk management tools and methods appropriate to the risk profile and investment strategy of the retail investment fund, in addition to the resources specified in 1° and 2°.

Sub-paragraph 4 - Aggregate risk for a formula-based retail investment fund

Article 422-59

Aggregate risk for a formula-based retail investment fund shall be measured using either the commitment approach or the value at risk approach.

The formula-based retail investment fund may apply specific rules, defined in an AMF instruction, for calculating aggregate risk using the commitment approach, if it fulfills all the following conditions:

1 • Returns for investors rely on a calculation formula for which the predefined possible results may be divided into a finite number of scenarios that depend on the value of the underlying assets.

Each scenario provides a different result for investors.

2 • Investors shall be exposed to only one result at a time at any point in the lifespan of the retail investment fund;

3 • Use of the commitment approach to measure aggregate risk for each individual scenario is appropriate, pursuant to Article 422-52;

4 • The final maturity of the retail investment fund is no more than nine years after the end of the marketing period;

5 • The retail investment fund does not accept new public subscriptions after the initial marketing period;

6 • The maximum loss that may be sustained by the retail investment fund transitioning from one scenario to another does not exceed 100 per cent of the net asset value at the end of the marketing period;

7 • The impact of each underlying asset on the remuneration profile to be provided to investors on any given date following transition from one scenario to another observes the diversification rules specified in Article R. 214-32-29 of the Monetary and Financial Code on the basis of the net asset value at the end of the marketing period.

Sub-paragraph 5 - Effective date

Article 422-60

In waiver of Article 422-51, if they satisfy the criteria specified in point I° of I of Article R. 214-32-39 of the Monetary and Financial Code and the criteria in points 1° to 3° of I of Article 422-59, formula-based retail investment funds in existence on the date on which Decree 2011-922 of 1 August 2011 came into force may calculate their aggregate risk as being defined by the maximum loss value on the date the financial contracts were concluded, subject to their formula remaining unchanged.

Paragraph 2 - Counterparty risk and issuer concentration

Article 422-61

1 • The asset management company shall ensure that the counterparty risk for the retail investment fund arising from over-the-counter financial contracts is subject to the limits specified in Article R. 214-32-29 of the Monetary and Financial Code.

2 • For the purposes calculating the exposure of the retail investment fund to a counterparty within the limits specified in I of Article R. 214-32-29 of the Monetary and Financial Code, the asset management company shall use the positive value of the market price valuation of the over-the-counter financial contract concluded with this counterparty.

The asset management company may base itself on the net position of a retail investment fund's financial contracts with regard to a given counterparty if it has the rights specified in Article L. 211-36-1 of the Monetary and Financial Code or equivalent foreign provisions for the purposes of ensuring, on behalf of the retail investment fund, that the netting agreements concluded with this counterparty are observed. The net position may be used only for over-the- counter financial contracts to which the retail investment fund is exposed for a given counterparty, and not for other exposures of the retail

investment fund with regard to this counterparty;

3 • The asset management company may reduce the exposure of a retail investment fund to the counterparty for a transaction relating to an over-the-counter financial contract by receiving collateral to the benefit of the retail investment fund. This collateral must be liquid enough to be realised quickly at a price close to its estimated price prior to realisation;

4 • The asset management company shall take the collateral into account when calculating exposure to the counterparty risk as specified in I of Article R. 214-32-29 of the Monetary and Financial Code provided that, on behalf of the retail investment fund, it supplies collateral to the counterparty for transactions relating to an over-the-counter financial contract. The collateral may be taken into account on a net basis only if the asset management company has the legal and regulatory means to ensure that the netting agreements with this counterparty are observed on behalf of the retail investment fund;

5 • The asset management company shall base itself on the underlying exposure corresponding to the use of over-the- counter financial contracts pursuant to the commitment approach in order to ensure it abides by the concentration limits for issuer types specified in Articles R. 214-32-29, R. 214-32-33 and R. 214-32-34 of the Monetary and Financial Code;

6 • For exposure arising from transactions involving over-the-counter financial contracts specified in 3° of III of Article R. 214-32-29 of the Monetary and Financial Code, the asset management company shall include in the calculation any counterparty risk exposure in such contracts.

Article 422-62

Assets received as collateral by the retail investment fund for the purposes of reducing its counterparty risk arising from a financial contract or the temporary acquisition or transfer of financial instruments pursuant to Article 422-61 shall comply with the following principles at all times:

1 • Any asset received as collateral shall be suitably liquid and capable of being sold quickly at a price that is consistent with respect to the price at which it was valued prior to the sale. Assets received as collateral should normally be traded on highly liquid markets and have a transparent price;

2 • Assets received must be capable of being valued at least once a day.

Any inability to value assets received as collateral independently would clearly imperil the retail investment fund, particularly if any such valuation is based on a model and these assets are relatively illiquid.

Where appropriate, the retail investment fund shall apply an appropriate discount to the market value of assets received as collateral.

Furthermore, if any such assets exhibit a significant risk of volatility, the retail investment fund shall apply particularly prudent discounts;

3 • The credit standing of the issuer shall be a significant criterion in assessing the eligibility of assets received as collateral. Appropriate discounts shall be applied to the market value of assets received as collateral if the issuer does not have a high credit rating;

4 • Any high correlation between the counterparty and the assets received as collateral to reduce the exposure of the retail investment fund to this counterparty must be avoided;

5 • Any high concentration of assets received as collateral from a single issuer, a single sector or a single country entails a clear risk for the retail investment fund;

6 • The asset management company shall have appropriate technical and human resources, particularly as regards operational systems and legal expertise, in order to manage collateral effectively;

- Financial collateral involving transfer of title shall be held by the depositary of the retail investment fund. For other types of financial collateral contracts, financial collateral may be held by a third-party depositary if it is subject to prudential supervision and has no link with the financial collateral provider;

- It must be possible for collateral to be realised at any time by the retail investment fund, without the need to inform the counterparty or obtain its approval.

Article 422-63

I. - In order to calculate the counterparty risk specified in I of Article R. 214-32-29 of the Monetary and Financial Code, the retail investment fund shall take into account any collateral granted to an investment services provider and its subsequent variations, relative to financial contracts, concluded on a market specified in 1°, 2° or 3° of I of Article R. 214-32-18 of the Monetary and Financial Code or traded over the counter, that is not protected by client asset protection rules or other similar rules, allowing the retail investment fund to be protected against the risks of bankruptcy of the investment services provider.

II. - In order to calculate the limits specified in III of Article R. 214-32-29 of the Monetary and Financial Code, the retail investment fund shall take into account the net risk to which it is exposed with regard to the transactions specified in Article R. 214-32-27 of the Monetary and Financial Code for any given counterparty. The net risk shall be equal to the amount that may be recovered by the retail investment fund, less (where applicable) any collateral benefiting the retail investment fund.

The risk created by the reuse of collateral benefiting the retail investment fund shall also be taken into account when calculating the issuer ratio.

III. - In order to calculate the limits specified in Article R. 214-32-29 of the Monetary and Financial Code, the retail investment fund shall determine if the counterparty for which it has exposure is an investment services provider, a clearing house or another entity relating to an over-the-counter financial contract.

IV. - The limits specified in Articles R. 214-32-29, R. 214-32-33 and R. 214-32-34 of the Monetary and Financial code shall take into account exposure relating to assets underlying the financial contracts, including incorporated financial contracts, relating to eligible financial securities or money market instruments.

V. - If the retail investment fund calculates concentration limits for each type of entity, the underlyings for financial contracts, including incorporated financial contracts, must be taken into account when determining the exposure to a given issuer arising from these positions.

Exposure relating to a position shall be taken into account when calculating the concentration limits for each type of issuer. Where appropriate, it shall be calculated using the commitment approach.

The measurement of maximum potential loss in the event of default by the issuer shall be taken into account if it gives a more conservative result.

This article shall apply to all retail investment funds, irrespective of whether they use the value at risk (VAR) approach when calculating aggregate risk.

This article does not apply to financial contracts based on an index that fulfils the criteria of Article R. 214-32-25 of the Monetary and Financial Code.

### Paragraph 3 - Procedure for valuation of over-the-counter financial contracts

Article 422-64

I. - The asset management company shall ensure that exposures are the subject of market value valuations that do not rely solely on market ratings carried out by counterparties to the transactions involving over-the-counter financial contracts and that observe the criteria set forth in Article R. 214-32-22 (3) of the Monetary and Financial Code.

II. - For the application of I above, the asset management company shall establish, implement and maintain operational methods and procedures that ensure sufficient, transparent and fair valuation of the retail investment fund's exposure to over- the-counter financial contracts.

The asset management company shall ensure that valuation of the fair value of over-the-counter financial contracts is appropriate, accurate and independent.

The valuation methods and procedures shall be appropriate and proportionate to the nature and complexity of the over-the-counter financial contracts in question.

If the valuation methods and procedures for over-the-counter financial contracts involve business conducted by third parties, the asset management company shall observe the requirements set forth in Article 45 and Article 75 (f) of Commission Delegated Regulation (EU) 231/2013 of 19 December 2012.

### Sub-section 5 - Investor information

Commission Regulation (EU) No 583/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website

Article 422-65
The asset management company shall retain sole liability for the content of documents supplied to AMF to be placed online on its website.

#### Paragraph 1 - Language used in information documents

Article 422-66
I. - In application of Article L. 214-25 of the Monetary and Financial Code, regulations, articles of association, and documents intended to inform shareholders in retail investment funds shall be written in French.

II. - In derogation to I above, regulations, articles of association and documents intended to inform shareholders may be drafted in any language customary for financial matters other than French, provided that the retail investment fund or its asset management fund ensures that the marketing arrangements in place make it possible to avoid these documents being sent or being liable to reach investors located within the territory of the French Republic for whom this language would not be understandable.

#### Paragraph 2 - Key investor information document

Article 422-67
The retail investment fund shall draw up a brief document containing key information for investors known as the "key investor information document" (KIID).

This document shall be drafted pursuant to the procedures set forth in Commission Regulation (EU) 583/2010 of 1 July 2010.

Article 422-68
The key investor information document, whose content is pre-contractual, shall fulfil the following conditions:

1 • It shall feature the words "informations clés pour l'investisseur" ['key investor information'], clearly marked in French.

2 • It shall contain information which is correct, clear, not misleading and consistent with the corresponding sections of the retail

investment fund prospectus.

3 • It shall contain the appropriate information about the essential characteristics of the retail investment fund in question that must be supplied to investors, such that the latter can be reasonably expected to understand the nature and risks of the retail investment fund being offered to them, and consequently, take investment-related decisions in full awareness of the facts.

4 • It shall contain information about the following essential components of the retail investment fund:

a • Identification of the fund;

b • A brief description of its investment aims and its investment policy;

c • A presentation of its past performance or, where applicable, performance scenarios;

d • All related costs and fees;

e • The risk profile with regard to return on investment, including appropriate guidelines and warnings as to the risks inherent in investment in the retail investment fund in question.

These essential components must be understandable for investors without referring to other documentation.

They must be kept up to date.

5 • It shall clearly specify where and how additional information about the proposed investment may be obtained, including where and how the prospectus and annual and half-yearly reports may be obtained, on request, free of charge and at any time, as well as the language in which this information is available to investors.

6 • It shall be written concisely and in non-technical language.

7 • It shall be produced in a standard format, allowing comparisons to be made with other AIFs with key investor information documents or with UCITS.

8 • It shall be presented in such a way that it can be understood by non-professional clients.

Article 422-69

The key investor information document shall contain a clear warning specifying that the retail investment fund and/or its asset management company may be held liable only for any declarations in the document found to be misleading, inaccurate or inconsistent with the corresponding sections of the fund prospectus.

Article 422-70

The retail investment fund shall include its key investor information document in the retail investment fund approval submission supplied to AMF.

Paragraph 3 - Prospectus

Article 422-71

The retail investment fund prospectus shall contain all information necessary for investors to be able to assess the investment offered to them in full awareness of the facts, particularly the risks involved in this investment.

It shall include a clear, easily understandable description of the retail investment fund's risk profile, independently of the assets in which it is invested. The regulations or articles of association of the retail investment fund shall form an integral part of the

prospectus, to which they shall be appended. It is however permissible for regulations or articles of association not to be appended to the prospectus, provided that investors are informed that on request, these documents may be sent to them and/or they are informed as to where they may be consulted.

The essential elements of the prospectus shall be kept up to date.

The contents of the prospectus shall be defined in an AMF instruction.

Article 422-72

The prospectus shall describe all fees to be borne by shareholders or by the retail investment fund, including all taxes, specifying the following:

1 • For fees of which the cost is borne by shareholders:

a • The maximum rate of that part of the subscription or redemption fee that does not revert to the retail investment fund;

b • The rate of that part of the fee that reverts to the retail investment fund and the conditions in which this rate may be reduced.

2 • For costs borne by the retail investment fund, the maximum rates for operating costs and management. Where applicable, in addition to the rate itself, the following additional information shall be specified:

a • The rules governing calculation of turnover commissions;

b • The rules governing calculation of the share of income from temporary acquisition or transfer of securities that is not assigned to the retail investment fund;

c • The maximum costs and fee charges that may be borne for collective investments governed by French or foreign law or third country investment funds acquired by the retail investment fund;

d • The rules governing calculation of variable management fees.

Presentation of the prospectus and the calculation methods for the costs specified in this article shall be detailed in an AMF instruction.

Article 422-73

The prospectus shall define the valuation rules for each class of asset.

Between two net asset value calculations, a retail investment fund may establish and publish an indicative net asset value known as the "estimated value". The prospectus shall specify the conditions in which this is published and advise investors that it cannot be used as a basis for subscription or redemption transactions.

The same warning shall accompany any communication of an estimated value.

Article 422-74

The prospectus shall specify the asset classes in which the retail investment fund is accredited to invest.

It shall also specify whether transactions involving financial contracts are authorised, in which case it shall clearly specify whether these transactions may be carried out for the purposes of hedging or for the purposes of realising investment goals, as well as the possible effects of the use of financial contracts on the risk profile.

Article 422-75

I. - If the retail investment fund invests principally in one of the asset classes defined in Article L. 214-24-55 of the Monetary and Financial Code other than eligible financial securities or money market instruments or if the fund tracks a stock index or debt security index pursuant to Article R. 214-32-25 of the Monetary and Financial Code, its prospectus shall feature a clearly visible statement drawing attention to its investment policy.

II. - If the retail investment fund invests a significant part of its assets in collective investments, its prospectus shall specify the maximum level of management fee that may be invoiced, both to the retail investment fund itself and to the collective investments in which it intends to invest.

III. - The retail investment fund specified in Article R. 214-32-32 of the Monetary and Financial Code shall specify in its prospectus, in a clearly visible fashion, a declaration drawing readers' attention to the authorisation from which it benefits and specifying any Member States of the European Union, local government bodies or international public organisations in whose assets it intends to invest or has invested over 35 per cent of its assets.

IV. - When the retail investment fund indicates in its prospectus that it is a “short-term money market” fund or a “money market” fund, it shall provide appropriate information about its risk/reward profile so that investors can identify specific risks stemming from its investment strategy.

1 • A “short-term money market” retail investment fund :

- a • Must have the primary investment objective of maintaining the principal of the fund and aim to provide a return in line with money market rates;
- b • Must invest in money market instruments that comply with the criteria in Directive 2009/65/EC of 13 July 2009, in term deposits with credit institutions;
- c • Must ensure the money market instruments in which it invests are of a high quality, as determined according to an internal assessment process whereby the retail investment fund or the management company must take into account a combination of factors which include, but are not limited to the following:
  - a • i) The creditworthiness of the instrument;
  - b • ii) The nature of the asset class represented by the instrument;
  - c • iii) The operational and counterparty risks inherent to the structure of the investment for structured financial instruments;
  - d • iv) The liquidity profile;
- d • May, for the purposes of point c.i), also refer to, as appropriate and in a non-exclusive manner, the short-term ratings of the rating agencies registered with the European Securities and Markets Authority which have rated the instrument and which the “short-term monetary fund or its management company may deem relevant whilst at the same time avoiding any mechanical dependence in relation to these notations.
- e • Must limit its investment to financial instruments with a residual maturity until the legal redemption date- corresponding to the contractual maturity date defined in the issuance documents of the financial instruments of no more than 397 days. The residual maturity means the period remaining before the legal redemption date;
- f • Must have a net asset value based on a daily valuation and provide daily subscription and redemption;

g • Must ensure that its portfolio has a weighted average maturity until the portfolio's maturity date calculated according to the procedures defined in Committee of European Securities Regulators'Guidelines of 19 May 2010 under the heading “definitions” of no more than 60 days;

h • Must ensure that its portfolio has a weighted average life until the extinction date of the financial instruments of its portfolio calculated as an average of the financial instruments' final maturities according to the procedures defined in Committee of European Securities Regulators'Guidelines of 19 May 2010 under the heading “definitions” of no more than 120 days;

i • When calculating the weighted average life for financial instruments, including structured financial instruments, base the maturity calculation on the residual maturity until the legal redemption date of the instruments.

However, when a financial instrument embeds a put option before the legal date, the exercise date of the put option may be used instead of the legal residual maturity only if the following conditions are fulfilled at all times:

a • i) The option can be freely exercised by the retail investment fund at its exercise date;

b • ii) The exercise price of the put option is close to the anticipated valuation of the financial instrument at the nearest exercise date;

c • iii) The investment strategy means that there is a strong probability that the option will be exercised at the nearest exercise date.

j • Take into account, for both the weighted average life and weighted average maturity calculations, the impact of financial derivatives, term deposits and the techniques and instruments used for efficient investment management, in accordance with the criteria defined in Article R. 214-32-27, II of the Monetary and Financial Code;

k • Not incur direct or indirect exposure to equity or commodities markets, including via derivatives; and use derivatives only in line with its money market investment strategy. Derivatives that give exposure to the foreign exchange market may be used only for hedging purposes. Investments in financial instruments denominated in a currency other than the currency of the unit or share of the retail investment fund are authorised provided that the exchange rate exposure is fully hedged. ;

l • Must limit its investment in other UCITS and AIFs to those that comply with the definition of a “short-term money market fund”;

m • Must have a constant or a variable net asset value.

2 • A “money market” retail investment fund:

a • Must fulfil the conditions in points a, b, c, d, f, i, j and k of point 1;

Furthermore, a “money market” retail investment fund:

b • Must have a variable net asset value;

c • Must limit its investments to financial instruments with a residual maturity of no more than 2 years, provided that the time remaining until the next interest rate reset date is no more than 397 days. Floating rate securities should reset to a money market rate or index;

d • Must ensure that its portfolio has a weighted average maturity of no more than 6 months calculated according to the procedures defined in Committee of European Securities Regulators'Guidelines of 19 May 2010 in the “Definitions”

section;

e • Must ensure that its portfolio has a weighted average life calculated as the average of the final maturities of financial instruments according to the procedures defined in Committee of European Securities Regulators' Guidelines of 19 May 2010 in the “Definitions” section of no more than 12 months.

f • Must limit its investment in other UCITS and AIFs to those that comply with the definition of “money market” “short-term money market” funds.

Article 422-76

If the net asset value of the retail investment fund is liable to experience high volatility due to the composition of its portfolio or the portfolio management techniques that may be used, the prospectus shall include a clearly visible statement drawing readers' attention to this characteristic.

Article 422-77

If an investor who has received the retail investment fund prospectus so requests, the fund shall supply them with additional information on the quantitative limits that apply to the fund risk management, the methods chosen for this purpose and on recent changes in the principal risks and yields of instrument classes.

Article 422-78

The retail investment fund shall forward its prospectus, and any changes made thereto, to AMF, pursuant to procedures set forth in an AMF instruction.

### Paragraph 4 - Half-yearly reports

Article 422-79

Half-yearly reports for retail investment funds shall contain the elements specified in an AMF instruction.

If the retail investment fund includes sub-funds, a half-yearly report shall also be drafted for each sub-fund.

Article 422-80

The retail investment fund shall supply its half-yearly reports to AMF pursuant to procedures set forth in an AMF instruction.

### Paragraph 5 - Net asset value

Article 422-81

Retail investment funds shall be required to establish their net asset value pursuant to Articles 422-26 to 422-32. This net asset value shall be established and published with a frequency appropriate to the nature of the financial instruments, contracts, securities and deposits held by the retail investment fund.

Retail investment funds shall, as appropriate, publish the net asset value of the shares or units they issue at least twice a month. The frequency of publication of the net asset value of shares or units issued may however be monthly, provided that this is not prejudicial to the interests of shareholders and is subject to prior approval by AMF.

The prospectus shall specify the frequency with which the net asset value is determined and published, and the reference calendar adopted.

Once a net asset value has been published, it must be possible to purchase and redeem retail investment fund shares or units on the basis of this value, pursuant to the terms and conditions set forth in the prospectus.

This article shall apply for each sub-fund.

Article 422-82

Retail investment funds whose shares or units have been admitted for trading on a regulated market that operates regularly shall determine and publish their net asset value on each trading day of the market to which they have been admitted.

This article shall apply for each sub-fund.

Article 422-83

Retail investment funds whose assets exceed 80 million euros shall be required to have the composition of these assets certified by the statutory auditors on a quarterly basis.

Sub-section 6 - Marketing of retail investment funds in France

Article 422-84

Without prejudice to Article L. 214-24-1 of the Monetary and Financial Code, marketing of shares or units in a retail investment fund and, where applicable, in one or more sub-funds, may occur only after having received a marketing authorisation from AMF.

Article 422-85

I. - If the retail investment fund invests mainly in one of the asset classes defined in Article L. 214-24-55 of the Monetary and Financial Code other than eligible financial securities and money market instruments or if the retail investment fund tracks a share index or debt security index pursuant to Article R. 214-32-30 of the Monetary and Financial Code, any communication of a promotional nature shall include a clearly visible statement drawing readers' attention to its investment policy.

II. - If the net asset value of the retail investment fund is liable to experience high volatility due to the composition of its portfolio or the portfolio management techniques that may be used, any communication that is promotional in nature shall include a clearly visible statement drawing readers' attention to this characteristic.

III. - Any retail investment fund specified in Article R. 214-32-32 of the Monetary and Financial Code shall include in any communication of a promotional nature, in a clearly visible fashion, a declaration drawing readers' attention to the authorisation from which it benefits and specifying any Member States of the European Union, local government bodies or international public organisations in whose securities it intends to invest or has invested over 35 per cent of its assets.

Article 422-86

The key investor information document shall be supplied free of charge and in due time to investors, prior to any issue of shares or units in the retail investment fund.

Article 422-87

The retail investment fund may supply the key investor information document on durable media as defined in Article 314-5 or on its website or on that of its asset management company.

A hardcopy version shall be supplied free of charge to any investor who so requests.

An updated version of the key investor information document shall be published on the retail investment fund website or on that of its asset management company.

Article 422-88

The retail investment fund shall supply the key investor information document to all persons marketing its shares or units or providing advice regarding this fund or products with exposure on said fund, at such persons' request.

These persons shall abide by the obligation specified in Article 422-86.

Article 422-89

The prospectus shall be supplied free of charge to any investor who so requests, on durable media as defined in Article 314-5 or by

means of a website.

The most recent annual and half-yearly reports of the retail investment fund shall be supplied free of charge to any investor who so requests, pursuant to the procedures specified in the prospectus and key investor information document.

A hardcopy version of the documents specified in this article shall be supplied free of charge to any investor who so requests.

Article 422-90

Any management fee reversals payable in respect of investments made on behalf of the retail investment fund in shares or units of collective investments governed by French or foreign law or third country investment funds shall be assigned to the fund:

1 • Either by direct payment into the retail investment fund;

2 • Or by being deducted from the management fee charge levied by the asset management company.

Article 422-91

I. - Reversals to the asset management company or any other person or fund of management charges or subscription or redemption fees for investments made by said asset management company on behalf of a retail investment fund marketed within the territory of the French Republic, in shares or units of collective investments governed by French or foreign law or third country investment funds are prohibited, with the exception of the following:

1 • Fees and charges specified in clause 8 of Article 321-119 or 319-14;

2 • Reversals that benefit solely the retail investment fund;

3 • Reversals paid by the master retail investment fund's asset management company for the purposes of compensating a third party tasked with marketing this master fund's feeder retail investment funds;

4 • Reversals designed to remunerate a third party tasked with marketing a collective investment governed by French or foreign law or third country investment fund, provided that this third party acts independently of the asset management company investing in these UCITS, AIFs or investment funds.

II. - In particular, payment to the benefit of the asset management company of reversals is prohibited for the following:

1 • Subscription or redemption fees resulting from investment by the portfolio in a retail investment fund managed in a collective investment governed by French law or foreign law or a third country investment fund;

2 • Management fees arising from investment by the portfolio in a retail investment fund managed in a collective investment governed by French law or foreign law or a third country investment fund.

Sub-section 7 - Miscellaneous provisions

Article 422-94

I. - Article 422-83 does not apply to retail investment funds for which the subscription or acquisition of shares or units is restricted in application of Article L. 214-26-1 of the Monetary and Financial Code.

II. - In waiver of Article 422-22, redemption of shares in any retail investment fund for which the subscription or acquisition of shares or units is restricted in application of Article L. 214-26-1 of the Monetary and Financial Code shall be suspended if the value of its assets falls below 160,000 euros.

III. - In a waiver of sub-section 5 of this section, retail investment funds for which the subscription or acquisition of shares or units

is restricted in application of Article L. 214-26-1 of the Monetary and Financial Code need draft no more than a prospectus whose content is specified in an instruction, subject to having obtained the unanimous agreement of their direct or indirect holders. After the entry into force of the Regulation (EU) n° 1286/2014 of the European Parliament and of the Council of 26 November 2014, this waiver is applicable as long as the shares or units of retail investment funds are not subscribed or acquired by non-professional clients.

IV. - In waiver of section I of Articles 422-7 and 422-11, the time periods shall be reduced to eight working days for retail investment funds for which the subscription or acquisition of shares or units is restricted in application of Article L. 214-26-1 of the Monetary and Financial Code.

For application of Articles 422-86 to 422-89 inclusive, the reference to the key investor information document shall be replaced by a reference to the prospectus.

Article 422-95

Investment funds as defined by Article R. 214-32-19 of the Monetary and Financial Code shall fulfil the following criteria at all times:

1 • Fundholders shall hold enforceable real rights to their assets;

2 • Responsibility for preserving the funds' assets shall be entrusted to one or more companies that are distinct from the asset management company, regulated for this purpose and identifiable by the retail investment fund asset management company;

3 • They shall circulate regular, adequate information; specifically, the shares or units shall be the subject of appropriate valuation performed at least monthly, and their accounts shall be legally obliged to be audited or legally certified at least annually;

4 • They shall not be domiciled in non-cooperative countries or jurisdictions as identified by FATF.

Article 422-96

In waiver of Article 422-67, retail investment funds in existence as of 1 July 2011 may elect not to draft a key investor information document provided that no further subscriptions are possible after 1 July 2013.

Paragraph 1 - Mergers and demergers

Article 422-97

An open-ended investment company (SICAV) or mutual fund (FCP) may merge with any other open-ended investment company or mutual fund.

An open-ended investment company may merge with any other company. Any retail investment fund may be the subject of a demerger.

The rules in this article shall apply, where applicable, to contributions consisting of sub-funds and to transactions relating to multiple sub-funds within a single AIF.

Article 422-98

No planned merger, merger-demerger, demerger or absorption relating to any UCITS or retail investment fund or one or more sub-funds within a UCITS or retail investment fund may result in a UCITS becoming an AIF. The project shall be determined by the executive board or board of directors of the open-ended investment company or by the mutual fund's asset management company. It shall be subject to prior approval by AMF and the conditions set forth in section 1 of this chapter. Notwithstanding the above, in waiver of Articles 422-7 and 422-11, the retail investment fund concerned by the transaction or its asset management company shall be informed, within twenty working days following submission of the request, of whether approval for the transaction has been granted or refused. In the absence of any response from AMF within twenty working days after acknowledgement of receipt by AMF of any such request, approval shall be deemed to have been granted.

As applicable, the merger or demerger project shall specify the name, registered office and trade and companies register number of the open-ended investment companies in question, the name of the mutual fund(s) and the name, registered head office and trade and companies register number of the asset management company or companies.

It shall also specify the grounds, aims and terms of the transaction. It shall specify the date on which the extraordinary general meetings of the open-ended investment companies in question shall be called to rule on share and/or unit exchange ratio.

Article 422-99

If the retail investment fund is managed by an asset management company, the legal costs for the consultancy and administrative services relating to preparation and completion of the merger shall not be invoiced to the absorbed fund, the absorbing fund or their holders.

Article 422-100

In waiver of Article 422-98, any demerger resolved pursuant to the second clause of Article L. 214-24-33 or the second clause of Article L. 214-24-41 of the Monetary and Financial Code shall not be subject to prior approval by AMF; however it must be declared to the latter without delay.

This declaration shall include the following information:

1 • The report issued to holders specified in Articles D. 214-32-12 and D. 214-32-15 of the Monetary and Financial Code;

2 • The list of assets transferred to the professional specialised fund governed by section 2, sub-section 1, paragraph 4 of chapter III herewith.

Article 422-101

I.-For transactions concerning open-ended investment funds, the project shall be lodged with the clerk of the commercial tribunal with jurisdiction for the head office of the open-ended investment funds in question. The statutory auditors shall draw up a supplementary report on the terms of completion of the transaction no later than eight days after this date, unless the holders have exercised their right to apply Article L. 236-10 (II) of the Commercial Code.

The executive board or board of directors of each of the open-ended investment funds in question shall supply the project to the statutory auditors of each open-ended investment fund no later than forty-five days prior to the open-ended investment funds' extraordinary general meetings at which a vote on the transaction is to be held. The transaction shall be carried out by the executive boards or boards of directors of the open- ended investment funds in question, or their agents acting under the control of the statutory auditors of the open-ended investment funds in question. The statutory auditors' reports on the terms of completion of the transaction shall be made available to shareholders no later than fifteen days before the date set for the extraordinary general meetings.

Any creditors of the open-ended investment funds participating in the merger whose debt dates from before the announcement of the planned merger may oppose the latter within thirty days of publication of the announcement in the Official Bulletin of Civil and Commercial Announcements (Bulletin officiel des annonces civiles et commerciales). The statutory auditors shall draft a supplementary report on the final terms of the transaction no later than eight days following its completion.

II. - For transactions relating to mutual funds, the project shall be lodged with the clerk of the commercial tribunal with jurisdiction for the head office of the mutual funds in question.

The executive board or board of directors of each of the mutual funds in question shall supply the project to the statutory auditors of each mutual investment fund no later than forty-five days prior to the open-ended mutual funds' extraordinary general meetings at which a vote on the transaction is to be held. The transaction shall be carried out by the mutual funds' asset management companies, under the control of the statutory auditors of the mutual funds in question.

Any creditors of the mutual funds participating in the merger whose debt dates from before the announcement of the planned

merger may oppose the latter no later than fifteen days prior to the planned transaction date. The statutory auditors shall draft a supplementary report on the final terms of the transaction no later than eight days following its completion.

Article 422-102
Article 422-101 shall not apply to demergers of mutual funds decided pursuant to clause 2 of Article L. 214-24-41 of the Monetary and Financial Code.

Article 422-103
The obligation to redeem or issue shares or units may cease following a resolution, by the executive committee or board of directors of an open-ended investment fund or a mutual fund's asset management company, no more than fifteen days prior to the planned transaction date. The articles of association of open-ended investment funds created by the transactions specified in Article 422-16 shall be signed by their legal representatives. Mutual funds' regulations shall be drafted by their asset management company.

Holders may redeem their shares or units free of charge in accordance with the terms set forth in Article 411-56.

Article 422-104
Any shareholders who, due to exchange ratio, are not entitled to a whole number of shares or units, shall be entitled to redemption of the fractional share or to make a cash payment of the supplement required for a whole share or unit to be assigned to them. No subscription or redemption fees may be added or deducted relating to any such redemptions or payments.

### Paragraph 2 - Master and feeder retail investment funds

Article 422-105
Feeder retail investment funds may have a master UCITS or AIF specified in II of Article L. 214-24-57 of the Monetary and Financial Code.

If the master UCITS or AIF is an AIF under foreign law, approval of the feeder retail investment fund may be granted only if the master UCITS or AIF is subject to the control of a foreign authority with which AMF has concluded an appropriate information exchange and assistance agreement for supervision of these master and feeder UCITS and AIFs, pursuant to the terms set forth in Articles L. 632-1 and L. 632-7 of the Monetary and Financial Code.

Approval of the feeder retail investment fund shall require marketing authorisation for France of the master UCITS or AIF. Article 411-85-1 shall apply to feeder retail investment funds governed by this paragraph.

#### Sub-paragraph 1 - Information exchange agreements between master and feeder retail investment funds and internal rules of conduct

Article 422-106
Feeder retail investment funds or the asset management company representing them shall conclude an information exchange agreement with the master UCITS or AIF or the asset management company representing the latter, pursuant to which the master UCITS or AIF shall supply the feeder retail investment fund with all necessary documentation and information to ensure the latter is in a position to observe its regulatory obligations.

The contents of this agreement shall be specified in an AMF instruction.

Article 422-107
If the master UCITS or AIF and the feeder retail investment fund are managed by the same asset management company, the agreement may be replaced by internal rules of conduct that ensure the requirements set forth in this article are observed. The internal rules of conduct of the asset management company shall specify appropriate measures to minimise any conflicts of interest between the feeder retail investment fund and the master UCITS or AIF, or between the feeder retail investment fund

and other master UCITS or AIF holders, if this risk is not sufficiently covered by the measures taken by the asset management

company to prevent conflicts of interest adversely affecting the interests of its clients, pursuant to Article L. 533-10 (3) of the Monetary and Financial Code.

The contents of these rules of conduct shall be specified by an AMF instruction.

Article 422-108
The master UCITS or AIF and the feeder retail investment fund shall take all appropriate measures to coordinate the schedule for calculation and publication of their net realizable value, in order to prevent any share switching between book value and market value.

Sub-paragraph 2 - Agreement between depositaries

Article 422-109
Prior to approval of the feeder retail investment fund and investment by the latter in shares or units of the master UCITS or AIF, the UCITS or AIF depositaries shall conclude an information exchange agreement in order to ensure proper fulfilment of the obligations of both depositaries.

This agreement shall enable the depositaries of these UCITS or AIFs to receive all the information and documentation required for the performance of their duties.

The contents of this agreement shall be specified in an AMF instruction.

Article 422-110
If the master UCITS or AIF or the feeder retail investment fund is established in a foreign State, the information exchange agreement concluded between the depositaries shall include the same stipulations as the exchange agreement between the master UCITS or AIF and the feeder retail investment fund in terms of the law applicable to the contract and attribution of jurisdiction.

The irregularities specified in II of Article L. 214-24-59 of the Monetary and Financial Code which master UCITS or AIF depositaries may detect in the performance of their duties and which may have a negative impact on the feeder retail investment fund include but are not limited to the following:

a) Errors in the calculation of the net realizable value of the master UCITS or AIF;

b) Errors during the course of transactions performed by the feeder retail investment fund with a view to purchase, subscription or requesting redemption or repayment of master UCITS or AIF units, or on settlement of these transactions;

c) Errors on payment or capitalisation of income from the master UCITS or AIF, or during calculation of related deductions at source;

d) Shortcomings observed with regard to the purpose, policy or investment strategy of the master UCITS or AIF as described in the latter's regulations or articles of association, prospectus or, where applicable, its key investor information document;

e) Breaches of the investment and borrowing limits established by regulations or fund regulations or open-ended investment fund articles of association, their prospectus or, where applicable, their key investor information document.

Sub-paragraph 3 - Agreement between the master and feeder retail investment funds' statutory auditors

Article 422-111
Prior to approval of a feeder retail investment fund, the statutory auditors of the master and feeder UCITS or AIFs shall conclude an information exchange agreement in order to enable the master and feeder UCITS or AIF statutory auditors to receive all necessary documentation and information for the performance of their duties.

The contents of this agreement shall be specified in an AMF instruction.

In their audit report, the feeder retail investment fund's statutory auditors shall take account of the master UCITS or AIF audit report.

If the feeder retail investment fund and the master UCITS or AIF have different financial periods, the statutory auditors of the master UCITS or AIF shall draw up an ad hoc report as of the feeder retail investment fund's closing date.

In particular, the statutory auditors of the feeder retail investment fund shall draft a report on any irregularity noted in the master UCITS or AIF audit report and its impact on the feeder retail investment fund.

If the master UCITS or AIF is established in a foreign State, the information exchange agreement concluded between the statutory auditors of the master UCITS or AIF and the feeder retail investment fund shall include the same stipulations as the exchange agreement between the master and feeder collective investment funds in terms of applicable law and attribution of jurisdiction and, where applicable, the agreement between the depositaries.

### Sub-paragraph 4 - Costs

Article 422-112

If a distribution fee, charge or other monetary advantage relating to an investment in master UCITS or AIF units is paid to the feeder retail investment fund, its asset management company or any person acting on behalf of the former or its asset management company, this fee, charge or other monetary advantage shall be paid into the assets of the feeder retail investment fund.

Article 422-113

The master UCITS or AIF shall not invoice any subscription or redemption fee for the acquisition or redemption of its units by the feeder retail investment fund.

### Sub-paragraph 5 - Information

Article 422-114

The master UCITS or AIF shall ensure that all information required by virtue of law and applicable regulations, its regulations or its articles of association shall be made available in due time to the feeder retail investment fund or, where applicable, its asset management company, as well as to AMF, the depositary and the statutory auditors for the feeder retail investment fund.

Article 422-115

I. - The prospectus for the feeder retail investment fund shall specify the following:

a) That this fund feeds a given master UCITS or AIF and that its assets are wholly and permanently invested in the shares or units of a single, so-called "master" UCITS or AIF and, secondarily, in deposits limited strictly to the amounts required for managing retail investment fund flows. Where applicable, the prospectus should also specify that the feeder retail investment fund may conclude the financial contracts specified in Article L. 214-24-55 of the Monetary and Financial Code;

b) The feeder retail investment fund's investment purpose and policy, its risk profile and information as to whether the performance of the feeder retail investment fund and the master UCITS and AIF is identical, or the extent to which this performance differs and why. The prospectus shall also contain a description of any assets other than master UCITS or AIF shares or units in which the feeder retail investment fund assets may be invested;

c) A brief description of the master UCITS or AIF, its structure and its investment purpose and policy, including its risk profile and an indication of how the master UCITS or AIF prospectus may be obtained;

d) A summary of the agreement between the feeder retail investment fund and the master UCITS or AIF, or the internal rules of conduct established pursuant to Article L. 214-24-58 of the Monetary and Financial Code;

e) An explanation of how shareholders may obtain additional information about the master UCITS or AIF and about the aforementioned agreement concluded between the feeder retail investment fund and the master UCITS or AIF;

f) A description of the remuneration and cost refunds owed by the feeder retail investment fund relating to its investment in the master UCITS or AIF shares or units, and a description of all costs for the feeder retail investment fund and the master UCITS or AIF;

g) A description of the tax consequences for the feeder retail investment fund of investing in the master UCITS or AIF shares or units;

II. - The annual report of the feeder retail investment fund shall specify the information set forth in an AMF instruction and the total costs for the feeder retail investment fund and the master UCITS or AIF.

The annual and half-yearly reports of the feeder retail investment fund shall specify how the annual and half-yearly reports of the master UCITS or AIF may be obtained.

In addition to the obligations specified in Articles 422-70, 422-78 and 422-80, any feeder retail investment fund approved by AMF shall send the latter its prospectus, key investor information document and, where applicable, any amendments thereto and the annual and half-yearly reports for the master UCITS or AIF.

In all related communications documents, feeder retail investment funds shall specify whether the whole of their assets are permanently invested in a single so-called "master" UCITS or AIF and, secondarily, in deposits limited strictly to the amounts required for managing retail investment fund flows, and where applicable, that it is entitled to conclude financial contracts.

The feeder retail investment fund shall supply a hardcopy version of the prospectus and annual and half- yearly reports of the master UCITS or AIF to investors on request, free of charge.

### Sub-paragraph 6 - Conversion of existing retail investment funds into feeder retail investment funds and changes in master UCITS or AIFs

Article 422-116

I. - Any retail investment fund which becomes a feeder for a master UCITS or AIF, or any feeder retail investment fund which changes master UCITS or AIF, shall supply the following information to its holders:

1 • A declaration specifying that AMF has approved its investment in the said master AIF's shares or units;

2 • The prospectus or, where applicable, the key investor information document specified in Article 422-67 for the feeder retail investment fund and the master UCITS or AIF;

3 • The date on which the feeder retail investment fund is to begin investing in the master UCITS or AIF or, if its assets are already invested, the date on which over 20 per cent of its assets will be invested in this UCITS or AIF's shares or units.

II. - Retail investment funds, funds of alternative funds, professional investment funds, company mutual funds and employee shareholder open-ended investment funds shall supply their holders with a declaration specifying that they are entitled, pursuant to the terms set forth in I (4) of Article 411-98, to request redemption or repayment of their shares or units, with no other costs apart from those charged by the retail investment fund to cover disinvestment costs: this entitlement shall be valid as soon as the feeder retail investment fund has supplied the information specified in this article.

### Sub-paragraph 7 - Master retail investment fund mergers and demergers

Article 422-117

If a master UCITS or AIF is affected by merger, merger-demerger, demerger or absorption transactions, any changes this implies for the feeder retail investment fund shall be subject to approval by AMF pursuant to the terms specified in Article 411-101.

Any refusal of approval for the change affecting the feeder retail investment fund(s) shall entail dissolution of the latter, unless they invest their assets in another master UCITS or AIF no later than the day on which the transactions specified above are finally completed.

Feeder retail investment fundholders shall benefit from the same information and no-charge exit opportunities as those set forth in Article 411-100.

Article 422-118
If the feeder retail investment fund changes master UCITS or AIF or converts to a non-feeder UCITS or AIF, it may redeem or refund all the master UCITS or AIF shares or units before the merger or splitting of the latter occurs.

Article 422-119
If a retail investment fund, fund of alternative funds, professional investment fund, company mutual fund or employee shareholder open-ended investment fund is a feeder fund and changes master UCITS or AIF subsequent to the liquidation, merger or splitting of its master UCITS or AIF, this must not adversely affect holders' rights to a no-charge exit by temporarily suspending redemption or repayment, unless exceptional circumstances require a suspension of this nature in order to protect holders' interests.

Article 422-120
Liquidation of a master UCITS or AIF shall entail that of the feeder retail investment fund unless, prior to closing of liquidation, the latter has invested in another master UCITS or AIF or becomes a non-feeder UCITS or AIF.

Any such transaction shall be subject to the prior approval of AMF pursuant to the terms set forth in Article 411-104.

Feeder retail investment fundholders shall benefit from the same information and the same protection as that specified for retail investment fundholders in the event of liquidation and, more generally, that offered to master UCITS or AIF holders.

The procedures to be followed in the event of liquidation of a master UCITS or AIF shall be specified in an AMF instruction.

## Section 2 - Private equity funds (Articles 422-120-1 à 422-120-14)

Article 422-120-1
Chapter I of this part and section 1 of this chapter, with the exception of clauses 2 to 5 inclusive of I and II of Article 422-11 and Articles 422-17, 422-21, 422-21-2 and 422-83, shall apply to retail private equity investment funds (*fonds communs de placement à risques*, FCPR) governed by Article L. 214-28 of the Monetary and Financial Code, including retail venture funds (*fonds communs de placement dans l'innovation*, FCPI) governed by Article L. 214-30 of the same Code and retail local investment funds (*fonds d'investissement de proximité*, FIP) governed by Article L. 214-31 of the same Code.

These funds shall also be subject to the following provisions.

### Sub-section 1 - Establishment and approval

Article 422-120-2
The approval period shall be reduced to eight working days for the so-called "dedicated" retail private equity investment funds listed in Article L. 214-26-1 of the Monetary and Financial Code and, where applicable, their sub-funds.

Article 422-120-3
Retail private equity investment fund regulations may include unit classes with different entitlements to the retail private equity investment fund's net assets or income.

Article 422-120-4
The retail private equity investment fund regulations shall specify the rights for different unit classes, the management strategy, the rules observed by the asset management company in the event of the retail private equity investment fund retaining the

option to act in the acquisition or transfer of securities involving portfolios managed or advised by this asset management company or any related companies.

An AMF instruction shall specify the contents of the retail private equity investment fund's regulations' rubrics and the key investor information document.

Article 422-120-5
Shareholders in a feeder retail private equity investment fund whose entire assets are permanently invested in a retail private equity investment fund shall be expressly informed of the particular rules applicable to this type of feeder fund.

Procedures for this information shall be specified in an AMF instruction.

Sub-section 2 - Operating rules

Article 422-120-6
The conditions in which AMF shall issue approvals for transfers with an impact on retail private equity investment funds shall be defined in an AMF instruction. The approval period shall be eight working days for a transfer, twenty working days for a merger or demerger and fifteen working days for transfer to a feeder AIF.

Article 422-120-7
Retail private equity investment funds may make or receive contributions in kind other than those specified in Article 422-25.

If the contribution transaction is between a retail private equity investment fund and a company with links to the fund's asset management company or between multiple retail private equity investment funds managed by the same asset management company, these contributions may not concern capital or debt securities that have been held for over twelve months. All such contributions shall be valued pursuant to the terms set forth in the asset management fund's regulations and in line with the code of ethics for asset management companies involved in private equity investment.

Article 422-120-8
Retail private equity investment funds, retail venture funds and retail local investment funds may merge only with other retail private equity investment funds, retail venture funds and retail local investment funds respectively.

Article 422-120-9
In the event of a merger, merger-demerger, demerger or absorption affecting one or more retail private equity investment funds or one or more retail private equity investment fund sub-funds, holders of retail private equity investment fund units may redeem their units pursuant to the terms set forth in an AMF instruction.

This option shall not apply to holders of retail private equity investment fund units during the period specified in Article L. 214-28 VII of the Monetary and Financial Code.

Article 422-120-10
If a retail private equity investment fund issues different units, the net asset value of each type of unit, issued at the time of the first total or partial payment of their subscription price or at the time of subsequent payments, shall be obtained by dividing the proportional share of the net assets corresponding to the type of unit concerned by the number of units with identical characteristics. The calculation procedures shall be detailed in the retail private equity investment fund prospectus and regulations.

Article 422-120-11
The net total of fees charged by the asset management company for services and consultancy to companies in which a retail private equity investment fund holds securities shall result in a decrease, in proportion to the stake held, of the fee to which this asset management company is entitled for managing this fund.

The procedures for informing retail private equity investment fund unit holders about these fees shall be specified in an AMF instruction.

### Sub-section 3 - Informing the public

#### Article 422-120-12
Retail private equity investment fund prospectuses shall consist of the retail private equity investment fund regulations: the content of the latter, specifically as regards information about charges, shall be determined by an AMF instruction.

If the retail private equity investment fund regulations allow for allocation of units known as "capital gains units" pursuant to the terms set forth in section II clauses 4 and 5 of Article R. 214-44 of the Monetary and Financial Code, the regulations shall present the characteristics of these units, the risk taken by their holders and the nature of these holders if the latter are not restricted to the asset management company, its officers and its employees.

#### Article 422-120-13
Retail private equity investment fund regulations may specify that the retail private equity investment fund shall publish its net asset value no more than twice a year.

#### Article 422-120-14
If the retail private equity investment fund regulations allow holders the option of requesting advance redemption of their units in the event of any transfer, no such redemption shall entail any costs for the holders.

## Section 3 - Real estate collective investment undertakings (Articles 422-121 à 422-188)

#### Article 422-121
Except where otherwise specified, chapter I of this part shall apply to real estate collective investment undertakings (*organismes de placement collectif immobilier*, OPCI).

#### Article 422-121-1
Real estate collective investment undertakings governed by book II, chapter IV, section 2, sub-section 2, paragraph 3 of the Monetary and Financial Code shall be subject to the provisions of this section, as shall their asset management companies and external valuers.

#### Article 422-122
The term "real estate collective investment undertaking" (*organisme de placement collectif immobilier*, OPCI) shall refer either to open-ended real estate investment companies (*société de placement à prépondérance immobilière à capital variable*, SPPICAV) or real estate investment funds (*fonds de placement immobilier*, FPI).

The term "holder" shall designate unit holders in a real estate investment fund or shareholders in an open-ended real estate investment company.

#### Article 422-123
Constitution of an open-ended real estate investment company shall be governed by Articles 422-4, 422-5 and 422-9. Constitution of a real estate investment fund shall be governed by Article 422-13.

#### Article 422-124
The fund regulations specified in Article L. 214-73 of the Monetary and Financial Code shall state the duration of the real estate investment fund.

#### Article 422-125
Approval of a real estate collective investment undertaking, specified in Article L. 214-35 of the Monetary and Financial Code and, where applicable, the approval of each sub-fund, specified in Article L. 214-85 of the same Code, shall be subject to the procedure specified in Article 422-7 (I) for an open-ended real estate investment company and the procedure specified in Article 422-11 (I)

for a real estate investment fund.

Article 422-126
Without prejudice to Article L. 214-24-1 of the Monetary and Financial Code, marketing of real estate collective investment undertaking shares or units and, where applicable, their sub-funds, shall take place only after notification of AMF approval. This notification shall be subject to the conditions set forth in Article 422-10 for an open-ended real estate investment company and clause 1 of Article 422-15 for a real estate investment fund.

Article 422-127
Within a single real estate collective investment undertaking or a single sub-fund, the prospectus may specify different share or unit classes subject to the terms specified in Article 422-23 with the exception of (1).

Article 422-128
Real estate collective investment undertaking shares or units may be issued at any time at the request of holders on the basis of their net asset value established after the subscription application centralisation deadline, plus:

1 • The variable component of the subscription fee specified in Article 422-129;

2 • Where applicable, the subscription fee.

Real estate collective investment undertaking shares or units may be redeemed at any time at the request of holders on the basis of their net asset value established after the subscription application centralisation deadline, less redemption fees where applicable.

Article 422-129
Without prejudice to Articles 321-116 and 321-118 or 319-12 and 319-13, the subscription fee shall include a variable component forfeit to the real estate collective investment undertaking, the purpose of which is to cover fees and taxes for acquisition or transfer of assets specified in I (1)-(3) inclusive of Article L. 214-36 of the Monetary and Financial Code.

The procedures for calculating this variable component shall be distinctly detailed in the real estate collective investment undertaking prospectus.

Article 422-130
The real estate collective investment undertaking's prospectus and key investor information document shall specify:

1 • The deadline date and time for centralising subscription and redemption orders for real estate collective investment undertaking shares and units;

2 • The date on which the net asset value is established;

3 • The date on which the net asset value will be calculated and published.

The real estate collective investment undertaking prospectus and key investor information document shall also specify the maximum period between the subscription or redemption order centralisation date and the date of delivery or settlement of the shares or units by the depositary. This period shall not exceed six months.

Article 422-131
The prospectus shall define the objective circumstances entailing temporary closure of subscriptions, e.g. when a maximum number of shares or units has been issued or a maximum asset threshold reached.

Article 422-132

If the prospectus states that the real estate collective investment undertaking is restricted to a maximum of twenty holders or an investor class whose characteristics are defined precisely in its prospectus, the real estate collective investment undertaking may cease issuing shares or units.

Article 422-133
In the event of exercise of the option of suspending redemptions set forth in Articles L. 214-67-1 and L. 214-77 of the Monetary and Financial Code, the asset management company shall inform AMF and real estate collective investment undertaking holders of the reasons and procedures for the redemption suspension no later than its time of implementation.

Article 422-134
The redemption of holder units specified in Article L. 214-45 of the Monetary and Financial Code may be suspended if the real estate collective investment undertaking articles of association or regulations provide for this and the redemption request exceeds 2 per cent of the number of real estate collective investment undertaking shares or units. In this case, the real estate collective investment undertaking prospectus shall specify:

1 • The objective conditions constituting grounds for not executing the holder's redemption requests;

2 • The possibility of asset management companies staggering performance of the redemption request and all related conditions.

3 • How the holder is to be informed.

Article 422-134-1
In accordance with Articles L. 214-61-1, L. 214-67-1 or L. 214-77 of the Monetary and Financial Code, redemption requests may be gated if the rules or the articles of association of the real estate collective investment undertaking so provides. The rules or articles of association and the prospectus of the real estate collective investment undertaking shall provide:

1 • The circumstances under which the real estate collective investment undertaking exercise this option;

2 • The procedures for exercising this option;

3 • The procedures for informing holders.

Article 422-135
When subscribing, holders shall immediately inform the asset management company if they exceed the threshold of 10 per cent of the real estate collective investment undertaking's shares or units.

This threshold shall be assessed on the basis of the number of units issued by the real estate collective investment undertaking.

The number of units shall be published by the asset management company on its website on publication of each net asset value.

Article 422-136
If, for a period of twenty-four consecutive months, the asset remains lower than the amount specified in Article D. 214-118 of the Monetary and Financial Code, the real estate collective investment undertaking shall be liquidated, or alternatively one of the transactions specified in Articles L. 214-66 and L. 214-76 of said Code shall be performed.

If the real estate collective investment undertaking includes sub-funds, the provisions of this article shall be applicable to each sub-fund.

Article 422-137
Contributions in kind shall be permitted only for the assets specified in Article L. 214-36 (I) of the Monetary and Financial Code, with the exception of assets specified in I (9) of said article.

The holder information specified in Articles L. 214-66 and L. 214-76 of the Monetary and Financial Code shall be clear and accurate. It shall be the subject of effective circulation to holders pursuant to the terms specified in an AMF instruction.

Article 422-138
There are two possible types of change during the lifetime of a real estate collective investment undertaking:

1 • Changes subject to pre-approval (mutations); this refers to transformations and merger, demerger, dissolution and liquidation transactions;

2 • Changes subject to ex-post notification.

The procedures for informing holders and the circumstances in which they may obtain redemption of their shares or units shall be defined in an AMF instruction.

Article 422-139
The conditions in which AMF shall issue approves changes subject to pre-approval having an impact on real estate collective investment undertakings shall be defined in an AMF instruction. Approval shall be granted within eight working days, except for merger and demerger transactions, for which approval must be granted within twenty working days.

Article 422-140
Any merger, demerger or absorption project for one or more real estate collective investment undertakings or one or more sub-funds thereof shall be determined by the executive board or board of directors of the open-ended real estate investment company or by the real estate investment fund's asset management company or, if the open-ended real estate investment company is a simplified joint stock company (société par actions simplifiée), by the officers of this company. It shall be subject to prior approval by AMF pursuant to the terms set forth in Articles 422-123 to 422-125.

As applicable, the merger or demerger project shall specify the name, registered office and trade and companies register number of the open-ended real estate investment companies in question, the name of the real estate investment fund(s) and the name, registered office and trade and companies register number of the asset management company or companies.

It shall also specify the grounds, purpose and terms of the transaction, as well as the value of the real estate assets specified in point 1° to 3° of I of Article L. 214-36 of the Monetary and Financial Code. It shall specify the date on which the extraordinary general meetings of the open-ended real estate investment companies in question shall be called to rule on share and/or unit exchange ratios.

Article 422-141
The merger, demerger or absorption project shall be lodged with the clerk of the commercial tribunal with jurisdiction for the head office of the companies in question.

The executive board or board of directors of each of the companies in question shall supply the project to the statutory auditors of each company or open-ended real estate investment company concerned no later than forty-five days prior to the open- ended real estate investment companies' extraordinary general meetings at which a vote on the transaction is to be held, or the date set by the executive board or the board of directors of the asset management company for the real estate investment funds in question. The transaction shall be carried out by the executive boards or boards of directors of the open-ended real estate investment companies in question, or the real estate investment funds' management companies, under the control of the statutory auditors of the open-ended real estate investment companies in question. The statutory auditors' reports specified in Article R. 214-126 of the Monetary and Financial Code shall be made available to holders no later than eight days before the date set by the extraordinary general meetings or, in the case of real estate investment funds, by the asset management company or companies.

Article 422-142
The obligation to issue shares or units at any time may be suspended following a resolution, by the executive committee or board

of directors of an open-ended real estate investment company or a real estate investment fund's asset management company, no more than fifteen days prior to the planned date of completion of any of the transactions specified in Article L. 214-66 or L. 214-76 of the Monetary and Financial Code. The articles of association of the open-ended real estate investment company created as a result of these transactions shall be signed by their legal representatives.

Real estate investment funds' regulations shall be drafted by their asset management company.

Holders shall have a period of six months during which they may obtain no-charge redemption of their shares or units.

Any holders who, due to exchange ratios, are not entitled to a whole number of shares or units, shall be entitled to redemption of the fractional share or to make a cash payment of the supplement required for a whole share or unit to be assigned to them. No subscription or redemption fees relating to any such repayments or payments may be added or deducted.

Article 422-143

In the event of liquidation of a real estate collective investment undertakings or, where applicable, a sub-fund, the statutory auditor shall draw up a report of the asset valuation, the terms of liquidation and any transactions since the closure of the previous financial period. This report shall be made available to holders and supplied to AMF.

Article 422-144

If the real estate collective investment undertaking includes sub-funds, the real estate investment fund regulations or open- ended real estate investment company articles of association shall specify the terms and procedures for assigning assets in the event of liquidation of sub-funds.

Article 422-145

Conditions for liquidation and the procedures for allocation of the assets shall be determined by the real estate investment fund regulations or the open-ended real estate investment company's articles of association.

In particular, the real estate investment fund regulations or the open-ended real estate investment companies' articles of association may allow for redemption to take place in kind if the liquidation is concluded by redemption of shares or units.

If the obligation relating to the total net assets specified in Article L. 214-47 of the Monetary and Financial Code is no longer fulfilled, repayment of holders shall take place within the following periods, starting from the date of the transfer signalling liquidation:

1 • Five days for a real estate investment fund and two months for an open-ended real estate investment company if they do not hold any of the real estate assets specified in I (1)-(3) inclusive of Article L. 214-36 of the Monetary and Financial Code;

2 • Twelve months in all other cases.

Article 422-146

Real estate collective investment undertakings affected by changes shall declare this to AMF pursuant to the procedure set forth in an AMF instruction.

Article 422-147

Members of the supervisory board shall be elected by the real estate investment fund unit holders and from among their number.

For the purposes of this election, the asset management company shall carry out a request for candidates that it shall publish on its website and in the periodic disclosure document.

Real estate investment fund unit holders shall reply to this request for candidates on the asset management company's website within three months of its publication.

Candidatures shall include elements offering proof of the independence of the candidate with regard to the asset management company and any related companies as understood in Article R. 214-43 of the Monetary and Financial Code.

No legal or natural person may hold more than five directorships at any one time in the capacity of member of the supervisory board of a real estate investment fund.

The real estate investment fund regulations may further restrict the number of such directorships.

Holding such directorship shall be incompatible with holding any other function liable to create a conflict of interest. The real estate investment fund regulations may specify an age limit for members of the supervisory board.

Article 422-148

Unit holders shall directly elect the members of the supervisory board pursuant to the procedures set forth by the fund regulations.

Elections of the members of the supervisory board shall take place at least every three years. Shareholders may vote by post.

Article 422-149

If the real estate investment fund regulations specify that holders shall be invited to attend a meeting for the purposes of electing the members of the supervisory board, holders shall be invited to attend by the asset management company no later than fifteen working days prior to the date of this meeting, by letter or, subject to agreement by the holder, by e-mail.

The notice to attend shall specify the procedures for postal votes.

Article 422-150

Voting rights of each holder shall be proportional to the number of units they hold in the real estate investment fund.

Article 422-151

If the number of candidates does not exceed the number of positions to be filled, the candidates shall automatically be appointed as members of the supervisory board.

Article 422-152

The term of office for members of the supervisory board shall be three years, renewable twice.

In the event of the decease or resignation of a member of the supervisory board resulting in there being fewer members than the number specified in the fund regulations, the supervisory board shall carry out a temporary appointment to replace the vacant directorship until the relevant directorship expires.

This appointment shall take place within three months from the date on which the position becomes vacant.

Appointees shall be those candidates who have obtained the largest number of votes at the previous election excluding those already appointed to be members of the supervisory board.

The fund regulations may specify the partial renewal of the members of the supervisory board at the time of each election specified in Article 422-147.

Article 422-153

At the first meeting following the election or appointment of new members, the supervisory board shall elect its chairman, by simple majority vote.

Article 422-154

The fund regulations shall determine the rules relating to convening meetings of the supervisory board, how it passes resolutions, and the circumstances in which a member of this board may be represented by another member at a board meeting.

Each member shall hold one vote. In the event of a tie, the chairman shall have the casting vote.

Article 422-155
The supervisory board shall meet at least twice per financial period, convened by its chairman or following any request with supporting grounds by at least one third of its members.

The first meeting of the supervisory board following the establishment of the real estate collective investment undertakings shall be held no later than twelve months after approval of the real estate collective investment undertaking.

The supervisory board's resolutions shall be valid only if at least one half of its members are present.

The chairman shall establish the agenda of the session; this may be supplemented at the request of any member, no later than the day prior to the meeting.

Supervisory board members' attendance shall be noted in a dedicated register. Resolutions passed by the supervisory board shall be recorded in minutes.

Article 422-156
The prospectus shall establish the maximum amount of monies assigned each year for all expenditure relating to the workings of the supervisory board.

These expenses shall be borne by the real estate collective investment undertaking up to this amount, on the basis of proofs supplied by the chairman of the supervisory board to the asset management company.

The fund regulations shall establish the list of these expenses; in particular, these may include:

1 • Where applicable, details of any compensation received by its members;

2 • Training expenses for board members.

Article 422-157
The supervisory board may ask the asset management company to provide training lasting no more than two working days for board members appointed within the previous year.

Article 422-158
The asset management company shall make available all premises required for supervisory board meetings to be held, as well as the staff and technical resources to provide secretarial services for the board.

Article 422-159
When drafting its reports, the supervisory board may request any relevant additional information from the asset management company; the latter shall be required to respond in writing within eight working days.

Article 422-160
Supervisory board reports shall be ratified by a simple majority vote of its members.

Article 422-161
Supervisory board reports shall be made available to holders pursuant to the terms set forth in the fund regulations.

If a holder asks to receive a hardcopy version of the report, the expenses relating to its dispatch by post may be charged to the former.

Article 422-162
Assets other than those specified in I (1)-(3) inclusive of Article L. 214-36 of the Monetary and Financial Code shall be valued pursuant to Articles 422-26 to 422-27.

Article 422-163
The asset management company shall value the assets specified in I (1)-(3) of Article L. 214-36 of the Monetary and Financial Code on each day on which the net asset value is determined.

This valuation shall be on a market value basis.

The asset management company shall implement controllable, formal procedures that supply proof of how the value established has been arrived at.

Article 422-164
The asset management company shall, for the assets specified in I (1) of Article L. 214-36 of the Monetary and Financial Code, establish a schedule of works to be performed within five years. This plan shall be implemented with a frequency appropriate to the characteristics of these assets and shall be made available to AMF.

If the asset management company does not observe the schedule of works, it shall supply the reasons for not doing so in the report specified in clause 3 of Article L. 214-50 of the Monetary and Financial Code.

Article 422-165
I. - The value of the real estate assets specified in I (1) of Article L. 214-36 of the Monetary and Financial Code and the buildings or real estate rights held directly and/or indirectly by the companies specified in I (2) and (3) of the same article that fulfil the conditions laid down in Article R. 214-83 of the Monetary and Financial Code shall be determined in the following manner:

1 • At least four times a year and at three-monthly intervals, each asset shall be valued by two external valuers appointed by the asset management company, which shall establish their remit. One of the valuers shall determine the value of the asset; the other shall perform a critical analysis of this value.

2 • Once a year, each asset shall be the subject of an annual real estate appraisal by an external valuation expert.

The real estate expert analysis for any given asset shall be performed in each successive financial period by each external valuation expert on an alternating basis.

The asset management company shall establish, and communicate to the statutory auditor, a schedule setting forth the application procedures for this clause.

II. - For determination of the value of the buildings and real estate properties held directly by the companies specified in I (2) and (3) of Article L. 214-36 of the Monetary and Financial Code which do not fulfil the conditions set forth in (2) and (3) of Article R. 214-83 of this Code, the external valuers shall perform a critical analysis of the valuation methods used by the asset management company to determine the value of the assets and the extent to which they are appropriate. This critical analysis shall take place at least four times a year, at three-monthly intervals.

Article 422-166
For each real estate asset specified in I (1) of Article L. 214-36 of the Monetary and Financial Code and each building or real estate right held directly or indirectly by the companies specified in I (2) and (3) of the same article, the external valuers shall draft a document specifying the following:

1 • For all assets fulfilling the conditions laid down in Article R. 214-83 of the Monetary and Financial Code, the method used and the value adopted by the external valuation expert to determine the value of the asset, as well as the procedure and controls implemented by the external valuation expert carrying out the critical appraisal of this value. The external valuers who perform the critical value appraisal shall supply this document to the asset management company, the depositary and, at the end of each calendar half-year and on closing of the accounts, to the statutory auditors.

2 • For all assets that do not fulfil the conditions laid down in Article R. 214-83 of said Code, the procedure and controls performed by the external valuers.

The external valuers shall forward this document to the asset management company, the depositary, and at the end of each calendar half-year and closing of the accounts, to the statutory auditor.

Article 422-167

Each external valuation expert shall implement a procedure that allows any difficulties encountered in performance of their duties to be reported. The depositary, asset management company, statutory auditor and AMF shall immediately be made aware of any such difficulties.

Article 422-168

At the end of the financial period, the external valuers shall jointly draft the summary report specified in Article L. 214-55 of the Monetary and Financial Code. This report shall give an account of all their interventions during the financial period and the implementation of the procedure specified in Article 422-165.

Article 422-169

The real estate collective investment undertaking's annual report shall contain the elements specified in an AMF instruction.

Article 422-170

If shares or units in a real estate collective investment undertaking are denominated in different currencies, the assets of the real estate collective investment undertaking or, where applicable, any sub-fund, shall be booked in one currency only.

Article 422-171

The annual accounts of the real estate collective investment undertaking shall be presented pursuant to the accounting plan in force.

Article 422-172

The annual accounts, inventory of assets, reports of real estate collective investment undertaking's statutory auditors, the report of the executive board or board of directors of open-ended real estate investment companies, or the report of the supervisory board of real estate investment funds shall be made available to holders at the registered office of the asset management company. They shall be sent to any holder whose so requests within eight working days following receipt of any such request. Subject to the consent of the holder, they may be dispatched in electronic format.

Article 422-173

The executive board, or board of directors of open-ended real estate investment companies, or the asset management company of a real estate investment fund or, if the open-ended real estate investment company is a simplified joint stock company, the officers of this company, shall determine the amount and date of the distributions specified in Articles L. 214-69 and L. 214-81 of the Monetary and Financial Code.

The executive board or board of directors of open-ended real estate investment companies, or the asset management company of a real estate investment fund or, if the open-ended real estate investment company is a simplified joint stock company, the officers of this company, may resolve to implement interim distributions on the basis of a balance sheet and income statement.

Article 422-174

If a real estate collective investment undertaking reserved for no more than twenty subscribers or a class of subscribers specified

in Article 422-132 exercises the waiver option specified in Article R. 214-120 of the Monetary and Financial Code, the period during which redemption of shares or units of schemes specified in (2) of this article shall not exceed sixty days.

Article 422-175

The investment limits established in Articles R. 214-96 and R. 214-97 of the Monetary and Financial Code shall not apply if the real estate collective investment undertaking nvests in UCITS invested solely in the instruments specified in (1)-(3) inclusive of Article R. 214-93 of said Code.

Article 422-176

The calculation of beneficiary debt claims for real estate collective investment undertakings specified in Article R. 214-10 of the Monetary and Financial Code shall be performed pursuant to the procedures set forth in Article 422-31.

The valuation of the goods or rights making up the collateral granted by the real estate collective investment undertakings specified in Article R. 214-109 of the Monetary and Financial Code shall be performed pursuant to the procedures set forth in Article 422-32.

The commitment calculation specified in Article R. 214-112 of the Monetary and Financial Code shall be performed pursuant to the procedures specified in Articles 422-51 to 422-64 inclusive.

Article 422-177

I. - A key investor information document shall be drafted for all real estate collective investment undertakings pursuant to Articles 422-67 to 422-70 inclusive.

Real estate collective investment undertakings established prior to 3 October 2011 shall establish a key investor information document to replace the simplified prospectus, no later than 1 July 2013.

Details of the information to be specified in the key investor information document shall be set forth in an AMF instruction.

II. - In a waiver of the provisions of I, real estate collective investment undertakings which restrict subscription or acquisition of their shares or units pursuant to II of Article L. 214-35 of the Monetary and Financial Code need draft no more than a prospectus whose content is specified in an AMF instruction, subject to having obtained the unanimous agreement of their direct or indirect holders. After the entry into force of the Regulation (EU) n° 1286/2014 of the European Parliament and of the Council of 26 November 2014, this waiver is applicable as long as the shares or units of real estate collective investment undertakings are not subscribed or acquired by non-professional clients.

In such cases, for application of Articles 422-86 to 422-89, the reference to the key investor information document shall be replaced by a reference to the prospectus.

Article 422-178

A prospectus compliant with Articles 422-71, 422-73, 422-74, 422-76 and 422-77 and subject to approval by AMF shall be drafted for all real estate collective investment undertakings.

In particular, this prospectus shall describe the real estate collective investment undertaking investment policy and its management goals. Details of the information to be specified in the prospectus shall be set forth in an AMF instruction.

Article 422-179

The prospectus shall describe all the fees to be borne by real estate collective investment undertaking holders or by the real estate collective investment undertaking, including all taxes, and specify the following:

**1** • For fees of which the cost is borne by holders:

**a** • The maximum rate of that part of the subscription and redemption fee that does not revert to the real estate collective

investment undertaking

b • The rate of that part of the fee that reverts to the real estate collective investment undertaking and the conditions in which this rate may be reduced;

2 • For costs borne by the real estate collective investment undertaking:

a • The various components of the charges and fees relating to the management of the assets specified in I (1)-(3) of Article L. 214-36 of the Monetary and Financial Code

b • The details set forth in Article 422-72 (2) relating to management of assets other than those specified in a above.

Article 422-180

If the real estate collective investment undertaking includes sub-funds, the prospectus shall describe the characteristics of the real estate collective investment undertaking and those of each of its sub-funds.

Article 422-181

The asset management company shall retain sole liability for the content of documents supplied to AMF to be placed online on the latter's website.

Article 422-182

The prospectus, net asset value, most recent annual report and the most recent periodic disclosure document shall be published on the asset management company's website.

If any person asks to receive these documents in hardcopy format, they shall be sent within one week of receipt of this request; costs relating to the dispatch by post may be charged to the requesting party.

Article 422-183

I. - Articles 422-86 to 422-91 shall apply to distribution of real estate collective investment undertaking shares or units.

II. - Any person marketing real estate collective investment undertaking shares or units shall ensure that subscribers fulfil the subscription conditions specified in Article 422-132.

If the asset management company has concluded a contract to distribute real estate collective investment undertaking shares or units, this contract shall specify the conditions in which subscribers have access to the prospectus and key investor information document, real estate investment fund regulations or open-ended real estate investment company articles of association, and the real estate collective investment undertaking's most recent annual report and periodic statement.

Article 422-184

Real estate collective investment undertakings shall draft the periodic disclosure document specified in Article L. 214-53 of the Monetary and Financial Code, known as the "half-yearly report", at the end of the first half-yearly period.

The contents of this half-yearly report shall be specified in an AMF instruction.

If the real estate collective investment undertaking includes sub-funds, half-yearly reports shall also be drafted for each sub- fund.

The half-yearly report shall be published no later than eight weeks following the end of the first half-yearly period.

Article 422-185

For the transactions listed in an AMF instruction, the asset management company shall publish details of any such transactions performed that involve real estate collective investment undertaking securities during the course of the previous twelve months.

Article 422-186

Real estate collective investment undertakings are required to establish their net asset value. This net asset value shall be established and published with a frequency appropriate to the real estate collective investment undertaking management policy, the type of assets held and the nature of its subscribers. Real estate collective investment undertakings shall establish and publish their net asset value at least every six months and at most twice a month.

If the prospectus specifies that there must be three months or more between two net asset valuations, the real estate collective investment undertaking shall publish the estimated value specified in Article 422-73 at least every three months.

The prospectus shall specify the frequency with which the net asset value is established and published, the valuation method and the reference calendar chosen.

Once a net asset value has been published, it shall be possible to issue and redeem real estate collective investment undertaking shares or units on the basis of this value, pursuant to the terms and conditions set forth in the prospectus.

This article shall apply for each sub-fund.

Article 422-187

The net asset value shall be supplied to AMF on the day it is determined, pursuant to procedures set forth by an AMF instruction.

If the real estate collective investment undertaking issues different classes of share or unit, the net asset value of the units in each class shall be obtained by dividing the proportional share of the net asset corresponding to the unit class concerned by the number of units in this class.

The procedures for calculating the net asset value of the real estate collective investment undertaking unit classes shall be detailed in the prospectus.

Any changes shall be subject to approval by AMF.

Article 422-188

The net asset value shall be obtained by dividing the net assets of the real estate collective investment undertaking by the number of shares or units issued.

## Section 4 - Real estate investment companies and forestry investment companies (Articles 422-189 à 422-249)

### Paragraph 1 - General regime

Article 422-189

Except where otherwise specified, chapter I of this part shall apply to real estate investment companies ( *sociétés civiles de placement immobilier*, SCPI) and forestry investment companies *(sociétés d'épargne forestière*, SEF).

Article 422-189-1

The initial capital for real estate investment companies and forestry investment companies shall be fully subscribed and paid up by the founding members, with no "public offering." The shares shall be non-transferable for a duration of three years from the date of issue of the AMF approval.

Article 422-190

The guarantee specified in Article L. 214-86 of the Monetary and Financial Code shall be supplied by a banking establishment.

It may take the form of joint and personal surety on the part of the real estate or forestry investment company, waiving the benefit of discussion or division.

The text of the bank guarantee issued shall be submitted to AMF when approval is requested. This guarantee shall be specified in the offer document.

Article 422-191

If, on expiry of the statutory one-year period for real estate investment companies or the two-year period for forestry investment companies, the conditions set forth in clause 1 of Article L. 214-116 of the Monetary and Financial Code for real estate investment companies and in Article L. 214-123 of the same Code for forestry investment companies are not fulfilled, the management company shall inform AMF within fifteen days as well as the bank, specifying to the latter the list of subscribers and the amounts to be reimbursed.

This information shall be given by registered letter with return receipt, specifying the date on which the extraordinary general meeting to decide dissolution of the company is to be held.

The meeting shall be convened within a period of two months from expiry of the statutory one-year period.

Refunds to shareholders shall be paid within no more than six months from the date on which the extraordinary general meeting specified above is held.

The bank guarantee may not specify an expiry date that falls prior to the expiry of this six-month period.

Article 422-192

I. - Real estate and forestry investment companies may not make any public offering unless:

1 • They have drafted an offer document authorised by AMF;

2 • They have drafted a subscription form.

II. - Furthermore, the initial public offering shall be subordinate to the following:

1 • Subscription of the original capital by the founders;

2 • Approval by the management company;

3 • Acceptance by the external real estate valuation expert presented or the forestry experts presented;

4 • Approval of the bank guarantee specified in Article 422-190.

Article 422-193

An offer document shall be drafted:

1 • Prior to the "initial public offering";

2 • If the gap between the share subscription price for the real estate or forestry investment company and the replacement value for a share notified to AMF exceeds 10 per cent;

3 • If substantial changes within the real estate or forestry investment company or the management company require the offer document to be updated.

Article 422-194

Any request for approval shall be preceded by authorisation on the part of the extraordinary general meeting, resolved on the

basis of a report drafted by the management company in the following cases:

1 • If there is an issue of new shares after a period of more than three years without any increase in capital. In this case, the management company report shall be approved by the statutory auditors;

2 • If there is a change to the initial investment policy.

Article 422-195

If AMF observes that the offer document no longer corresponds to the actual circumstances of the real estate or forestry investment company, and if there is no response to a formal demand to rectify the situation, the approval for the offer document shall be withdrawn.

The real estate or forestry investment company's management company shall be notified of the decision to withdraw the approval and the supporting grounds for this; it shall inform the supervisory board.

This measure shall prohibit any offer to the public to acquire or subscribe to shares in the real estate or forestry investment company.

Article 422-196

In the event of an increase in capital, prior to any announcement for the purposes of subscribing to shares and before any subscription to these shares, the new share issue shall be the subject of a notice drawn up in the format specified in an AMF instruction.

Prospectuses, circulars, posters and announcements in newspapers informing the public of the share transfer or issue offer shall very clearly specify the existence of the offer document specified in Article L. 412-1 of the Monetary and Financial Code.

Companies which have opted for variable capital pursuant to the conditions set forth in Article L. 231-1 of the Commercial Code shall publish a notice explaining the conditions for subscription or redemption in the event of any change in these conditions (price, entitlement, etc.) pursuant to the same procedures and deadlines as those set forth in clause 1.

Shareholders shall also be made aware of the indications contained in the notice no later than six days prior to the opening of subscriptions, by standard letter.

Article 422-197

In the event of new shares being issued, each investor shall, prior to subscription, receive a complete dossier comprising the following:

1 • The company articles of association

2 • The currently valid offer document authorised by AMF, updated if applicable, printed in easily readable type

3 • The subscription form, to include the indications set forth in the instruction established pursuant to this paragraph

4 • The most recent annual report

5 • The most recent quarterly bulletin.

Any share subscription shall be recorded on a subscription form, dated and signed by the investor or their agent, who shall write the number of shares subscribed in letters. They shall be given a copy of this form.

Article 422-198

Agreements concluded between real estate or forestry investment companies and their management company or any shareholder in the latter shall be approved by the ordinary shareholders' general meeting.

The rate, assessment base and any other components of remuneration of the management company may be specified in the real estate or forestry investment company articles of association. If not, the precise terms of remuneration shall be established by a special agreement concluded between the management company and the real estate or forestry investment company and ratified by the latter's ordinary general meetings.

Shareholders shall be made aware of the terms of remuneration of the management company in an offer document approved by AMF.

All fees or remuneration received by the management company shall be defined in the offer document.

Article 422-199

The supervisory board shall issue an opinion on the motions submitted by the management company to shareholders.

It shall refrain from any management action; in the event of default on the part of the management company, it shall convene a general meeting forthwith with a view to replacing the management company.

Article 422-200

On the occasion of the general meeting called upon to ratify the accounts of the company's third full financial period, the supervisory board shall be wholly renewed in order to ensure the broadest possible representation of shareholders with no links to the founders.

The maximum duration of the mandate of representatives on the supervisory board shall be three years.

Article 422-201

The management company shall observe the strictest neutrality in the conduct of procedures to appoint members of the supervisory board.

Prior to the meeting which is to designate new members of the supervisory board being convened, the management company shall carry out a request for candidatures with a view to ensuring the broadest possible representation of non-founder shareholders.

For the vote to appoint members of the supervisory board, only votes expressed by shareholders who are present and postal votes shall be taken into account.

The list of candidates shall be presented in a motion. Candidates shall be elected on the basis of those who receive the greatest number of votes, up to the number of positions to be filled.

Article 422-202

The ordinary general meeting that is called upon to ratify the annual accounts shall be convened at least once a year within six months following closure of the financial period, subject to this deadline being extended following a court ruling.

Article 422-203

The management company may not contract loans, take on debt or carry out fixed-term purchases on behalf of the real estate or forestry investment company, or may do so only up to a set maximum amount.

The shareholders' general meeting shall establish this amount such that it is compatible with the repayment capabilities of the real estate investment company on the basis of its ordinary income for borrowings and debts, and on the basis of its commitment capabilities for fixed-term purchases.

In the event of the sale of one or more items of the rental real estate assets of the company and if the money is not reinvested, the general meeting shall have sole powers to decide on allocation of the revenue from this sale to:

1 • Total or partial distribution with, where applicable, depreciation of the nominal share value;

2 • Allocation to the redemption fund specified in Articles 422-231 to 422-233 inclusive.

In the event of the sale of one or more items of the company's forestry assets, if the money is not reinvested, the general meeting shall have sole powers to decide on allocation of the revenue from this sale to total or partial distribution with, where applicable, depreciation of the nominal share value.

Article 422-204

For the purposes of this section:

1 • The term "order" used in Article L. 214-93 of the Monetary and Financial Code means any sale or purchase order for real estate or forestry investment company shares sent to the management company or an intermediary.

2 • The term "intermediary" means any person other than the management company who, due to their professional business, is authorised to receive a sale or purchase order relating to real estate or forestry investment company shares

3 • The term "person" means any natural or legal person.

Article 422-205

Orders shall be recorded in a register held at the company's head office pursuant to the terms set forth in an AMF instruction, failing which they shall be null and void.

An order to sell shall be valid for a period of twelve months. Any shareholder having made or passed on an order shall be informed of the expiry date of the order beforehand. The validity period for the order may be extended for a maximum of twelve months if expressly requested by the shareholder.

Recording of orders on the register specified in clause 1 above for a variable-capital real estate investment company or a forestry investment company shall constitute an appropriate measure as understood in Article L. 214-93 (II) of the Monetary and Financial Code. Application of this measure shall entail suspension of redemption requests.

Article 422-206

The management company or intermediary shall be required to forward the five highest purchase prices and the five lowest purchase prices recorded in the register to any person who so requests, as well as the quantities requested and offered at these prices.

On receipt by the management company or intermediary, orders shall be recorded, such that the stages of processing of each order and its various executions may be reconstituted.

Article 422-207

Prior to forwarding orders to the management company, the intermediary shall check that they have all the characteristics specified in an AMF instruction.

The intermediary shall pass on orders to the management company without summing orders of the same nature or with the same limits, and without offsetting sale and purchase orders.

Article 422-208

For the purposes of hedging, the management company may:

1 • Either subordinate recording of purchase orders to payment of funds pursuant to the terms set forth in an AMF instruction;

2 • Or establish a deadline by which funds must be received, on expiry of which orders recorded in the register shall be cancelled if the funds have not been paid. In this case, funds must be received no later than the day before the execution price is determined.

Article 422-209

The management company shall timestamp the orders it receives having ensured that they fulfil the registration conditions.

It shall record them on the register specified in Article 422-205 in chronological order.

Article 422-210

Prior to determination of the execution price, the management company shall ensure that there is no barrier to execution of the sale orders.

In particular, it shall ensure that the assignor has sufficient powers to assign the shares it holds and a sufficient number of shares to honour its sale order if it is executed.

Article 422-211

If due grounds are supplied in a resolution the management company may, on its own liability, suspend the recording of orders on the register after having informed AMF.

If the reason for suspension is the occurrence of a major event which, if it was publicly known, would be liable to have a significant impact on the execution price of shares or the circumstances and rights of shareholders, the management company shall cancel orders in the register and inform its clients or intermediaries on an individual basis.

The management company shall use any and all appropriate means to ensure that this decision and the reasons for it are circulated publicly, effectively and in full.

Article 422-212

The only grounds for change to the frequency established in Article 422-229 for real estate investment companies and 423-243 for forestry investment companies shall be market constraints.

The management company shall make clients, intermediaries and the general public aware of this change no later than six days prior to its effective date.

Procedures for circulating this information to the public shall be specified in the offer document.

Article 422-213

The execution price shall be the price at which the greatest quantity of shares may be traded.

If, at the same time, multiple prices may be determined on the basis of this initial criterion, the execution price shall be the price at which the number of non-traded shares is the lowest.

In the event of neither of these two criteria allowing a single price to be determined, the execution price shall be that closest to the most recent execution price determined.

The execution price, and the quantities of shares traded, shall be made public by any appropriate means on the day on which the price is determined.

In the event of it not being possible to determine an execution price, the management company shall, in the same conditions as

those set forth in the previous clause, publish the highest purchase price and the lowest sale price, each accompanied by the quantities of shares offered.

Article 422-214
Orders shall be executed immediately on determination of the execution price and at this price alone.

Execution shall concern: as a priority, purchase orders recorded with the highest price and sale orders recorded with the lowest price. Orders with equal prices shall be executed in their chronological order of record in the register.

The management company shall record all transactions completed in this manner in the shareholder register without delay.

Article 422-215
The management company shall make the information regarding the price and quantities shown in the order register available to the public. It shall implement any and all means necessary to minimise the following periods:

1 • The time between receipt of orders and them being recorded in the register

2 • The time taken to inform clients and/or intermediaries.

It shall supply proof of orders being executed and them being passed on to clients and intermediaries.

Article 422-216
Intermediaries shall implement any and all means necessary to minimise the following periods:

1 • The time between orders being received and passed on

2 • The time taken to inform their clients.

They shall supply proof of receipt of orders and of them being passed on to clients and the management company.

Article 422-217
Supporting proofs for the various stages specified in Articles 422-215 and 422-216 shall be kept for a period of five years.

Article 422-218
In real estate or forestry investment companies that have opted for variable capital, the management company shall be made aware of redemption requests by registered letter with return receipt.

On receipt, these shall be recorded in the redemption request register and fulfilled in the chronological order in which they are recorded.

Article 422-219
In the event of a fall in the redemption price, the management company shall, by registered letter with return receipt, inform shareholders who have requested redemptions no later than the day before the effective date.

In the absence of any response by shareholders within a period of fifteen days from the date on which the registered letter with return receipt is received, the redemption request shall be deemed to be maintained at the new price.

This information shall be included in the notification letter.

Article 422-220

New shares resulting in an increase in capital may not be issued if, in the register specified in Article 422-218, there are outstanding redemption requests at a price which is less than or equal to the subscription price.

Article 422-221
In order to sell shares publicly, real estate or forestry investment companies may use any form of announcement, provided that the following is specified:

1 • The number of the Bulletin *des annonces légales obligatoires* (statutory legal announcements bulletin) in which the announcement is published;

2 • The name of the real estate or forestry investment company;

3 • The existence of the currently valid offer document authorised by AMF, the date thereof, the approval number and where it may be obtained free of charge.

Article 422-222
In the event of the real estate or forestry investment company's management company losing its accreditation, the general meeting of each of the real estate and/or forestry investment companies in question shall convened within two months in order to choose a management company which agrees to provide management for these real estate and/or forestry management companies.

Paragraph 2 - Special provisions for real estate investment companies

Article 422-223
Any request for approval shall be preceded by ratification by the extraordinary general meeting, resolved on the basis of a report drafted by the management company in the following cases:

1 • If there is an issue of new shares after a period of more than five years without any increase in capital. In this case, the management company report must be approved by the statutory auditors;

2 • If there is a change to the initial investment policy.

Article 422-224
The real estate investment company's management company shall be compensated by means of the following fees:

1 • A subscription fee calculated on the basis of monies received at the time of capital increases;

2 • A transfer fee, calculated on the basis of the amount of the transaction if the transfer is from the register specified in Article 422-205, or a flat fee;

3 • A management fee based on rental income banked, before tax: the assessment basis for this fee may extend to include net financial income if the public is informed thereof.

The articles of association of the real estate investment company or, failing this, the offer document shall clearly specify the assessment base and rate of fees paid to the management company.

4 • A real estate asset acquisition and/or transfer fee calculated on the basis of the amount of the real estate acquisition or transfer;

5 • A monitoring and coordination fee for the performance of works on the real estate assets, calculated on the basis of the total cost of works performed.

Article 422-225

The real estate investment company's management company may not take out loans, take on debt or carry out fixed-term purchases on behalf of the real estate investment company, or may do so only up to a set maximum amount.

The shareholders' general meeting shall establish this amount such that it is compatible with the repayment capabilities of the real estate investment company on the basis of its ordinary income for borrowings and debts, and on the basis of its commitment capabilities for fixed-term purchases.

In the event of the sale of one or more items of the rental real estate assets of the company and if the monies are not reinvested, the general meeting shall have sole powers to decide on allocation of the revenue from this sale to:

1 • Total or partial distribution with, where applicable, depreciation of the nominal share value;

2 • Allocation to the redemption fund specified in Articles 422-231 to 422-233 inclusive.

Article 422-226

I. - Shareholder information shall be provided, pursuant to the terms of an AMF instruction, in the form of written media:

1 • Prior to subscription: the offer document approved by AMF, the subscription form, the articles of association, the most recent annual report and the most recent quarterly bulletin shall be given to future shareholders;

2 • The annual report, quarterly bulletins and circulars.

II. - The management company shall send AMF all documents intended for shareholders, without delay. It shall send AMF, as defined by the latter, the following:

1 • Within one month of the end of each quarter, the statistical information for that period;

2 • Prior to 15 March of each year, the market value and replacement value for the real estate investment company, which must be subject to ratification by the shareholders;

3 • Any changes during the course of the year to these values following their ratification by the supervisory board, accompanied by an explanation.

Article 422-227

Ancien numéro de l'article : 422-19

The management report submitted to the general meeting shall give account of the following:

1 • The management policy implemented, any particular difficulties encountered and the outlook for the company;

2 • Changes in capital and the price of the share;

3 • Changes in and valuation of the real estate assets:

a • Acquisitions (both completed and projected), transfers and, where applicable, maintenance or repair works prior to re-

letting;

b • Presentation of valuation works completed by the real estate expert;

c • An indication that for property acquisitions carried out during the financial period for which the seller has, whether directly or indirectly, a common interest with the management company or shareholders in the real estate investment company, a prior real estate expert assessment has been conducted;

4 • Changes in the share market during the course of the financial period;

5 • Changes in rental income and/or the share of rental income in total income and charges;

6 • The condition of the rental assets at the end of the financial period, building by building: the precise location of each property, its nature, surface area, date of acquisition and completion; where applicable, the purchase price, excluding duties and taxes; the total of all such duties and taxes;

7 • Occupancy of each property: in particular, the occupancy rate in terms of invoiced rents compared to total rent invoice potential, expressed as an annual mean, any significant vacancies observed during the financial period and the shortfall for the real estate investment company.

Article 422-228

Within forty-five days following the end of each quarter, an information bulletin describing the main events in the company life which have occurred during the relevant quarter of the financial period in question.

Article 422-229

The management company shall occasionally, at regular intervals and at a specific time, establish an execution price on the basis of orders recorded in the register.

It shall establish the frequency with which execution prices are determined; however, this shall not be more than three months or less than one working day. This frequency shall be specified in the offer document.

Article 422-230

Management companies for companies specified in Article 422-218 shall determine a redemption price.

No redemption offset by a subscription may be completed at a price in excess of the subscription price, less the subscription fee.

If the redemption is not offset, redemption may not be made at a price in excess of the market value or less than 10 per cent less than the latter, except where permitted by AMF.

Article 422-231

Any creation and endowment of a share redemption fund intended to contribute to fluidity of the share market shall be resolved by the real estate investment company shareholders' general meeting.

The monies assigned to this fund shall be taken from income from transfer of rental assets or profits allocated at the time of ratification of the annual accounts.

Cash and cash equivalents assigned to the redemption fund shall be assigned solely to repayment of the shareholders.

Article 422-232

Any redemption fund created in this manner shall be a specific account dedicated to a single use and kept distinct in the accounts.

Article 422-233

Any recovery of monies available in the redemption fund shall be authorised by shareholders' general meeting resolution, following a report by the management company offering due grounds.

AMF shall be informed of this beforehand.

Article 422-234

The market value and the recovery value of the real estate investment company shall be determined by the management company at the closing of each financial period on the basis of a valuation of the properties, carried out by an independent external valuation expert or several experts acting jointly. Each property shall be the subject of at least one expert appraisal every five years.

This expert appraisal shall be updated each year by the external valuation expert.

The mission of the valuation expert shall cover all the real estate investment company's rental assets.

Any newly appointed external valuation expert may update appraisals carried out less than five years previously.

The expert property appraisal shall be conducted pursuant to methods appropriate for real estate investment companies.

Article 422-235

The external valuation expert shall be appointed by the general meeting for five years, following approval by AMF of their candidature, submitted by the management company.

AMF may request additional information.

Unless there is a request for additional information, the candidature shall be deemed to have been accepted by AMF two months after a complete application has been lodged.

Candidatures for renewal of the external valuation expert shall be submitted to AMF no later than three months prior to the closure of a financial period.

If, during the mandate of the external valuation expert, AMF is of the opinion that the conditions required for them to be accepted are no longer fulfilled, it shall inform the management company of this; the latter shall submit the candidature of a new expert and put forward this candidate for appointment at the general meeting.

Article 422-236

An agreement shall be concluded between the external valuation expert and the real estate investment company. This agreement shall define the mission of the external valuation expert and set their terms of compensation.

The external valuation expert shall make an undertaking to AMF as to the terms of performance of their mission and the nature of their services in a letter, as shown in a template in an AMF instruction.

Paragraph 3 - Provisions specific to forestry investment companies

Article 422-238

I. - The management company's compensation shall consist of three types of fees:

1 • A subscription fee calculated on the basis of the sums received from capital increases;

2 • A transfer fee calculated on the basis of the transaction amount when transfers are made from the register provided for

in Article 422-205 or when transfers are made free of charge or on a flat fee basis;

3 • A management fee, which shall be capped by applying a maximum rate to the market value of the assets under management.

Different rates may be applied according to the category of assets concerned: directly held woodlands and forests, indirectly held woodlands and forests, cash and cash equivalents.

II. - The management fee shall cover expenses for:

1 • Administration and bookkeeping;

2 • Maintaining the register provided for in Article L. 214-93 of the Monetary and Financial Code;

3 • Drawing up basic management plans for directly held forestry assets;

4 • Partner information: producing annual reports and newsletters;

5 • Organising general meetings and supervisory board meetings;

6 • Organising and monitoring management of directly held woodlands and forests, vacant land, equipment and outbuildings (development, maintenance, improvement);

7 • Negotiating and monitoring transactions involving trades, transfers and constitution of real rights provided for by Article R.214-164 of the Monetary and Financial Code;

8 • Organising and monitoring harvesting operations in directly held woodlands and forests (marking and felling);

9 • Incidental expenses arising from timber sales (invoicing, marketing);

0 • Organising and managing forest-related businesses and, more specifically, hunting rights;

1 • Monitoring and attending the general meetings of forestry groups and companies where the sole business is ownership of woodlands and forests in which the forestry investment companies under management hold equity interests;

2 • Managing cash and cash equivalents.

III. - The management fee shall not include:

1 • Insurance expenses;

2 • Appraisers' fees for the forestry appraisals provided for in Article 422-246 et seq. and statutory auditors' fees;

3 • Forestry operating costs and, more specifically, replanting costs, forest and infrastructure maintenance costs, and harvesting costs.

The articles of association of the forestry investment company and the prospectus shall give a precise description of the calculation base and rates used for the fees paid to the management company under the conditions set out in Article 422-198, the maximum management fee rate, the rate structure by asset category and a detailed description of the calculation procedures, rates and calculation bases for the sums actually charged by the management company according to the type of services provided with regard to directly held woodlands and forests.

The calculation bases used may be the market value of the assets under management, the cost of work carried out, net of tax, the charges, net of tax, invoiced for services performed during the financial year, the land area of properties covered by a basic management plan during the financial year and the amount of the ordinary management transactions provided for by Article R. 214-164 of the Monetary and Financial Code.

Any fees in excess of the maximum set out in the articles of association and the prospectus shall be submitted for the partners' approval at the general meeting of the forestry investment company.

Article 422-239

The management company, acting in the name of the forestry investment company, may not contract loans, take on debts or make acquisitions against future payment, unless within the limit of a maximum amount.

The general meeting of the partners shall set this limit so that it is consistent with the forestry investment company's ability to pay on the basis of its ordinary revenues for loans and debts, and with its ability to borrow for acquisitions against future payment.

In the event of the sale of one or more of the company's forest properties without reinvestment of the proceeds, the general meeting shall have the sole authority to decide on the use of the proceeds from the sale for full or partial distribution with, as appropriate, redemption of the par value of the shares.

Article 422-240

I. - An AMF instruction shall stipulate the conditions for making disclosures to partners using printed matter;

1 • Prior to subscriptions: the prospectus reviewed by the AMF, the subscription application, the articles of association, the most recent annual report and the most recent newsletter shall be given to future partners;

2 • The annual report, newsletters and circulars.

II. - The management company shall send all the documents intended for the partners to the AMF immediately. The management company shall also send the AMF, according to the conditions set out in an instruction:

1 • Half-yearly statistics in the month following the end of that half-year;

2 • Before 15 May of each year, the market value and replacement value of the forestry investment company, which must be submitted for the partners' approval;

3 • Any changes in these values over the year after their approval by the supervisory board, along with proof of the change in value.

Article 422-241

The management report submitted to the general meeting shall give an account of:

1 • The management policy implemented, specific problems encountered and the outlook for the company;

2 • Changes in capital and share prices;

3 • Changes and valuation of forest properties:

a • Acquisitions (made and planned), transfers, trades, with information about the financial terms;

b • As appropriate, the guidelines used for basic management plans or amendments drawn up during the financial year or planned for the next financial year;

- c • Works and harvesting carried out and planned under the basic management plans;
- d • As appropriate, planned works and harvesting not covered by the basic management plan for a forest asset involving an amount, net of tax, that is 10 per cent greater than the most recent market value of that asset;
- e • As appropriate, ordinary management operations aimed at improving property access or structures, consolidation of fragmented properties, general interest operations and any other operation provided for by Article R. 214-164 of the Monetary and Financial Code;
- f • As appropriate, appraisals carried out by the forest appraiser and market valuations of equity interests in forestry groups and companies where the sole business is ownership of woodlands and forests held or acquired;

4 • Developments on the market for shares over the year;

5 • Developments in revenue (from rentals, sales of wood, subsidies and other sources) and the proportions of these revenues in aggregate revenue;

6 • Changes in each type of cost incurred by the forestry investment company and, more specifically, fees. All the amounts comprising the management fee should be explained in detail and matched to the asset under management.

The basis for calculating them must also be explained and duly commented upon;

7 • A summary statement of forestry assets at the end of the financial year, with an asset-by-asset presentation for:

- a • Directly held forestry assets;
- b • Equity interests in forestry groups and companies where the sole business is ownership of woodlands and forests;
- c • Information about the location of directly and indirectly held forestry assets by natural region and by local administrative area (département), as well as whether these properties are covered by fire insurance;
- d • A summary of the appraisals and updates of appraisals carried out with information about which proportion of the forestry assets have been subject to appraisals or updates of appraisals during the year;

8 • Cash and cash equivalents and their use:

- a • Cash proportion of the forestry investment company's assets and changes;
- b • Breakdown by investment type and changes.

Article 422-242

Within the four months following the annual general meeting, a newsletter shall be disseminated with information about the major events for the company that occurred in the first half of the financial year.

Article 422-243

The management company shall, at regular intervals and at a set time, fix the execution price periodically by matching the orders recorded in the register.

It shall set the frequency with which execution prices are established, which must be at least once every six months and no more than once every business day. The prospectus shall mention this frequency.

Article 422-244

The articles of association and the prospectus shall specify the proportion of assets invested in cash and cash equivalents and the limits on changes in this proportion.

Article 422-245

The management company of a company referred to in Article 422-218 shall determine the redemption price.

If the redemption is matched with a subscription, the redemption price cannot be higher than the subscription price less the subscription fee.

If the redemption is not matched, the share redemption terms shall be set out in the articles of association and the prospectus. As appropriate, they must also mention the proportion of cash that cannot be used to redeem shares and the consequences of this limit.

Article 422-246

The market value and the replacement value of the forestry investment company shall be established by the management company at the end of each financial year on the basis of:

1 • A valuation of the market value of woodlands, forests, vacant land to be planted, and the accessories and outbuildings listed in Article R. 214-162 of the Monetary and Financial Code, the assets of forestry groups and companies where the sole business is ownership of woodlands and forests and in which the forestry investment company holds at least 50 per cent of the equity interest. This valuation shall be made by one or more independent forest appraisers on the list of forest appraisers provided for in Article R. 171-9 of the Rural Code;

2 • The market value of equity interests held or acquired in forestry groups and companies where the sole business is ownership of woodlands and forests and in which the forestry investment company holds at least 50 per cent of the equity interest. This market value shall be provided in the form of a certificate or a written valuation by the manager of each forestry group or company where the sole business is ownership of woodlands and forests. The management company shall then ensure that the proposed market value of the shares held or acquired is representative of the market for shares during the financial year or valued according to the rules that govern the valuation of forestry assets;

3 • The net value of other assets reported under the supervision of the statutory auditor.

Each forestry property must be appraised prior to acquisition and at least once every 15 years.

The appraisal shall be updated every three years by the forestry appraiser(s), unless exceptional events, works or harvesting require a new update sooner. An event shall be deemed to be exceptional if it affects more than 20 per cent of the land area of a forestry property or involves an amount greater than 20 per cent of the valuation.

A second appraisal shall be made after the tenth anniversary of the forestry investment company covering at least 20 per cent of the forest properties of the company each year, so that all the forest properties have been appraised by the end of the fourteenth year.

The brief of the independent forest appraiser(s) shall cover all the forest properties of the forestry investment company, except for the properties referred to in the second point of the first paragraph of this Article.

A newly appointed forest appraiser shall have the right to update appraisals conducted in the last fifteen years.

The appraisals must be made in compliance with the appropriate forest appraisal methods and recommendations, and in compliance with professional practices.

Article 422-247

The appraiser(s) shall be appointed by the general meeting for a five-year term from the list of forest appraisers following the AMF's acceptance of the candidate put forward by the management company.

The appraiser put forward must be on the list of forest appraisers provided for by Article R. 171-9 of the Rural Code. The AMF shall be entitled to require further information.

Unless the AMF asks for further information, the candidate shall be deemed to be accepted by the AMF two months after the filing of a full application.

Applications for renewal of appraisers must be presented to the AMF at least three months before the end of the financial year.

If the AMF deems that, during the forest appraiser's term, the eligibility requirements are no longer being met, it shall so notify the management company, which shall then put forward a new candidate and propose the appointment of the candidate to the general meeting.

Similarly, if the forest appraiser is no longer on the list of forest appraisers provided for by Article R. 171-9 of the Rural Code, the management company shall so notify the AMF and put forward a new candidate and propose the appointment of the candidate to the general meeting.

Article 422-248

An agreement must be concluded between the appraiser and the forestry investment company. This agreement shall define the appraiser's tasks and set the terms for the appraiser's compensation.

The appraiser shall make an undertaking to the AMF about the conditions for performing those tasks and the nature of the services in a letter based on a form set out in an AMF instruction.

Article 422-249

Mergers of one or more forestry investment companies with one or more forestry groups operating under authorised basic management plans shall be submitted to the AMF in accordance with the procedures set out in an AMF instruction.

These procedures shall differ depending on whether the merger involves one or more forestry investment companies making public offerings.

### Section 5 - Funds of alternative funds (Articles 422-250 à 422-252)

Article 422-250

Unless otherwise indicated, Chapter 1 of this title and Section 1 of this chapter apply to funds of alternative funds covered by Article L. 214-139 of the Monetary and Financial Code, with the exception of Articles 422-21-1, 422-21-2, 422-83 and the second and third paragraphs of Article 422-81.

The time periods referred to in Articles 422-7 and 422-11 shall be reduced to eight business days for the reserved funds of alternative funds referred to in Article L. 214-26-1 of the Monetary and Financial Code and, as appropriate, their sub-funds.

These AIFs are also subject to the following provisions.

Article 422-251

Between the date at which the subscription or redemption order is centralised and the date at which the fund of alternative fund's custody account-keeper settles or delivers the units or shares, the prospectus of the fund of alternative funds may provide for a period that shall not exceed:

1 • Fifteen days where the net asset value is established daily;

2 • Sixty days where the net asset value is not established daily.

The prospectus shall indicate the date of centralisation of the subscription and redemption order for the fund of alternative funds' units or shares, the date of establishment of the net asset value and the latest date by which the net asset value will be calculated and published.

The net asset value shall be calculated and published on the same date.

Article 422-252

The prospectus of the fund of alternative funds shall stipulate that the net value shall be published at least once a month.

## Chapter III - Funds open to professional investors (Articles 423-1 à 423-56)

### Section 1 - Authorised funds (Articles 423-1 à 423-15)

#### Sub-section 1 - Professional investment funds

Article 423-1

Unless otherwise indicated, Chapter 1 and Section 1 of Chapter II of this Title apply to professional investment funds covered by Article L. 214-143 of the Monetary and Financial Code, with the exception of Articles 422-21-1, 422-21-2, 422-83 and the second and third paragraphs of Article 422-81. For the purposes of its application to professional investment funds, Point 6° of Article 422-23 shall be replaced by the following Point 6°:

6° Apply different management strategies, as defined in the prospectus.

The time periods referred to in Articles 422-7 and 422-11 shall be reduced to eight business days for reserved professional investment funds referred to in Article L. 214-26-1 of the Monetary and Financial Code and, as appropriate, their sub-funds.

These funds are also subject to the following provisions.

##### Paragraph 1 - Subscription and purchase

Article 423-2

Subscriptions and purchases of units or shares in professional investment funds are reserved for:

1 • Investors referred to in the first paragraph of Article L. 214-144 of the Monetary and Financial Code;

2 • Investors whose initial subscription is EUR 100,000 or more;

3 • All other investors, as soon as subscription and purchase is performed in their name and on their behalf by an investment service provider acting as part of an asset management investment service according to the conditions set in I of Article L. 533-13 of the Monetary and Financial Code and Article 314-11.

Article 423-3

If a non-resident of France subscribes or purchases units or shares in professional investment funds marketed in other countries, the investors for whom subscriptions and purchases of these funds are reserved and the conditions under which they may waive their rights to advice shall be governed by the law of the country in which the marketing takes place.

Article 423-4

Any direct or indirect solicitations for subscriptions and purchases of units of shares in a professional investment fund shall come

with a warning that subscriptions and purchases of units or shares in this fund, made directly or through an intermediary, are reserved for the investors referred to in Article 423-2. This warning shall also state that the fund may adopt special investment rules.

Article 423-5
Investors shall give written acknowledgement, when making the first subscription or purchase, that they have been warned that the subscription or purchase of units of shares in the fund, made directly or through an intermediary, is reserved for the investors referred to Article 423-2.

Article 423-6
The depositary, or the person named by regulation or in the articles of association of the fund shall ensure that the subscribers or purchasers meet the eligibility criteria and that they have received the information required under the provisions of Articles 423-4 and 422-86. They shall also ensure that the written acknowledgement referred to in Article 423-5 exists.

Article 423-7
Between the date at which the subscription or redemption order is centralised and the date at which the fund's custody account-keeper settles or delivers the units or shares, the prospectus of the fund may provide for a period that shall not exceed:

1 • Fifteen days where the net asset value is established daily;

2 • Sixty days where the net asset value is not established daily.

The prospectus shall indicate the date of centralisation of the subscription and redemption order for the fund units or shares, the date of establishment of the net asset value and the latest date by which the net asset value will be calculated and published.

The net asset value shall be calculated and published on the same date.

Article 423-8
The management fee for professional investment funds may include a variable component that is paid as soon as the first euro of positive performance is posted. The procedures for calculating and paying this fee shall be explained in the prospectus.

Article 423-9
Professional investment funds may prepare only a prospectus whose content is specified by an AMF instruction.

For the purposes of applying Articles 422-86 to 422-89, the reference to the key investor information document shall be replaced in such case by a reference to the prospectus.

### Paragraph 2 - Net asset value

Article 423-10
The professional investment fund prospectus shall stipulate that the net value shall be published at least once a month.

### Paragraph 3 - Calculating aggregate risk

Article 423-11
I. - By way of derogation to III of Article 422-55, where a professional investment fund that uses the option provided for in III of Article R. 214-193 of the Monetary and Financial Code and employs the commitment approach, it shall take account of these temporary cash borrowing arrangements when calculating aggregate risk.

II. - By way of derogation to II of Article 422-57, where a professional investment fund uses the option provided for in III of Article R. 214-193 of the Monetary and Financial Code, the maximum value at risk that it may attain may not exceed 30 per cent of the market value of its net assets.

Sub-section 2 - Professional real estate collective investment undertakings

Article 423-12

Except where otherwise stipulated, professional real estate collective investment undertakings shall apply Chapter I and Section 3 of Chapter II of this Title and Articles 423-4 to 423-6 and Article 423-8. For the purposes of its application to professional real estate collective investment undertakings, Point 6° of Article 422-23 shall be replaced by the following Point 6°:

6° Apply different management strategies, as defined in the prospectus.

They are also subject to the following provisions.

Article 423-13

I.-At least two times per year and at an interval of six months, each asset is valued by an external valuation expert.

II.- Once a year, each asset is subject to an expert real estate appraisal.

The management company shall prepare and transmit to the statutory auditor a plan specifying the conditions for applying this article.

III. - To determine the value of the property and rights in rem held indirectly by the companies referred to in 2° and 3° of I of Article L. 214-36 of the Monetary and Financial Code that do not meet the requirements set out in 2° and 3° of Article R. 214-83 of the same code, the expert external appraisers shall conduct a critical examination of the valuation methods used by the management company to determine the value of the assets and the relevance of said value. This critical examination shall take place at least twice a year.

Article 423-14

Subscriptions and purchases of professional real estate collective investment undertakings are reserved for:

1 • Investors referred to in Article L. 214-150 of the Monetary and Financial Code;

2 • Investors whose initial subscription is EUR 100,000 or more;

3 • All other investors, as soon as subscription and purchase is performed in their name and on their behalf by an investment service provider acting as part of an asset management investment service according to the conditions set in I of Article L. 533-13 of the Monetary and Financial Code and Article 314-11.

4 • Retail investors as defined by Regulation (EU) 2015/760 and under the terms of the aforementioned Regulation, provided the fund is authorised as a European long-term investment fund in accordance with the same regulation.

Article 423-15

By way of derogation to Articles 422-34, 422-129, 422-130, 422-177, 422-178 and 422-183, professional real estate collective investment undertakings may not prepare a key investor information document. The reference to the key investor information document shall be in such case replaced by a reference to the prospectus.

Section 2 - Declared funds (Articles 423-16 à 423-56)

Sub-section 1 - Professional specialised funds

Article 423-16

Professional specialised funds governed by Articles L. 214-154 to L. 214-158 of the Monetary and Financial Code and, for limited partnerships (*sociétés de libre partenariat*, hereafter SLP), Articles L. 214-162-1 to L. 214-162-12 ibid shall apply Chapter 1 of this Title and Article 422-75, IV.

These funds are also subject to the following provisions, except where otherwise provided for SLPs.

Article 423-17
The obligation to declare under Article L. 214-153 of the Monetary and Financial Code is met by filing a file, with the AMF, that includes information specified in an AMF instruction. This declaration must be made within the month following the preparation of the statement or the certificate of filing of the professional specialised fund or sub-fund mentioned in Articles 422-9 and 422-13.

Confirmation of receipt of the declaration shall be sent within eight business days following receipt.

Paragraph 1 - Formation

Article 423-18
No subscriptions may be accepted until the prospectus for the professional specialised fund has been drawn up. The prospectus shall be provided to subscribers prior to subscription or purchase of units or shares.

Article 423-19
An AMF instruction shall specify the content of a professional specialised fund prospectus. It will include the identity of the asset management company and the depositary and specify the investment rules and operation of the professional specialised fund as well as all the conditions for direct and indirect compensation of the asset management company and the depositary.

The rules or the articles of association of the professional specialised fund are an integral part of the prospectus to which they are attached, with the exception of SLPs, for which the prospectus is composed of their articles of association in accordance with Article L. 214-162-10 of the Monetary and Financial Code.

Article 423-20
The prospectus shall explicitly state that the professional specialised fund is not subject to the authorisation of the AMF.

Article 423-21
I. Articles 422-4, 422-5, 422-23 and 422-105 to 422-120 shall be applicable. For the purposes of its application to specialised professional funds, Point 6° of Article 422-23 shall be replaced by the following Point 6°:

6° Apply different management strategies, as defined in the prospectus.

II. - Furthermore, for SLPs:

1 • When applying Article 422-4, references to « shareholders » shall be replaced by references to « general partners » and references to « first directors and members of the executive board or supervisory board » are replaced by references to the « managers »;

2 • When applying Articles 422-4 and 422-5, references to the « SICAV » are replaced by references to the « SLP ».

Paragraph 2 - Operating rules

Article 423-22
Promotional communications concerning professional specialised funds or sub-funds shall mention the existence of a prospectus and the place where it is available to investors.

Article 423-23
I. - Articles 422-26 to 422-30 and 422-33 to 422-41, 422-71, 422-78, 422-90, 422-91 and II of Article 422-94 shall apply. However, II of Article 422-94 shall not apply to SLPs.

Articles 422-98, 422-100 to 422-104 and 422-120-9 shall apply, with the exception of the AMF authorisation, replaced by a declaration to the AMF in the month following finalisation of the transaction or the event.

The provisions of Article 422-99 apply to the merger of professional specialised funds, unless the fund rules or articles of association provide that the costs generated by the merger transaction may be charged to the professional specialised funds.

Article 422-120-7 shall apply, with the exception of its second sentence.

II. - Furthermore, when applied to the SLPs cited in I:

1 • References to the « SICAV » shall be replaced by references to the « SLP »;

2 • References to the « board of directors » or the « executive board » of the SICAV shall be replaced by references to the managers of the SLP.

By way of derogation from I, Articles 422-100 and 422-102 shall not apply to SLPs.

Article 423-24
The procedures and frequency of net asset value calculations shall be appropriate to the nature of the financial instruments, contracts, securities and deposits held by the professional specialised fund. However, the prospectus of the professional specialised fund, with the exception of SLPs, shall stipulate that its net value shall be determined and published at least every half-year.

Article 423-25
The AMF shall be notified of the conversion, merger, demerger or liquidation of a professional specialised fund within one month of the implementation of the modification in accordance with the procedures defined by an AMF instruction.

The modification shall go into effect no earlier than three business days following the effective disclosure of the information to the holders of the professional specialised fund, unless the holders agree unanimously.

In the event of an amendment to the prospectus, the SICAV, the SLP or the asset management company shall submit an updated prospectus on or before the date that the amendment enters into force, in accordance with the procedures defined by an AMF instruction. The submission of the prospectus shall not exempt the SICAV or the asset management company from entering the necessary changes in the GECO database, as appropriate.

Article 423-26
Articles 422-18, 422-22, 422-42 to 422-49, 422-116 and 422-125 shall apply. However, Article 422-22 shall not apply to SLPs.

### Paragraph 3 - Subscriptions, purchases, redemptions and transfers

Article 423-27
FCP units and SICAV shares shall be issued at any time at the request of the unit holders or shareholders on the basis of their net asset value, plus any subscription fees, as appropriate.

However, subscriptions and purchases of units or shares in professional specialised funds shall be reserved for:

1 • Investors referred to in Article L. 214-155 of the Monetary and Financial Code;

2 • Investors whose initial subscription is EUR 100,000 or more;

3 • Investors, natural persons and legal entities, whose initial subscription is EUR 30,000 or more and who meet one of the

following three criteria:

a • They provide technical or financial assistance to unlisted companies covered by the fund's purpose to promote their creation or growth;

b • They provide assistance to the management company of the professional specialised fund in identifying potential investors or contribute to the company's objectives in seeking, selecting, monitoring and disposing of investments;

c • They have acquired knowledge about private equity by being a direct equity investor in unlisted companies or by subscribing to a retail private equity investment fund that is not advertised or promoted, a professional private equity investment fund, a professional specialised fund or an unlisted venture capital firm;

4 • All other investors, as soon as subscription and purchase is performed in their name and on their behalf by an investment service provider acting as part of an asset management investment service according to the conditions set in Article L. 533-13 of the Monetary and Financial Code and Article 314-11.

5 • Retail investors as defined by Regulation (EU) 2015/760 and under the terms of the aforementioned Regulation, provided the fund is authorised as a European long-term investment fund in accordance with the same regulation.

Article 423-27-1

Article 423-27 shall not apply to SLPs.

Subscription and purchase of limited partner shares in SLPs shall be reserved for:

1 • Investors referred to in Article L. 214-162-1 of the Monetary and Financial Code;

2 • All other investors, provided subscription and purchase is performed in their name and on their behalf by an investment service provider performing portfolio management services according to the conditions set in Article L. 533-13 of the Monetary and Financial Code and in Article 314-11.

3 • Retail investors as defined by Regulation (EU) 2015/760 and under the terms of the aforementioned Regulation, provided the fund is authorised as a European long-term investment fund in accordance with the same regulation.

Article 423-28

By way of derogation to Article 423-27, a professional specialised fund split off from another UCITS or an AIF may be opened to any holder of the original UCITS or AIF when the conditions of Article D. 214-32-12 or D. 214-32-15 of the Monetary and Financial Code are met, depending on the case.

This Article shall not apply SLPs.

Article 423-29

If a non-resident of France subscribes or purchases units or shares in professional specialised funds marketed in other countries, the investors for whom subscriptions and purchases of these AIF are reserved and the conditions under which they may waive their rights to advice shall be governed by the law of the country in which the marketing takes place.

Article 423-30

Any direct or indirect solicitations for subscriptions and purchases of units or shares in a professional specialised fund shall come with a warning that subscriptions, purchases, disposals or transfers of units or shares in these professional specialised funds, made directly or through an intermediary, are reserved for the investors referred to in Article 423-27. The warning shall also state that the AIF is not authorised by the AMF and that its operating rules are defined in the prospectus.

Article 423-31

A prospectus shall be given to investors before any subscriptions or purchases of units or shares in a contractual fund are made.

Investors shall give written acknowledgement, when making the first subscription or purchase, that they have been warned that the subscription or purchase of units of shares in the professional specialised fund, made directly or through an intermediary, is reserved for the investors referred to Article 423-27.

The prospectus of the professional specialised fund as well as the most recent periodic documents shall be available on a simple written request by the holder within one week of receipt of the request. At the holder's option, these documents shall be able to be sent electronically.

Article 423-31-1

When Articles 423-30 and 423-31 are applied to the limited partner shares of SLPs, the reference to « Article 423-27 » shall be replaced by a reference to « Article 423-27-1 ».

Article 423-32

The depositary or the person named by regulation or in the articles of association of the professional specialised fund shall ensure that the subscribers or purchasers meet the eligibility criteria and that they have received the information required under the provisions of Articles 423-30 and 423-31. The depositary or the abovementioned named shall also ensure that the written acknowledgement referred to in Article 423-31 exists.

Article 423-32-1

The professional specialised fund for which subscription or acquisition is not exclusively reserved to professional clients within the meaning of Article L.533-16 of the Monetary and Financial Code may prepare a key information document for investor. In such case, Articles 422-67 to 422-69, 422-86 to 422-89 are applicable.

### Paragraph 4 - Specific provisions applicable to professional specialised funds formed from a demerger in order to house assets whose disposal would not be in the best interests of holders of shares or units in the split UCITS or AIF

Article 423-33

Subject to the following provisions, the provisions common to all professional specialised funds referred to in this sub-section shall apply to the professional specialised funds formed in accordance with the second paragraph of Article L. 214-24-33 or the second paragraph of Article L. 214-24-41 of the Monetary and Financial Code in order to house the assets whose disposal would not be in the best interests of the holders of shares or units in the professional specialised funds.

Article 423-34

Article 423-24 does not apply to professional specialised funds governed by this paragraph.

The prospectuses of professional specialised funds governed by this paragraph shall specify the frequency, which shall be at least quarterly, for disseminating the estimated value of the fund's assets. The procedures and frequency for calculating the estimated asset value shall be appropriate to the type of assets held by the AIF.

Article 423-35

Article 422-22 does not apply to professional specialised funds governed by this paragraph.

Article 423-36

All holders of a UCITS or an AIF split pursuant to the second paragraph of Article L. 214-24-33 or the second paragraph of Article L. 214-214-41 of the Monetary and Financial Code may hold the shares or units in a professional specialised fund governed by this paragraph that are reserved for them at the time of the demerger.

The holders of shares or units in a professional specialised fund governed by this paragraph may sell such shares and units only to the persons referred to in Article 413-27.

Article 423-36-1

The provisions of this paragraph shall not apply to SLPs.

Paragraph 5 - Specific provisions applicable to professional specialised funds that grant loans

Article 423-36-2

Pursuant to the first paragraph of Article R. 214-203-2 of the Monetary and Financial Code, the programme of operations of a management company that manages a professional specialised fund may allow the fund to transfer loans granted by it and not yet due or subject to accelerated repayment:

1 • To entities or persons authorised to grant loans directly, after a period of time which is reasonable, having regard to the maturity of the loans, and set out in the programme of operations of the management company. This period may not be less than one year; or

2 • Where the management strategy and organisation put in place by the management company ensure that the interests of fund shareholders or unit holders and successive loan assignees are aligned, notably through retention by the assigning fund of an economic interest or by means of a syndication arrangement in which the assignor and the assignee are creditors with equal ranking in relation to the debtor.

Article 423-36-3

Pursuant to Article R. 214-203-3 (II) of the Monetary and Financial Code, management companies managing a professional specialised fund that grants loans shall have a system for analysing and measuring risk comprising:

1 • A written procedure for granting loans that sets out policies covering exposure by credit risk class for each fund;

2 • A procedure for analysing credit risk that includes the establishment of credit files intended to hold all the qualitative and quantitative information on borrowers;

3 • A system for measuring aggregate credit risk that makes it possible to:

a • identify, measure and aggregate the credit risk resulting from lending transactions and to identify interactions between this risk and other risks to which the fund is exposed;

b • identify and control concentration risk and residual risk by means of documented procedures;

c • Verify that loans are adequately diversified having regard to the investment strategy;

4 • A proportionate procedure to monitor on ongoing basis the quality evolution of each individual loan on a quarterly basis in order to determine the appropriate valuation of loans, taking account of collateral or guarantees.

Article 423-36-4

Where, pursuant to Article R. 214-203-5 (III) of the Monetary and Financial Code, the rules or articles of incorporation of a professional specialised fund that grants loans set out a policy for the redemption of units or shares, they shall indicate the procedures by which the fund carries forward to the next centralisation date, or cancels, the share of redemption requests exceeding the gating threshold and that could not be executed. If the fund's NAV is calculated more than once a week, the share of redemption requests exceeding the threshold and that could not be executed shall be automatically carried forward to the next centralisation date, and the related orders shall be irrevocable.

Affected redemption requests shall then be gated in the same proportion for all affected holders. The share of requests that is unexecuted and resubmitted at a later centralisation date shall have no priority over new requests submitted at that later centralisation date.

The management company informs the AMF and holders of the decision to gate redemptions.

### Sub-section 2 - Professional private equity investment funds

Article 423-37
Chapter I of this Title and Article 423-17 shall apply to professional private equity investment funds governed by Articles L. 214-15 et. seq. of the Monetary and Financial Code. When applying Article 423-17, the reference to « specialised professional funds » shall be replaced by a reference to « professional private equity investment funds ».

These funds are also subject to the following provisions.

#### Paragraph 1 - Formation

##### Sub-paragraph 1 - Declaration and subscriptions

Article 423-38
No subscriptions may be accepted until the prospectus for the professional private equity investment fund has been prepared.

The prospectus shall comprise the professional private equity investment fund rules, whose headings shall be stipulated by an AMF instruction.

Article 423-39
Article 422-14, the fourth and fifth paragraphs of Article 422-15 and Articles 422-23, 422-71 and 422-78 shall apply, with the exception of AMF authorisation, replaced by a declaration to the AMF in the month following completion of the transaction or event. For the purposes of its application to professional private equity investment funds, Point 6° of Article 422-23 shall be replaced by the following Point 6°:

6° Apply different management strategies, as defined in the prospectus.

The rules of the professional private equity investment fund shall explicitly state that it is not subject to the authorisation of the AMF.

The rules that the asset management company follows in allocating investments between portfolios that it or its affiliates manage or advise do not have to be explained in the fund rules if the rules are given to subscribers. An AMF Instruction shall set the subscriber information requirements.

##### Sub-paragraph 2 - Master and feeder AIFs

Article 423-40
Articles 422-18, 422-105 to 422-118, 422-120 and 422-125 shall apply. For the purpose of applying these provisions, the prospectus shall replace the key investor information document for the professional private equity investment fund which does not prepare one.

By way of derogation to 1° of I of Article 422-116, the declaration made to holders indicates that the investment in the master AIF was reported to the AMF in accordance with Article L. 214-153 of the Monetary and Financial Code.

#### Paragraph 2 - Operating rules

##### Sub-paragraph 1 - Minimum asset amount

Article 423-41
Article 422-22 shall apply.

Sub-paragraph 2 - Professional private equity investment funds with sub-funds

Article 423-42

If the professional private equity investment fund rules stipulate that the fund shall be made up of sub-funds, the formation of new sub-funds shall be declared under the conditions stipulated in Article 423-16. Changes to the sub-funds shall be reported to the AMF in the month following their completion.

Sub-paragraph 3 - Contributions in kind

Article 423-43

The provisions of Articles 422-25 and 422-127 shall apply, with the exception of the second sentence of Article 422-127.

Sub-paragraph 4 - Mergers, demergers, takeovers, liquidation, conversions and changes

Article 423-44

The provisions of Articles 422-97 to 422-104, 422-117, 422-128 and 422-129 shall apply, unless authorised by the AMF, replaced by a declaration to the AMF in the month following finalisation of the transaction or the event.

The provisions of Article 422-99 shall apply to the merger of a professional private equity investment fund unless the fund rules provide that the costs generated by the merger transaction may be charged to the fund.

Mergers and demergers shall be reported in the month following their completion. The reporting requirement shall be satisfied by sending the AMF the merger or demerger agreement, along with the statutory auditors' reports.

Article 423-45

The provisions of Articles 422-18 and 422-120 shall apply.

Liquidations shall be reported in the month following the decision made by the management company of the professional private equity investment fund.

The auditor's report shall be sent to the AMF.

Article 423-46

A professional private equity investment fund may be converted into a professional specialised fund provided that it complies beforehand with the provisions of the Monetary and Financial Code that apply to the chosen category of professional specialised fund.

Conversion to a professional specialised fund shall not require the authorisation of the AMF. It shall require the explicit consent of each unit holder. The professional private equity investment fund rules shall define the requirements for converting the fund to a professional specialised fund.

Article 423-47

An AMF instruction shall stipulate which changes shall be reported to the AMF in the month following their completion, along with the procedures for informing holders.

Paragraph 3 - Accounting and financial provisions

Article 423-48

The provisions of Articles 422-26 to 422-41, 422-42 to 422-49 and 422-64 and 422-106 shall apply.

Paragraph 4 - Subscriber information, redemption, subscription and transfer conditions

Article 423-49

I. - Subscriptions and purchases of units or shares in professional private equity investment funds are reserved for:

1 • Investors referred to in Article L. 214-160 of the Monetary and Financial Code;

2 • Investors whose initial subscription is EUR 100,000 or more;

3 • Investors, natural persons and legal entities, whose initial subscription is EUR 30,000 or more and who meet one of the following three criteria:

a • They provide technical or financial assistance to unlisted companies falling within the scope of the fund in view of their creation or development;

b • They provide assistance to a professional private equity investment fund management company in identifying potential investors or contribute to the objectives pursued by the company with regard to research, selection, monitoring or disposal of investments;

c • They have acquired knowledge about private equity by being a direct equity investor in unlisted companies or by subscribing to a retail private equity investment fund that is not advertised or promoted, a professional specialised fund, a professional private equity investment fund or an unlisted venture capital firm;

4 • All other investors, as soon as subscription and purchase is performed in their name and on their behalf by an investment service provider acting as part of an asset management investment service according to the conditions set in Article L. 533-13 of the Monetary and Financial Code and Article 314-11.

5 • Retail investors as defined by Regulation (EU) 2015/760 and under the terms of the aforementioned Regulation, provided the fund is authorised as a European long-term investment fund in accordance with the same regulation.

II. - Any direct or indirect solicitations for subscriptions and purchases of units or shares in a professional private equity investment fund shall come with a warning that subscriptions, purchases, disposals or transfers of units or shares of this AIF, made directly or through an intermediary, are reserved for qualified investors referred to in Article L. 214-160 of the Monetary and Financial Code and to other investors referred to in I. The warning shall also state that this professional private equity investment fund is not authorised by the AMF and that it may adopt special investment rules.

III. - Before subscriptions or purchases of units in a professional private equity investment fund can take place, the fund rules, whose content is stipulated by an AMF instruction, along with, as appropriate, the information set out in the third paragraph of Article 422-39, shall be given to the subscriber or the purchaser.

Subscribers or purchasers shall give written acknowledgement, when making their subscription or purchase, that they have been warned that subscriptions and purchases of units or shares in the fund, made directly or through an intermediary, are reserved for the investors referred to in Article L. 214-160 of the Monetary and Financial Code and to other investors whose list is defined in I.

IV. - The depositary, or the person named by the rules of the professional private equity investment fund, shall ensure that the subscribers or purchasers meet the eligibility criteria and that they have received the information required under II and III. The depositary or the abovementioned person shall also ensure that the written acknowledgement referred to in the second paragraph of III exists. The depositary or the abovementioned person shall inform the AMF in the event of any breach of these provisions.

V. - This article shall apply to the conversion of an AIF that is not covered by this sub-section into a professional private equity investment fund.

Article 423-50

If a non-resident of France subscribes or purchases units or shares in professional private equity investment funds marketed in other countries, the investors for whom subscriptions and purchases of these AIFs are reserved and the conditions under which they may waive their rights to advice shall be governed by the law of the country in which the marketing takes place.

Article 423-51

The provisions of the first, third, fourth and fifth paragraphs of Article 422-81 shall apply.

The professional private equity investment fund rules may stipulate that the fund publishes its net asset value only twice a year at least.

Article 423-52

The professional private equity investment fund shall produce documents in compliance with the provisions set out in an instruction and with a frequency of at least once a year to be established by the professional private equity investment fund rules.

The documents shall be provided immediately to any subscriber or holder asking for them.

Article 423-53

The documents sent to the AMF under the provisions of Articles 423-16, 423-40, 423-42, 423-43, 423-44 and 423-47 shall be sent for reporting purposes only. Acceptance by the AMF shall not imply any judgment about their content or the transactions they report.

Article 423-54

The professional private equity investment fund for which subscription or acquisition is not exclusively reserved to professional clients within the meaning of Article L. 533-16 of the Monetary and Financial Code may prepare a key information document for investor. In such case, Articles 422-67 to 422-69, 422-86 to 422-89 are applicable.

Article 423-55

Article 422-21-1 applies.

### Paragraph 5 - Specific provisions applicable to professional private equity investment funds that grant loans

Article 423-56

Articles 423-36-2 to 423-36-4 shall apply.

## Chapter IV - Asset management funds (Articles 424-1 à 424-15)

Article 424-1

The provisions of Chapter I and Section 1 of Chapter II of this title apply to employee investment undertakings governed by Articles L. 214-164 and L. 214-165 of the Monetary and Financial Code and Article L. 3332-16 of the Labour Code, and to SICAVs for employee shareholders governed by Article L. 214-166 of the Monetary and Financial Code, except for paragraphs 2 to 4 of point I and point II of Article 422-7, paragraphs 2 to 4 of point I and point II of Article 422-11.

The provisions of the first paragraph of Article 422-21, Articles 422-22, 422-42 to 422-47 and 422-83 and the first paragraph of I and the first paragraph of II of Article 422-101 do not apply to asset management funds.

For the purposes of Article 422-75, IV, 1, f, the reference to “daily valuation” shall be replaced by the reference to “at least weekly valuation” and the term “daily” shall be replaced by the term “on each net asset value”.

These funds are also subject to the following provisions.

### Section 1 - Authorisation (Article 424-2)

Article 424-2

I.- Authorisation of a SICAV for employee shareholders or an employee investment undertaking is subject to prior filing of an application with the AMF that contains the elements stipulated in an AMF Instruction.

Silence on the part of the AMF for a period of one month from the day the AMF acknowledges receipt of the request shall be deemed authorisation of the request. If the AMF asks for further information that requires the asset management company to submit a supplementary information sheet, the AMF will serve written notice stipulating that the information requested must arrive within sixty days. If it fails to receive the information within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received all of the information requested. The acknowledgement of receipt stipulates a new authorisation waiting time, which cannot be longer than the one stipulated in the second paragraph.

II. - The waiting period referred to in I is reduced to eight working days after the AMF issues an acknowledgement of receipt of the authorisation application if the AIF applying for authorisation is comparable to an AIF that has already been authorised by the AMF. The AMF assesses the comparability of the AIF applying for authorisation, called the "comparable AIF", and the AIF previously authorised by the AMF, called the "reference AIF", with respect to the following :

1 • The reference AIF and the comparable AIF are managed by the same asset management company or the same delegated investment manager, or by investment management companies or delegated investment managers belonging to the same corporate group, and subject to the AMF's assessment of the information supplied by the management company of the comparable AIF in accordance with the requirements stipulated in an AMF instruction;

2 • The reference AIF has been authorised by the AMF and established less than eighteen months before the date of the AMF's receipt of the authorisation application for the comparable AIF. At the reasoned request of the management company of the comparable AIF, the AMF may accept a reference AIF that has been authorised and established for more than eighteen months at the date of receipt of the authorisation application for the comparable AIF;

3 • The reference AIF has not undergone any changes other than those referred to in an AMF Instruction. At the reasoned request of the management company of the comparable AIF, the AMF may allow an AIF that has undergone changes other than those referred to in the Instruction to be a reference AIF;

4 • Subscribers to the comparable AIF shall meet the requirements for subscribing or purchasing the reference AIF.

5 • The investment strategy, risk profile, operating rules and fund rules of the comparable AIF shall be similar to those of the reference AIF; if anything in the articles of association of the comparable AIF is different from that of the reference AIF, it shall be clearly identified in the authorisation application for the comparable AIF in accordance with the requirements set out in an AMF instruction.

The authorisation application of the comparable AIF shall be filed electronically.

If the AMF asks for further information that requires submission of a supplementary information sheet, the AMF will serve such notice stipulating that the information requested must arrive within sixty days. If it fails to receive the information within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received all of the information requested. The acknowledgement of receipt stipulates a new authorisation waiting time of eight working days or less.

If the comparable AIF or the reference AIF does not comply with the requirements referred to in this Article, the AMF notifies the applicant, stipulating that the supplementary information required to compile an authorisation application under the procedures described in I must be received within sixty days. If it fails to receive the information within this period, the authorisation application is deemed to be rejected. When all of the supplementary information has been received, the AMF issues a written acknowledgement of receipt and examines the authorisation application for the AIF under the conditions and procedures referred to in I. The acknowledgement of receipt stipulates a new authorisation waiting time of one month or less.

Section 2 - Formation (Article 424-3)

Article 424-3

The period for subscribing shares in a SICAV for employee shareholders or units in an employee investment undertaking shall start

within twelve months of the date on which the SICAV or the fund is authorised. Failing this, the authorisation is deemed to be null and void, unless the AMF explicitly grants an exception.

Subscriptions and purchases of shares in a SICAV for employee shareholders or units in an employee investment undertaking shall be restricted to the employees of the corporate group as defined in the second paragraph of Article L. 3344-1 of the Labour Code and, where applicable, to the persons stipulated in the second paragraph of Article L. 3332-2 of the Labour Code and for employees taking part in a share buyback, as defined in Article L. 3332-16 of the Labour Code.

The minimum capital or the minimum assets required to constitute a SICAV for employee shareholders may be contributed by other investors than the ones cited in the preceding paragraph, provided that these investors undertake to request the redemption of their shares as soon as subscriptions are accepted from the abovementioned employees and, where applicable, from the persons stipulated in the second paragraph of Article L. 3332-2 of the Labour Code.

Section 3 - Operating rules (Articles 424-4 à 424-10)

Article 424-4
An employee investment undertaking or a SICAV for employee shareholders may merge only with another employee investment undertaking or SICAV for employee shareholders.

Article 424-5
Any plans for mergers, mergers-demergers, demergers and takeovers involving one or more asset management funds or one or more sub-funds in an AIF shall be decided by the supervisory board of the employee investment undertaking or the board of directors or the executive board of the SICAV for employee shareholders. The plans are subject to the prior authorisation of the AMF. The merger or demerger shall be completed within three months of being authorised. Failing this, the authorisation is deemed to be null and void, unless the AMF explicitly grants an exception.

Article 424-6
If holders are not entitled to a whole number of units or shares as a result of the exchange ratio, the units or shares in the employee investment undertaking shall be divided so that the fractional units or shares can be reinvested.

Article 424-7
The net asset value shall be made available to the supervisory board of the employee investment undertaking or the board of directors of the SICAV for employee shareholders on the first working day following its calculation.

Article 424-8
If the mechanism ensuring liquidity of securities that are not traded on a regulated market is provided by an entity other than the ones referred to in the second to last paragraph of Article R. 214-214 of the Monetary and Financial Code, it may be provided by a natural person or legal entity that is separate from the asset management company, from the SICAV for employee shareholders and from the corporation whose securities are held by the employee investment undertaking or the SICAV for employee shareholders, provided that this person or entity undertakes to redeem the number of securities necessary to provide liquidity that is at least equivalent to that of an AIF that holds at least one-third of its assets in liquid securities. This undertaking shall be counter-guaranteed in compliance with the following procedures, which may be combined:

1 • A performance guarantee from a credit institution with its registered office in an OECD Member State, an insurance company or an investment company with its registered office in a European Union Member State or a State party to the Agreement on the European Economic Area and that is authorised to provide the service cited in point 1 of Article L. 321-2 of the Monetary and Financial Code and which has capital, as defined in Directive 2000/12/EC of 20 March 2000, of 3.8 million euros or more;

2 • A line of credit granted by a credit institution with its registered office in an OECD Member State for the purpose of fulfilling the guarantee defined in this Article;

3 • A portfolio of liquid securities, as defined in Article R. 214-214 of the Monetary and Financial Code, pledged to the management company of the employee investment undertaking or the SICAV for employee shareholders.

If the company is open-ended, the mechanism for guaranteeing the liquidity of the securities provided for in the last paragraph of Article R. 214-214 of the Monetary and Financial Code may be provided by the company under the forms defined in points 1°, 2° and 3°.

Article 424-9
The price at which the guarantor redeems units or shares is set by the employee investment undertaking rules or the articles of association of the SICAV for employee shareholders.

An AMF instruction stipulates the clauses that shall be included in the liquidity guarantee contract.

Article 424-10
The annual reports of the supervisory boards of the employee investment undertakings shall give an account of the performance of the tasks incumbent upon them under Articles L. 214-164 and L. 214-165 of the Monetary and Financial Code.

The annual reports of the boards of directors of SICAVs for employee shareholders shall give an account of the performance of the tasks incumbent upon them under Article L. 214-166 of the Monetary and Financial Code.

### Section 4 - Calculating aggregate risk (Article 424-11)

Article 424-11
By way of derogation to the provisions of II of Article 422-51, the aggregate risk exposure of an employee investment undertaking is the potential losses of the fund as evaluated at any time.

### Section 5 - Information du public (Articles 424-12 à 424-15)

Article 424-12
The fees paid by an employee investment undertaking or a SICAV for employee shareholders, as described in 2° of Article 422-72, are supplemented, where applicable, by a list of fees related to the operations of the employee investment undertaking or the SICAV for employee shareholders that are paid by the company.

Article 424-13
The prospectus of the employee investment undertakings or SICAVs for employee shareholders consists of the fund rules or the articles of association. An AMF instruction stipulates the contents of these documents and, in particular, the information about fees.

Article 424-14
An AMF instruction stipulates which information documents the employee investment undertaking or SICAV for employee shareholders shall make available to holders relating to the AIF or UCITS in which it has invested more than 50 per cent of its assets.

If such an AIF or UCITS invests in units or shares of other AIFs or CISs, the key investor information document shall stipulate, as appropriate, whether the employee investment undertaking or the SICAV for employee shareholders has invested more than 50 per cent of its assets in units or shares of a single AIF or UCITS and give the names of such AIFs or CISs.

Article 424-15
Employee investment undertakings and SICAVs for employee shareholders shall publish their net asset value at least once a month, with the exception of employee investment undertakings governed by the fifth and sixth paragraphs of Article L. 3332-17 of the Labour Code, which publish their net asset value at least once a year, bearing in mind that it shall not be calculated more than once a quarter, and employee investment undertakings governed by Article L. 3332-16 of the Labour Code, which publish their net asset value at least once a year.

## Chapter V - Securitisation vehicles (Articles 425-1 à 425-17)

Article 425-1

Unless otherwise indicated, Chapter I of this title shall apply to securitisation vehicles.

Article 425-1-1

Securitisation vehicles governed by Articles L. 214-168 to L. 214-189 of the Monetary and Financial Code are subject to this chapter. An instruction specifies the conditions for applying this article.

Article 425-2

Financial securities issued by a securitisation vehicle through a public offer or admitted to trading on a regulated market are covered by the provisions of Title I of Book II, subject to the following provisions.

Article 425-3

Financial securities of securitisation vehicles come under the provisions of Article L. 621-8 of the Monetary and Financial Code.

Article 425-4

Where the securitisation vehicle is formed as a securitisation common fund, the draft prospectus referred to in Article 212-1 is drawn up jointly by the management company and the depositary. Where the securitisation vehicle includes sub-funds, a prospectus is prepared for each issuer and financial sub-fund.

Article 425-5

Pursuant to the provisions of Article 212-14, where the securitisation vehicle is formed as a securitisation common fund, the management company and the depositary assume responsibility for the prospectus.

Article 425-6

Where the securitisation vehicle is formed as a securitisation common fund, the completion letter drawn up by the statutory auditors pursuant to Article 212-15 is delivered to the management company and to the depositary.

Article 425-7

The criteria and conditions referred to in 1° of Article 212-17 may also be presented in the prospectus in the following form:

1 • A range for the nominal rate and the subscription price;

2 • A yield spread or a range of yield spreads against a specified market benchmark for the yield to maturity. Barring special circumstances in the market, spreads for the yield to maturity must not exceed 10 basis points.

Article 425-8

The rating document referred to in Article L. 214-170 of the Monetary and Financial Code must be provided to the AMF at least five trading days before the desired date of issue of the approval.

Article 425-9

The time period referred to in Article 212-21 for notification of receipt of an approval application is shortened to five trading days.

Article 425-10

The time period referred to in Article 212-22 for issuance of the approval may be shortened to five trading days where:

— the securitisation company, or

— the management company and the depositary, where the securitisation vehicle is formed as a securitisation common fund, attest that the draft prospectus of a sub-fund contains operating rules that are strictly identical to those in a draft prospectus previously approved by the AMF for another sub-fund of the same securitisation vehicle.

Article 425-11

Pursuant to the provisions of 2° of I of Article 212-27, investors may obtain a copy of the prospectus free of charge from the management company and from the service providers responsible for taking subscription orders.

Investors may also obtain, free of charge, the rules of the securitisation common fund, and any sub-fund thereof, or the articles of association of the securitisation company.

Article 425-12

Securitisation vehicles whose financial securities are admitted to trading on a regulated market or an organised multilateral trading facility are subject to the provisions of Articles 223-1 A to 223-10-1.

Article 425-13

Securitisation vehicles whose financial securities are admitted to trading on a regulated market are subject to the provisions of this sub-section.

Article 425-14

At the close of each financial year :

— the securitisation company, or

— the management company, where the securitisation vehicle is formed as a securitisation common fund,

shall draw up the accounting documents of the securitisation vehicle, under the supervision of the depositary.

Article 425-15

No later than four months after the close of the financial year,

— the securitisation company, or

— the management company, where the securitisation vehicle is formed as a securitisation common fund,

shall prepare and publish, under the supervision of the depositary of the securitisation entity and after verification by the statutory auditor, an activity report for the year.

No later than three months after the close of the first half of the financial year:

— the securitisation company, or

— the management company, where the securitisation vehicle is formed as a securitisation common fund,

shall prepare and publish, under the supervision of the depositary of the securitisation entity and after verification by the statutory auditor, an activity report for the half-year.

Where the securitisation vehicle includes sub-funds, these activity reports are prepared for each sub-fund. Annual financial statements including notes are likewise prepared, as appropriate, for each sub-fund.

Article 425-16

The activity reports referred to in Article 421-15 are sent free of charge to the holders of the financial securities who request them.

Investors may obtain these activity reports upon publication and free of charge, from:

— the securitisation company, or

— the management company, where the securitisation vehicle is formed as a securitisation common fund,

These documents are distributed by mail or by any other means provided for in the prospectus of the securitisation vehicle. The investor may choose his preferred means of delivery of these documents from among the options offered.

A copy of each of these documents is sent to the AMF.

Article 425-17
The securitisation company, or the management company, where the securitisation vehicle is formed as a securitisation common fund, makes periodic disclosures about the securitisation vehicle's assets and liabilities.

## Title III - Other collective investments (Articles 431-1 à 431-2)

Article 431-1
The provisions of sections 2 and 3 of Chapter 1 and sections 1 and 5 of Chapter II of Title II or, where this other collective investment is open to professional investors, of paragraph 1 of section 1 and paragraph 1 of section 2 of Chapter III of Title II shall apply to the SICAVs referred to at 1° of I of Article L. 214-191 of the Monetary and Financial Code.

Article 431-2
The provisions of sections 2 and 3 of Chapter 1 and section 3 of Chapter II of Title II or, where this other collective investment is open to professional investors, of paragraph 2 of section 1 of Chapter III of Title II shall apply to open-ended real estate investment companies referred to at 2° of I of Article L. 214-191 of the Monetary and Financial Code.

## Title IV - Miscellaneous assets (Articles 441-1 à 441-3)

Article 441-1
The person cited in point 1° of section I and in section II of Article L. 550-1 of the Monetary and Financial Code, who takes the initiative for transactions involving intermediation in miscellaneous property, and the persons cited in points 2° and 3° of section I of the same article, shall demonstrate that their organisation, fitness and properness, skills and experience, are adequate and suited to the nature of the transactions. They must demonstrate that they have purchased a professional liability insurance policy suited to the risks involved in these activities from an insurance company authorised to do business in France.

They must act solely in the interests of their investors and may not perform any business activity that could create conflicts of interest that may be detrimental to the interests of their investors.

Article 441-2
I. - The miscellaneous property intermediaries cited in point 1° of section I and in section II of Article L. 550-1 of the Monetary and Financial Code who take the initiative for transactions shall:

1 • Open a single dedicated account for the transaction with a credit institution authorised to do business in France, into which they shall deposit the sums corresponding to investors' investments and to the payment of income from those investments;

2 • Demonstrate that they have purchased an insurance policy from an insurance company authorised to do business in France covering properties transferred in exchange for a life annuity;

3 • Appraise the value of the title to the life annuity, the property or the property title at the time of subscription;

4 • Set up a procedure for determining the type of investor profile suited to the risks inherent in an investment in miscellaneous property;

5 • Demonstrate that they are keeping the records necessary to identify, at any point in time:

a • The sums that correspond to each investor's subscription and to the payment of income generated by their investments;

b • The title to a life annuity or property title held by each investor;

6 • Send investors written proof of their title to a life annuity or their property title, once they have acquired them;

7 • Send the documents cited in Article L. 550-3 of the Monetary and Financial Code and proof of compliance with the requirements given in Article 441-1, and sign the information document to be reviewed by the AMF.

II. - The intermediary cited in section I shall take the following steps, when appropriate to the nature of the transaction:

1 • Show that it has purchased an insurance policy from an insurance company authorised to do business in France covering the properties to which the titles have been acquired;

2 • Set up a procedure to appraise the properties or property titles that is suited to the nature of the properties or titles in question, in cases where the properties or titles may be repurchased or traded;

3 • Set up a mechanism ensuring the liquidity of the property titles, guaranteed by a credit institution or insurance company authorised to do business in France, in cases where the properties or titles may be repurchased or traded.

Article 441-3

The documents cited in Articles L. 550-3 and R. 550-1 of the Monetary and Financial Code shall be complete and comprehensible, and the information they contain must be consistent. They shall include all of the information investors would need to make to make an investment decision.

The documents to be submitted to the AMF shall notably be accompanied by the following items:

1 • A report written by an independent expert recognised as such in the market in question and with adequate professional credentials to effectively perform its appraisal function. In this report, the expert must:

a • Attest to the existence of the properties being marketed or the properties to which the titles are offered for sale;

b • Give an opinion on the liquidity of the property titles;

c • Give an opinion on the appraisal cited in point 3° of section I of Article 441-2 and the appraisal procedure cited in point 2° of the same article;

2 • Proof of compliance with the requirements cited in Articles 441-1 and 441-2;

3 • Drafts of all marketing materials, regardless of format, cited in section III of Article L. 550-1 of the Monetary and Financial Code.

A new information document shall be submitted to the AMF whenever there is a material change in the conditions under which the properties are managed or commitments are carried out, pursuant to paragraph 7 of Article L. 550-3 of the Monetary and Financial Code.

Minor changes do not require a new information document, but the AMF shall be given advance notice of them.

# Book V - Market infrastructures

The provisions of European regulations mentioned in the inserts listed below are directly applicable due to the entry into force of the:

Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU

Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012

Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories

Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012

Provisions applicable to trading platforms mentioned in titles I, II and III:

Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive

Commission Delegated Regulation (EU) 2017/567 of 18 May 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to definitions, transparency, portfolio compression and supervisory measures on product intervention and positions

Commission Delegated Regulation (EU) 2017/584 of 14 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying organisational requirements of trading venues

Commission Delegated Regulation (EU) 2017/570 of 26 May 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards for the determination of a material market in terms of liquidity in relation to notifications of a temporary halt in trading

Commission Delegated Regulation (EU) 2017/572 of 2 June 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards on the specification of the offering of pre-and post-trade data and the level of disaggregation of data

Commission Delegated Regulation (EU) 2017/573 of 6 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on requirements to ensure fair and non-discriminatory co-location services and fee structures

Commission Delegated Regulation (EU) 2017/581 of 24 June 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards on clearing access in respect of trading venues and central counterparties

Commission Delegated Regulation (EU) 2017/569 of 24 May 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the suspension and removal of financial instruments from trading

Commission Delegated Regulation (EU) 2017/580 of 24 June 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the maintenance of relevant data relating to orders in financial instruments

Commission Delegated Regulation (EU) 2017/566 of 18 May 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards for the ratio of unexecuted orders to transactions in order to prevent disorderly trading conditions

Commission Delegated Regulation (EU) 2017/574 of 7 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the level of accuracy of business clocks

Commission Delegated Regulation (EU) 2017/582 of 29 June 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards specifying the obligation to clear derivatives traded on regulated markets and timing of acceptance for clearing

Commission Implementing Regulation (EU) 2017/1005 of 15 June 2017 laying down implementing technical standards with regard to the format and timing of the communications and the publication of the suspension and removal of financial instruments pursuant to Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments

Commission Delegated Regulation (EU) 2017/575 of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards concerning the data to be published by execution venues on the quality of execution of transactions

Commission Delegated Regulation (EU) 2017/583 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of bonds, structured finance products, emission allowances and derivatives

Commission Delegated Regulation (EU) 2017/2194 of 14 August 2017 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to package orders

Commission Delegated Regulation (EU) 2017/577 of 13 June 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on the volume cap mechanism and the provision of information for the purposes of transparency and other calculations

Commission Delegated Regulation (EU) 2017/590 of 28 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the reporting of transactions to competent authorities

Commission Delegated Regulation (EU) 2017/585 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the data standards and formats for financial instrument reference data and technical measures in relation to arrangements to be made by the European Securities and Markets Authority and competent authorities

## Article 511-0

In this Book V, “financial instrument” means financial instruments as defined by Article L. 211-1 of the Monetary and Financial

# Title I - Regulated markets and market operators (Articles 511-1 à 516-6)

## Chapter I - Market operator and recognition of regulated markets (Articles 511-1 à 511-16)

### Section 1 - Procedures for recognising regulated markets (Articles 511-1 à 511-12)

Article 511-1

To obtain recognition for the market it intends to manage as a regulated market in financial instruments within the meaning of Article L. 421-1 of the Monetary and Financial Code, the market operator shall submit a file containing the following information to the AMF:

1 • the items concerning the market operator, referred to in Article 511-2;

2 • the items concerning the market, referred to in Article 511-3.

Article 511-2

The items concerning the market operator, referred to in Point 1°, Article 511-1, shall include:

1 • Its articles of association;

2 • Its internal regulations (bylaws);

3 • The documents providing evidence of compliance with the requirements referred to in Articles L. 421-7 and L. 421-7-1 of the Monetary and Financial Code, notably a curriculum vitae, police record or equivalent document, a sworn statement relating to the absence of any administrative sanctions and a sworn statement relating to all current mandates;

4 • The identity of persons who are in a position to exercise, directly or indirectly, significant influence over the management of the regulated market referred to in Article L. 421-9 of the Monetary and Financial Code, as well as the amount of their holding.

Shareholders who, alone or in concert, own directly or indirectly 10% or more of the capital or voting rights are deemed to exercise significant influence;

5 • A programme of operations setting out its organisational structure and its human, material and technical resources implemented with respect to the envisaged activity on the regulated market concerned, including the type of transactions envisaged and the market model;

6 • The latest annual accounts, where they exist, and the financial resources available to it when the regulated market is recognised;

7 • The policy for managing any conflicts of interests, as referred to in Article 512-4;

8 • Agreements, if any, for outsourcing the management and surveillance of the regulated market.

Article 511-3

The market-related items referred to in Point 2°, Article 511-1 shall include:

1 • Market rules, including the conditions and procedures for consulting with market members and issuers whose financial

instruments are admitted to trading on this market, if such rules are modified;

2 • The procedures for settlement, and where relevant, clearing of transactions

3 • A description of procedures and measures implemented in order to comply with I, II and III of Article L. 420-3 of the Monetary and Financial Code;

4 • Fee structures referred to in Article L. 420-6 of the Monetary and Financial Code;

5 • The systems, procedures and arrangements in place to ensure compliance with Articles L. 420-4, L. 420-5, L. 420-7 and L. 420-8 of the Monetary and Financial Code.

Article 511-4

The AMF shall ensure that the items forwarded to it in accordance with Article 511-2 comply with relevant laws and regulations. In particular it checks:

1 • that the market operator is entitled to exercise the rights corresponding to the regulated market it manages;

2 • that the persons referred to in Point 4°, Article 511-2 are suitable to ensure the sound and prudent management of the regulated market;

3 • that the market operator has implemented:

a • arrangements for supervising trading on the regulated market it manages;

b • arrangements for supervising market members;

c • arrangements for ensuring on a continuous basis that it complies with the provisions applicable to it and to the regulated market it manages;

d • arrangements for monitoring the compliance of its business and staff;

4 • that the market operator has made provisions in case the persons referred to in b) and d) of Point 3 fail to comply with their obligations.

Where the persons referred to in the third subparagraph of Article 511-2 are already directing the activities and operation of a regulated market of another Member State of the European Union or another State party to the European Economic Area agreement, they are deemed to be of sufficiently good repute and sufficiently experienced to ensure the sound and prudent management of the regulated market.

Article 511-5

Pursuant to Article L. 421-4 of the Monetary and Financial Code, the AMF shall seek the opinion of the Prudential Supervision and Resolution Authority on the organisation, the human, technical and material resources and the financial resources of the market operator.

Article 511-6

The AMF can ask the market operator to provide any additional information it deems useful for ensuring that all the arrangements are put in place to meet the obligations applicable to the market operator or the financial instrument market it intends to manage.

Article 511-7

The AMF shall reach a decision on the programme of operations referred to in Point 5°, Article 511-2 within three months of

receiving the full file or, where such is the case, the additional information it has requested.

Article 511-8
The AMF shall ensure that the items forwarded to it in accordance with Article 511-3 comply with relevant laws and regulations. In particular it checks that:

1 • The rules of the market concerned comply with relevant laws and regulations;

2 • The market operator has made the necessary arrangements for ensuring that the market concerned meets the requirements of this General Regulation on a continuous basis;

3 • The market operator's human, financial material and technical resources under Points 5° and 6° of Article 511-2 and 1° to 4° of Article 511-3 are suitable for managing the regulated market concerned;

4 • The market operator has effective arrangements for ensuring the efficient and timely finalisation of transactions executed under the systems of the regulated market it manages.

Article 511-9
Pursuant to Article L. 421-4 of the Monetary and Financial Code, the AMF proposes to the minister for economic affairs that the financial instrument market be recognised as a regulated market if it considers that all the conditions for recognition have been met.

Article 511-10
After the market has been recognised as a regulated market, and before commencing operations, the market operator shall inform the AMF that the resources referred to in Point 5°, Article 511-2 have been put in place.

Article 511-11
AMF decisions relating to the approval of the market rules shall be published on the AMF website. The approved rules shall be appended to the AMF decision.

Such publication shall take place after a new market has been recognised as a regulated market by the minister for economic affairs.

Article 511-12
The market operator shall publish the market rules on its website.

Section 2 - Changes in the conditions governing recognition of regulated markets (Articles 511-13 à 511-15)

Article 511-13
The market operator shall promptly inform the AMF prior to any changes to the items in the file referred to in Article 511-1 that resulted in the financial instrument market being recognised as a regulated market.

The AMF shall determine the measures to be taken as a result of such changes within one month of receiving the file or, where appropriate, any additional information it might have requested and, in particular, whether the provisions of Article L. 421-6 of the Monetary and Financial Code shall apply. Failing an express response from the AMF within this period, the changes shall be deemed to have been accepted.

Article 511-14
The market operator shall inform the AMF of any plans to change the identity of the persons referred to in Article L. 421-7 of the Monetary and Financial Code who effectively manage the market operator.

The AMF shall refuse to approve these changes where there are objective and demonstrable grounds for believing that they would

pose a serious threat to the sound and prudent management and operation of the regulated market.

The AMF makes its ruling on these amendments within three months of receiving the request or, where such is the case, the additional information it has requested.

Article 511-15
Where they do not result directly from relevant laws and regulations, material changes to market rules shall give rise to a consultation with market members and issuers whose financial instruments are admitted to trading on this market, under arrangements appropriate to the type of changes envisaged.

A market operator submits for AMF approval any proposed amendments to the rules of the market it operates. Where appropriate, it shall append the findings of the aforementioned consultation to its application.

AMF decisions relating to the approval of rule amendments are published on the AMF website. The approved rules shall be appended to the AMF decision.

### Section 3 - Market operator's authorisation (Article 511-16)

Article 511-16
I. - When applying for authorisation to provide one or more data reporting service(s) within the meaning of Article L. 323-1 of the Monetary and Financial Code, a market operator must submit an application to the AMF comprising the elements mentioned in Articles 2 and 5 to 20 of Commission Delegated Regulation (EU) 2017/571 of 2 June 2017 and in Commission Implementing Regulation (EU) 2017/1110 of 22 June 2017, according to the procedures described in the latter regulation.

The AMF shall reach a decision on the authorisation request within three months of receiving the file or, where such is the case, the additional information it has requested.

II. – The provisions of Article 328-2 apply to market operators that are authorised to provide data reporting services.

## Chapter II - Organisational rules for market operators and rules of conduct (Articles 512-1 à 512-12)

### Section 1 - Organisational rules (Article 512-1)

> Commission Delegated Regulation (EU) 2017/588 of 14 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on the tick size regime for shares, depositary receipts and exchange-traded funds

Article 512-1
A market operator that outsources one or several important functions shall modify its programme of operations in accordance with Article 511-13.

Reliance on a third party shall not under any circumstances relieve the market operator of its responsibilities.

### Section 2 - Conflicts of interest (Articles 512-2 à 512-5)

Article 512-2
The market operator shall conduct its business diligently, fairly, neutrally and impartially, respecting the integrity of the market.

Article 512-3

The market operator shall establish and maintain an effective conflicts of interest policy, set out in writing and appropriate to the size, organisation and businesses of the operator, including any multilateral trading facilities or organised trading facilities it manages.

Article 512-4

The conflicts of interest policy shall include the following content:

1 • it must identify, with reference to the specific activities carried out by the market operator, the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more of its members;

2 • it must specify procedures to be followed and measures to be adopted in order to manage such conflicts.

Article 512-5

The market operator shall keep and regularly update a record of the activities in which a conflict of interests entailing a material risk of damage to the interests of one or more of its members has arisen or, in the case of an ongoing activity, may arise.

Section 3 - Compliance rules for members of staff of the market operator (Articles 512-6 à 512-7)

Article 512-6

The market operator shall ensure that persons acting under its authority or on its behalf know that they are bound by the obligation of professional secrecy as provided for by law and on pain of the penalties prescribed thereunder.

Such persons may not use any confidential information in their possession other than to perform their duties at or on behalf of the market operator.

Article 512-7

The market operator shall draw up internal regulations establishing the rules of conduct applicable to persons acting under their responsibility or on its behalf.

These internal regulations shall stipulate the conditions in which a person may execute trades in financial instruments for his own account. They provide that persons with a function relating to the admission to trading of financial instruments or to market surveillance cannot trade for his own account in the financial instruments for which he is responsible. They give due regard to the provisions of Article 512-6.

Section 4 - Issuance of a professional licence to certain members of staff of a market operator and the conditions in which they perform their duties (Articles 512-8 à 512-12)

Article 512-8

The market operator shall appoint a person or persons to be responsible for the following:

1 • supervision of trading;

2 • monitoring of market members;

3 • compliance monitoring of the market operator and its staff.

Article 512-9

The persons referred to in Article 512-8 shall have the requisite independence of decision-making as well as the technical and human resources needed to carry out their duties.

Such resources shall be commensurate with the size of the regulated market or markets managed by the market operator.

Article 512-10

The persons referred to in Article 512-8 shall hold a professional licence, issued by the AMF on the proposal of the market operator.

In preparation for the issuance of this licence, the market operator shall forward to the AMF, for each of the persons concerned, an application containing the items specified in an AMF instruction.

The AMF can ask the market operator or the persons concerned for any further information it deems appropriate.

The AMF shall reach a decision within one month of receiving the application or, where such is the case, the additional information it has requested.

Article 512-11

When the holder of a professional licence referred to in Article 512-10 ceases to perform the duties referred to in Article 512-8, the market operator shall inform the AMF, which withdraws the licence.

When the AMF withdraws the licence in accordance with an enforcement decision under Article L. 621-15 of the Monetary and Financial Code, it shall inform the market operator thereof.

Article 512-12

The person or persons referred to in Article 512-8 shall draw up a yearly report on the conditions in which they carry out their duties. This report shall be submitted to the executive body of the market operator, as well as to the AMF, no later than four months after the close of the financial year.

The report shall include:

1 • a description of how supervision and monitoring are organised;

2 • a list of the tasks performed in carrying out these duties;

3 • any observations made by the responsible person;

4 • measures adopted as a result of such observations.

## Chapter III - Members of regulated markets (Articles 513-1 à 513-7)

Commission Delegated Regulation (EU) 2017/574 of 7 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the level of accuracy of business clocks

Article 513-1

The rules of the regulated market governing the admission of market members shall stipulate their obligations under :

1 • the constitution and administration of the market operator;

2 • rules relating to transactions on the market;

3 • the professional requirements for the personnel of investment firms or credit institutions operating in the market;

4 • the conditions referred to in Article L. 421-17 of the Monetary and Financial Code applicable to members other than investment firms or credit institutions;

5 • rules and procedures for the clearing and settlement of transactions effected on the regulated market.

Article 513-2

The market operator shall ensure that the market member is authorised for the investment services it intends to provide on the regulated market, where such is the case.

Where the market rules provide for several categories of member, they shall stipulate the membership requirements for each category.

Article 513-3

Where a market member is based outside a State party to the European Economic Area agreement, admission is conditional on there being a cooperation and information sharing agreement between the AMF and the competent authority in the member's home country.

Notwithstanding the first paragraph, the market operator may enter into agreements with recognised markets, within the meaning of Article L. 423-1, D. 423-1 to D. 423-4 of the Monetary and Financial Code, whereby the members of one market are recognised as members of the other market, and vice versa.

Article 513-4

The market operator shall provide the AMF with a list of members of the regulated market it manages, stipulating their home country. It shall promptly inform the AMF of any changes to the list.

Article 513-5

The market operator shall ensure that members comply with the rules governing the market.

The market operator shall conclude an agreement with each member whereby the member agrees to:

1 • comply with market rules on a continuous basis;

2 • reply to any requests for information from the market operator;

3 • submit to on-site inspections by the market operator;

4 • rectify, at the behest of the market operator, any situation in which it no longer meets the membership requirements.

Article 513-6

Members of the regulated market shall enforce the obligations set forth in Section 5 and 6 of Chapter 3 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 and Articles L. 533-18 and L. 533-18-2 of the Monetary and Financial Code when executing orders on a regulated market on behalf of their clients.

Article 513-7

The market rules may authorise a market member to outsource trading operations to another member.

In such an event, outsourcing in no way alters the market member's responsibilities to its clients.

## Chapter IV - Principles for trading on regulated markets - transparency rules (Articles 514-1 à 514-9)

### Section 1 - General provisions (Articles 514-1 à 514-4)

#### Article 514-1

The market rules shall set forth the conditions in which multiple third-party buying and selling interests are brought together within the market in a way that results in transactions in the financial instruments traded on the market's systems.

They shall also establish the manner in which prices are determined, as well as the functions likely to be carried out by market members.

#### Article 514-2

The market rules shall determine the categories of orders that members can execute.

They shall provide that market members must time-stamp orders as soon as they are issued on a regulated market and, in cases where the market members receive orders, that they also must time-stamp them as soon as they are received.

The market rules shall specify the principles of priority that apply when orders at the same price and on the same side of the market (buy or sell) are presented at the same time on the market.

#### Article 514-3

The market rules shall establish the principles under which trading of financial instruments can be suspended or removed.

They also provide for the conditions:

a) Of technical interruption of trading in a financial instrument in the case of significant price fluctuations in this financial instrument on the market, particularly when the price variation reaches whether during the same trading session or from one session to the other one of the thresholds set by the market operator;

b) In which orders exceeding pre-determined volume and price thresholds, or clearly erroneous orders, are rejected.

The market rules regulating price fluctuations shall take into consideration both the market model and the characteristics of the financial instruments traded on the market. The market operator must have the resources that enable it to verify the consistency of the prices resulting from transactions.

#### Article 514-4

The market rules shall specify the conditions in which the market operator may cancel one or more transactions or, in exceptional cases, clearly erroneous or irregular trades. They also stipulate the arrangements for informing the market of any such cancellations.

### Section 2 - Derogations to transparency principles and publication of market information (Articles 514-5 à 514-8)

Commission Delegated Regulation (EU) 2017/587 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of shares, depositary receipts, exchange-traded funds, certificates and other similar financial instruments and on transaction execution obligations in respect of certain shares on a trading venue or by a systematic internaliser

Article 514-5

In accordance with Article L. 421-10 of the Monetary and Financial Code, the AMF shall be able to waive the obligation for a market operator to make public the information on current bid and offer prices and the depth of trading interests at those prices for the financial instruments referred to in Article 3 of Regulation (EU) No 600/2014 of 15 May 2014, and in the cases provided for in Article 4 of said Regulation.

The market rules shall stipulate the conditions under which a market operator may be waived from the obligation to make public the above-mentioned information.

Article 514-6

In accordance with Article L. 421-10 of the Monetary and Financial Code, the AMF may authorise market operators to defer the publication of transactions in the financial instruments referred to in Article 6 of Regulation (EU) No 600/2014 of 15 May 2014, in the cases provided for in Article 7 of said Regulation.

The market rules stipulate the conditions under which a market operator may be waived from the obligation to make public the above-mentioned information.

Article 514-7

In accordance with Article L. 421-10 of the Monetary and Financial Code, the AMF shall be able to waive the obligation for a market operator to make public the information on current bid and offer prices and the depth of trading interests at those prices for the financial instruments referred to in Article 8 of Regulation (EU) No 600/2014 of 15 May 2014, and in the cases provided for in paragraph 1 of Article 9 of said Regulation.

The market rules stipulate the conditions under which a market operator may be waived from the obligation to make public the above-mentioned information.

Article 514-8

In accordance with Article L. 421-10 of the Monetary and Financial Code, the AMF may authorise a market operator to defer the publication of transactions in the financial instruments referred to in Article 10 of Regulation (EU) No 600/2014 of 15 May 2014, in the cases provided for in Article 11 of said Regulation.

The market rules stipulate the conditions under which a market operator may be waived from the obligation to make public the above-mentioned information.

### Section 3 - Notification to the amf (Article 514-9)

Article 514-9

The market operator shall report daily to the AMF:

1 • On the orders received from the members of regulated markets it manages and on the transactions effected in accordance with the rules of these markets;

2 • On the positions opened on financial contracts, except if this information has already been disclosed to the AMF by the terms of Article 541-24.

## Chapter V - Admission of financial instruments to trading on a regulated market (Articles 515-1 à 515-2)

Commission Delegated Regulation (EU) 2017/568 of 24 May 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the admission of financial instruments to

trading on regulated markets

Article 515-1

The market operator shall implement necessary arrangements to regularly review the compliance with the admission requirements of the financial instruments admitted to trading on the regulated market it manages.

Article 515-2

The market operator shall establish procedures that facilitate its members in gaining access to information published by issuers pursuant to Titles I and II of Book II.

## Chapter VI - Special provisions for certain markets (Articles 516-1 à 516-6)

### Section 1 - Orders with instructions for deferred settlement and delivery (Article 516-1)

Article 516-1

The market rules may authorise a buyer or a seller, following execution of such buyer's or seller's order on the market, to defer the payment of the funds or the delivery of the financial instruments until a date set by those rules. The buyer, who is irrevocably bound to pay for the financial instruments once his order has been executed, shall not be required to disburse the funds until the date, set by the market rules, on which the financial instruments are registered in his account.

The financial instruments shall belong to the market member, in whose account they are registered at the date set by the market rules, pending registration in the buyer's account. The seller, who is irrevocably bound to deliver the financial instruments once his order has been executed, shall deliver them only at the date set by the market rules on which his account is debited. He retains title to the financial instruments as long as they are registered in his account.

### Section 2 - Corporate actions (Article 516-2)

Article 516-2

The market rules shall establish the procedures relating to the detachment of rights and other corporate actions that influence the price of financial instruments; they shall also stipulate the respective claims of buyers and sellers.

The rules shall also lay down the procedures that issuers of financial instruments admitted to trading on the regulated market managed by the market operator must follow to inform the operator of such actions.

Where financial instruments are admitted to trading without the consent of the issuer, the market operator shall make the necessary arrangements for gaining access to this information.

### Section 3 - Other provisions (Articles 516-3 à 516-4)

Article 516-3

At the request of a market operator, the AMF can put in place an arbitration procedure to resolve disputes arising between the operator and its market members, between market members themselves, or between members and their clients.

Article 516-4

Without prejudice to special regulatory provisions, where mandatory sales of the financial contracts referred to in II of Article L. 211-1 of the Financial and Monetary Code and equivalent financial instruments issued under foreign law are effected through an investment services provider, said provider shall publish a notice stipulating the date of sale, the type and number of financial instruments for sale, the selling price and the arrangements for the sale. This information shall be published at least fifteen days before the sale in a publication that carries legal notices.

Section 4 - Provisions applicable to certain compartments (Articles 516-5 à 516-6)

Article 516-5

The market undertaking may open a compartment for issuers applying to admit their financial instruments to trading on a regulated market without a public issue or sale if the equity securities or the securities that give or may give access directly or indirectly to the issuer's capital or voting rights are not already admitted to trading on a French regulated market.

Issuers may not ask for their financial instruments to be transferred off the compartment referred to in the first paragraph except in the case of a public issue or sale of financial instruments that entails the preparation of a prospectus.

Article 516-6

Financial instruments admitted to trading on the compartment referred to in Article 516-5 may not be acquired by an investor other than a qualified investor, within the meaning of 2 of II of Article L. 411-2 of the Monetary and Financial Code, unless such investor takes the initiative to do so and has been duly informed by the investment services provider about the characteristics of the compartment.

## Title II - Multilateral trading facilities (Articles 521-1 à 525-8)

### Chapter I - General provisions (Articles 521-1 à 521-9)

Commission Delegated Regulation (EU) 2017/588 of 14 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on the tick size regime for shares, depositary receipts and exchange-traded funds

#### Section 1 - Authorisation for an investment services provider to operate a multilateral trading facility and changes to the conditions of this authorisation (Articles 521-1 à 521-2)

Commission Delegated Regulation (EU) 2017/1943 of 14 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on information and requirements for the authorisation of investment firms

Commission Delegated Regulation (EU) 2017/1018 of 29 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards specifying information to be notified by investment firms, market operators and credit institutions

Commission Delegated Regulation (EU) 2017/1946 of 11 July 2017 supplementing Directives 2004/39/EC and 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for an exhaustive list of information to be included by proposed acquirers in the notification of a proposed acquisition of a qualifying holding in an investment firm

Commission Implementing Regulation (EU) 2017/1945 of 19 June 2017 laying down implementing technical standards with regard to notifications by and to applicant and authorised investment firms according to Directive 2014/65/EU of the European Parliament and of the Council

Commission Implementing Regulation (EU) 2016/824 of 25 May 2016 laying down implementing technical standards with regard to the content and format of the description of the functioning of multilateral trading facilities and organised trading

facilities and the notification to the European Securities and Markets Authority according to Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments

### Sub-section 1 - Authorisation to operate a multilateral trading facility

#### Article 521-1

I. - In connection with the examination by the Prudential Supervision and Resolution Authority of the authorisation request for the service referred to in Point 8° of Article L. 321-1 of the Monetary and Financial Code, and before such authorisation is granted, the AMF shall receive and examine in accordance with Article R. 532-3 of that Code:

1 • The programme of operations of the applicant referred to in 5° of Article L. 532-2 of said Code;

2 • The relevant elements mentioned in Commission Implementing Regulation (EU) 2016/824 of 25 May 2016;

II. - In addition, the AMF receives and reviews the facility's operating rules referred to in Articles L. 424-2, R*. 424-1 and R. 424-2 of said Code.

### Sub-section 2 - Changes to the conditions for authorisation of a multilateral trading facility

#### Article 521-2

The AMF shall be notified of all material changes referred to in paragraph 1 of Article 8 of Commission Implementing Regulation (EU) 2016/824 of 25 May 2016, in accordance with Article R. 532-6, and notifies its decision within the time period indicated in II of this same Article.

## Section 2 - Authorisation for a market operator to operate a multilateral trading facility and changes to the conditions of this authorisation (Articles 521-3 à 521-6)

### Sub-section 1 - Authorisation for a market operator to operate a multilateral trading facility

#### Article 521-3

With a view to obtaining authorisation to manage an MTF, the market operator shall send the AMF an application comprising:

1 • a programme of operations relating to the envisaged activity setting out inter alia:

- a • the types of business;
- b • its organisational structure, the human material, technical and financial resources implemented;
- c • the provisions and procedures mentioned in I of Article L. 420-9 of the Monetary and Financial Code, notably to control compliance with the system's rules by its members and to ensure a smooth trading process;
- d • the provisions for ensuring compliance with the requirements referred to in Article L. 421-11 of said Code; and
- e • where relevant, the procedure for the clearing of transactions.

2 • the relevant elements referred to in Commission Implementing Regulation (EU) 2016/824 of 25 May 2016, notably a description of any links to or participation by a regulated market, a multilateral trading facility, an organised trading facility or systematic internaliser;

3 • the operating rules of the facility referred to in Article L. 424-2 of the Monetary and Financial Code.

Article 521-4

The AMF shall check that the documents or information referred to in Article 521-3 comply with relevant laws and regulations, and in particular that the market operator has the resources and organisational structure suitable for the envisaged activity and that it complies with the provisions of Article L. 421-11 of the Monetary and Financial Code.

The AMF shall seek the opinion of the Prudential Supervision and Resolution Authority on the organisation, the human, technical and material resources and the financial resources of the market operator.

It can demand any rule amendments or resource adjustments needed to ensure that the facility complies with relevant laws and regulations.

The AMF shall reach a decision on the authorisation request within three months of receiving the full file or, where such is the case, the additional information it has requested.

### Sub-section 2 - Changes to the conditions for authorisation of a multilateral trading facility and withdrawal of the authorisation

Article 521-5

I. - The market operator shall promptly inform the AMF prior to any changes made to the elements of the programme of operations referred to in Point 1° of Article 521-3 that was part of the approved application for the operation of an organised trading facility.

II. - It shall also notify the AMF under the same conditions of any material change referred to in paragraph 1 of Article 8 of Commission Implementing Regulation (EU) 2016/824 of 25 May 2016.

III. - The AMF shall determine the measures to be taken as a result of such changes within one month of receiving the changes' file or, where appropriate, any additional information it might have requested and, in particular, whether the provisions of Article 521-6 shall apply. Failing an express response from the AMF within this period, the changes shall be deemed to have been accepted.

Article 521-6

The AMF shall withdraw the authorisation granted to a market operator where such operator:

1 • does not make use of the authorisation within 12 months, expressly renounces the authorisation, or if the MTF has not operated over the previous six months;

2 • has obtained the authorisation by making false statements or by any other irregular means;

3 • no longer meets the conditions under which authorisation was granted;

4 • has seriously and systematically infringed the provisions applicable to it.

### Section 3 - Multilateral trading facility's rules (Articles 521-7 à 521-9)

Article 521-7

The rules of the multilateral trading facility shall establish inter alia:

1 • the conditions of access for members of the multilateral trading facility and their obligations. When a market member is established outside a State party to the Agreement on the European Economic Area, its access depends on whether or not an agreement for co-operation and exchange of information has been set up between the AMF and the competent supervisory authority of its country of registration;

2 • the category(ies) of financial instruments admitted for trading on the multilateral trading facility, the criteria for determining

their admissibility, as well as their characteristics;

3 • the conditions for trading financial instruments on the facility, in particular:

a • the arrangements for bringing together buying and selling interests, and the dates and opening hours for trading;

b • the information made public concerning buying and selling interests and the transactions undertaken, including the information referred to in Articles 522-1 to 522-4;

c • the procedures for the suspension or removal of financial instruments from trading;

d • where appropriate, the mechanisms as defined in Paragraphs II to IV of Article L. 420-3 of the Monetary and Financial Code;

e • the obligation for members of the facility to time-stamp orders as soon as they are issued on a multilateral trading facility and, in cases where the market members receive orders, to time-stamp them as soon as they are received.

4 • Where such is the case, the obligations applicable to issuers notably for making financial disclosures;

5 • the consequences for members or issuers in the event of non-compliance with the system's rules;

6 • the procedures for settlement, and where relevant, clearing of transactions.

Article 521-8

After approval of the rules of the multilateral trading facility in accordance with Articles L. 424-2, R*. 424-1 and R. 424-2 of the Monetary and Financial Code, the operator of the multilateral trading facility shall notify the AMF of any changes it plans to make to the facility's rules at least one month prior to the intended date of application.

The AMF shall ensure that the changes planned comply with the applicable legal and regulatory provisions. In this case, it shall approve them in accordance with Article R*. 424-1 and R. 424-2 of the Monetary and Financial Code, within one month from the date of receipt of the application to make the change, or, where relevant, of any additional information requested.

When the operator of the system is an investment services provider, the AMF shall notify the French Prudential Supervision and Resolution Authority.

Article 521-9

Following the initial approval by the AMF of the rules of operation of the multilateral trading facility or the approval of the changes, the operator of the multilateral trading facility shall make these rules available to the public on its website.

AMF decisions approving the rules of multilateral trading facilities or changes made to them are published on the AMF's website. The approved rules are annexed to the AMF's decision.

## Chapter II - Transparency and conduct of business rules (Articles 522-1 à 522-7)

Commission Delegated Regulation (EU) 2017/587 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of shares, depositary receipts, exchange-

traded funds, certificates and other similar financial instruments and on transaction execution obligations in respect of certain shares on a trading venue or by a systematic internaliser

Section 1 - Derogations to transparency principles (Articles 522-1 à 522-4)

Article 522-1

In accordance with Article L. 424-2 of the Monetary and Financial Code, the AMF shall be able to waive the obligation for the operator of the system to make public the information on current bid and offer prices and the depth of trading interests at those prices for the financial instruments referred to in Article 3 of Regulation (EU) No 600/2014 of 15 May 2014, and in the cases provided for in Article 4 of said Regulation.

The rules of the facility stipulate the conditions under which the operator of a multilateral trading facility may be waived from the obligation to make public the above-mentioned information.

Article 522-2

In accordance with Article L. 424-2 of the Monetary and Financial Code, the AMF shall be able to waive the obligation for the operator of the system to make public the information on current bid and offer prices and the depth of trading interests at those prices for the financial instruments referred to in Article 8 of Regulation (EU) No 600/2014 of 15 May 2014, and in the cases provided for in paragraph 1 of Article 9 of said Regulation.

The rules of the facility stipulate the conditions under which the operator of a multilateral trading facility may be waived from the obligation to make public the above-mentioned information.

Article 522-3

In accordance with Article L. 424-2 of the Monetary and Financial Code, the AMF may authorise the operator of the system to defer the publication of transactions the in financial instruments referred to in Article 6 of Regulation (EU) No 600/2014 of 15 May 2014, in the cases provided for in Article 7 of said Regulation.

The system's rules stipulate the conditions under which the operator of the system may be waived from the obligation to make public the above-mentioned information.

Article 522-4

In accordance with Article L. 424-2 of the Monetary and Financial Code, the AMF may authorise the operator of the system to defer the publication of transactions in the financial instruments referred to in Article 10 of Regulation (EU) No 600/2014 of 15 May 2014, in the cases provided for in Article 11 of said Regulation.

The system's rules stipulate the conditions under which the operator of the system may be waived from the obligation to make public the above-mentioned information.

Section 2 - Rules of conduct (Articles 522-5 à 522-7)

Article 522-5

Where applicable, the MTF manager shall provide, or ensure that there is access to, sufficient publicly available information to enable its users to form an investment judgement, taking into account both the nature of the users and the types of instruments traded.

Article 522-6

The MTF operator shall put in place the arrangements to:

1 • clearly identify any conflict of interest between itself and the facility it operates, including with its shareholders; and

2 • manage the potentially damaging effects of a conflict of interest on the operation and functioning of the facility or on its users.

Article 522-7

The MTF manager shall sign a membership agreement with each member, providing inter alia for:

1 • the obligation for the member to comply at all times with the rules of the facility and their implementing measures, to answer all requests from the manager for information, to submit to on-site inspections by the manager and bring itself into line with requirements at the manager's request;

2 • the measures taken by the manager in the event of poor performance or breach by the member of its contractual obligations, that may include the suspension of the member or the cancellation of the agreement.

## Chapter III - Supervision of the functioning of the mtf and its members (Articles 523-1 à 523-4)

Commission Delegated Regulation (EU) 2017/574 of 7 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the level of accuracy of business clocks

### Section 1 - Issuance of professional licences to some members of staff (Articles 523-1 à 523-3)

Article 523-1

The MTF manager shall appoint a person or persons to be responsible with the following:

1 • supervision of trading;

2 • monitoring of MTF members.

Where managing an MTF is not its sole business, the investment services provider shall appoint a person other than the compliance officer to perform the functions referred to in Points 1° and 2°.

The market operator that manages an MTF may appoint the person or persons referred to in Article 512-8 to perform these functions in connection with the management of an MTF.

Article 523-2

The persons referred to in Article 523-1 shall have the requisite independence of decision-making as well as the technical and human resources needed to carry out their duties.

Such resources shall be commensurate with the size of the facility or facilities managed by the manager.

Article 523-3

The persons referred to in Article 523-1 shall hold a professional licence, issued by the AMF on the proposal of the manager, as provided for in Articles 512-8 to 512-12.

### Section 2 - Notification to the amf (Article 523-4)

Article 523-4

The MTF manager shall report daily to the AMF:

1 • On the orders received from the members of the multilateral trading facility that he manages and on the transactions effected in accordance with the rules of the MTF;

2 • On the positions opened on financial contracts, except if this information has already been disclosed to the AMF by the terms of Article 541-24.

## Chapter IV - Multilateral trading facilities registered as an sme growth market (Article 524-1)

### Article 524-1

The operator of a multilateral trading facility that is registered as an SME growth market may impose additional requirements to the ones set out in Articles L. 424-7 and D. 424-4-1 of the Monetary and Financial Code.

## Chapter V - Organised multilateral trading facilities (Articles 525-1 à 525-8)

### Article 525-1

Multilateral trading facilities are considered as organized multilateral trading facilities if:

1 • 1° Their operating rules referred to in Article 521-7 are approved by the AMF at their request;

2 • 2° They report daily to the AMF, with regard to the orders they receive from their members for financial instruments admitted to trading on the facility; and

3 • 3° They arrange for a mandatory public offer procedure pursuant to Article 235-2 if the financial instruments they admit to the facility are those mentioned in point 1° of II of Article L. 211-1 of the Monetary and Financial Code.

### Article 525-2

The AMF makes its ruling on the operating rules in accordance with articles R*. 424-1 et R. 424-2 of the Monetary and Financial Code.

### Article 525-3

The AMF publishes decisions relating to the approval of the operating rules on its website. The approved rules are annexed to the decision of the AMF.

### Article 525-4

The provisions common to all MTFs referred to in Chapters I to IV of this Title shall apply to organised MTFs. MTFs shall also be subject to the following provisions.

### Article 525-5

The information and documents to be sent to the AMF in accordance with Article 521-3 shall also relate to the arrangements implemented to monitor compliance with the obligations under Chapter IV, Title I of Book III and defined in the Regulation (EU) n° 596/2014 of the European Parliament and of the Council of 16 April 2014.

### Article 525-6

The manager shall notify the AMF without delay of any difficulties encountered in the performance of its obligations and of any facts known to them that may jeopardise the proper functioning of the facility.

They shall in particular provide the AMF without delay with all appropriate information where such facts may constitute market abuse as defined by the Regulation (EU) n° 596/2014 of the European Parliament and of the Council of 16 April 2014 as well as any failure by an issuer to comply with the obligations it has undertaken toward the managers in respect of financial disclosures.

Article 525-7

The rules of organised MTFs shall also establish:

1 • the procedures to be implemented in the event of the acquisition of control of an issuer whose financial instruments are traded on these facilities;

2 • the arrangements put in place to monitor compliance by issuers and members with the obligations under Chapter IV, Title I of Book III and defined by the Regulation (EU) n° 596/2014 of the European Parliament and of the Council of 16 April 2014;

3 • where such is the case the signing of a membership or admission agreement between the manager and issuers. In this, case the manager shall make the necessary arrangements for ensuring that issuers comply with their contractual arrangements. The agreement shall specify the consequences of non-fulfilment of these obligations.

Article 525-8

The agreement referred to in Point 3° of Article 525-7 shall also establish the obligations relating to the procedures to be implemented in the event of the acquisition of control of an issuer whose financial instruments are traded on an organised MTF.

## Title III - Organised trading facilities (OTF) (Articles 531-1 à 532-8)

### Chapter I - General provisions (Articles 531-1 à 531-9)

#### Section 1 - Approval for the operation of an organised trading facility by investment services providers and changes to the conditions of this approval (Articles 531-1 à 531-2)

Commission Delegated Regulation (EU)2017/1943 of 14 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on information and requirements for the authorisation of investment firms

Commission Delegated Regulation (EU) 2017/1018 of 29 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards specifying information to be notified by investment firms, market operators and credit institutions

Commission Delegated Regulation (EU) 2017/1946 of 11 July 2017 supplementing Directives 2004/39/EC and 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for an exhaustive list of information to be included by proposed acquirers in the notification of a proposed acquisition of a qualifying holding in an investment firm

Commission Implementing Regulation (EU) 2017/1945 of 19 June 2017 laying down implementing technical standards with regard to notifications by and to applicant and authorised investment firms according to Directive 2014/65/EU of the European Parliament and of the Council

Commission Implementing Regulation (EU) 2016/824 of 25 May 2016 laying down implementing technical standards with regard to the content and format of the description of the functioning of multilateral trading facilities and organised trading facilities and the notification to the European Securities and Markets Authority according to Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments

Sub-section 1 - Approval for the operation of an organised trading facility

Article 531-1

I. - In connection with the examination by the Prudential Supervision and Resolution Authority of the authorisation request for the service referred to in Point 9° of Article L. 321-1 of the Monetary and Financial Code, and before such authorisation is granted, the AMF shall receive and examine in accordance with Article R. 532-3 of that Code:

1 • The programme of operations of the applicant referred to in 5° of Article L. 532-2 of said Code;

2 • The relevant elements referred to in Commission Implementing Regulation (EU) 2016/824 of 25 May 2016, notably those referred to in d) of paragraph 2 of Article 2, in paragraph 5 of article 2 and paragraphs b) and d) of Article 6 of said Regulation;

II. - Moreover, the AMF receives and reviews the rules of operation of the facility laid down in Articles L. 425-2, R*. 425-1 and R. 425-2 of said Code.

Sub-section 2 - Changes to the conditions for authorisation of an organised trading facility

Article 531-2

The AMF shall be notified of all material changes referred to in paragraph 1 of Article 8 of Commission Implementing Regulation (EU) 2016/824 of 25 May 2016, in accordance with Article R. 532-6, and notifies its decision within the time period indicated in II of this same Article.

Section 2 - Authorisation for a market operator to operate a multilateral trading facility and changes to the conditions of this authorisation (Articles 531-3 à 531-6)

Sub-section 1 - Authorisation for a market operator to operate an organised trading facility

Article 531-3

With a view to obtaining authorisation to manage an OTF, the market operator shall send the AMF a file comprising:

1 • a programme of operations relating to the envisaged activity setting out inter alia:

a) the types of business;

b) its organisational structure, the human material, technical and financial resources implemented;

c) the provisions and procedures mentioned in I of Article L. 420-9 of the Monetary and Financial Code, notably to control compliance with the system's rules by its members and to ensure a smooth trading process;

d) the provisions for ensuring compliance with the requirements referred to in Article L. 421-11 of said Code; and

e) where relevant, the procedures for the clearing of transactions

2 • the items referred to in Point 2° of Paragraph I of Article 531-1;

3 • the rules of operation of the facility referred to in Article L. 425-2 of the Monetary and Financial Code.

Article 531-4

The AMF shall check that the documents or information referred to in Article 531-3 comply with relevant laws and regulations, and in particular that the market operator has the resources and organisational structure suitable for the envisaged activity and that it complies with the provisions of Article L. 421-11 of the Monetary and Financial Code.

The AMF shall seek the opinion of the Prudential Supervision and Resolution Authority on the organisation, the human, material and technical resources and the financial resources of the market operator.

It can demand any rule amendments or resource adjustments needed to ensure that the facility complies with relevant laws and regulations.

The AMF shall reach a decision on the authorisation request within three months of receiving the full file or, where such is the case, the additional information it has requested.

### Sub-section 2 - Changes to the conditions for authorisation of an organised trading facility and withdrawal of the authorisation

#### Article 531-5

I. - The market operator shall promptly inform the AMF prior to any changes made to the elements of the business plan referred to in Point 1 of Article 531-3 that was part of the approved application for the operation of an organised trading facility.

II. - It shall also notify the AMF under the same conditions of any material change referred to in paragraph 1 of Article 8 of Commission Implementing Regulation (EU) 2016/824 of 25 May 2016.

III. - The AMF shall determine the measures to be taken as a result of such changes within one month of receiving the changes' file or, where appropriate, any additional information it might have requested and, in particular, whether the provisions of Article 531-6 shall apply. Failing an express response from the AMF within this period, the changes shall be deemed to have been accepted.

#### Article 531-6

The AMF shall withdraw the authorisation granted to a market operator where such operator:

1 • does not make use of the authorisation within 12 months, expressly renounces the authorisation, or if the OTF has not operated over the previous six months;

2 • has obtained the authorisation by making false statements or by any other irregular means;

3 • no longer meets the conditions under which authorisation was granted;

4 • has seriously and systematically infringed the provisions applicable to it.

### Section 3 - Organised trading facility's rules (Articles 531-7 à 531-9)

#### Article 531-7

The rules of the facility shall establish inter alia:

1 • the conditions of access to the facility for clients and their obligations;

2 • the category(ies) of financial instruments admitted for trading on the organised trading facility, the criteria for determining their admissibility, as well as their characteristics;

3 • the conditions for trading financial instruments on the facility, in particular:

a) the arrangements for bringing together buying and selling interests, and the dates and opening hours for trading;

b) the information made public concerning buying and selling interests and the transactions undertaken, including the information referred to in Articles 532-3 and 532-4;

c) the procedures for the suspension or removal of financial instruments from trading;

d) where appropriate, the mechanisms as defined in Paragraphs II to IV of Article L. 420-3 of the Monetary and Financial Code;

e) the obligation for the clients of the facility to time-stamp orders as soon as they are placed on an organised trading facility and, in cases where the clients receive orders, to time-stamp them as soon as they are received.

4 • Where such is the case, the obligations applicable to issuers notably for making financial disclosures;

5 • the consequences for clients or issuers in the event of non-compliance with the system's rules;

6 • procedures for settlement, and where relevant, clearing of transactions.

Article 531-8

After approval of the rules of the facility in accordance with Articles L. 425-2, R*. 425-1 and R. 425-2 of the Monetary and Financial Code, the operator of the organised trading facility shall notify the AMF of any changes it plans to make to the system's rules at least one month prior to the intended date of application.

The AMF shall ensure that the changes planned comply with the applicable legal and regulatory provisions. In this case, it shall approve them in accordance with Article R*. 425-1 and R. 425-2 of the Monetary and Financial Code, within one month from the date of receipt of the application to make the change, or, where relevant, of any additional information requested.

When the operator of the system is an investment services provider, the AMF shall notify the French Prudential Supervision and Resolution Authority.

Article 531-9

Following the initial approval by the AMF of the rules of operation of the facility or the approval of the changes, the operator of the organised trading facility shall make these rules available to the public on its website.

AMF decisions approving the rules of the system or changes made to them are published on the AMF's website. The approved rules are annexed to the AMF's decision.

## Chapter II - Trading principles, transparency and conduct of business rules (Articles 532-1 à 532-7)

### Section 1 - Specific requirements applicable to the otf operator (Articles 532-1 à 532-2)

Article 532-1

The operator of the system shall ensure that the matched trades that include dealing on own account that it carries out do not lead to conflicts of interest with its clients.

Article 532-2

The operator of an organised trading facility exercises discretion when it decides to:

1 • place or retract an order on the system; or

2 • not to match a specific order of a client with the orders available in the system at a given point in time, provided that that complies with specific instructions received from clients as well as with the provisions of Articles L. 533-18 to L. 533-18-2 of the Monetary and Financial Code.

For an organised trading facility that crosses client orders, the operator should be able to decide if, when and how much of two or

more orders it wants to match within the system. In the case of a system that organises transactions, the operator of an organised trading facility should be able to facilitate negotiation between clients as to bring together two or more potentially compatible trading interests in a transaction.

Section 2 - Derogations to transparency principles (Articles 532-3 à 532-4)

Commission Delegated Regulation (EU) 2017/583 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of bonds, structured finance products, emission allowances and derivatives

Article 532-3
In accordance with Article L. 425-2 of the Monetary and Financial Code, the AMF shall be able to waive the obligation for the operator of an organised trading facility to make public the information on current bid and offer prices and the depth of trading interests at those prices for the financial instruments referred to in Article 8 of Regulation (EU) No 600/2014 of 15 May 2014, and in the cases provided for in paragraph 1 of Article 9 of said Regulation.

The rules of the facility stipulate the conditions under which the operator of an organised trading facility may be waived from the obligation to make public the above-mentioned information.

Article 532-4
In accordance with Article L. 425-2 of the Monetary and Financial Code, the AMF may authorise the operator of the organised trading facility to defer the publication of transactions in the financial instruments referred to in Article 10 of Regulation (EU) No 600/2014 of 15 May 2014, in the cases provided for in Article 11 of said Regulation.

The market rules stipulate the conditions under which the operator of the system may be waived from the obligation to make public the above-mentioned information.

Section 3 - Rules of conduct (Articles 532-5 à 532-7)

Article 532-5
Where applicable, the OTF manager shall provide, or ensure that there is access to, sufficient publicly available information to enable its users to form an investment judgement, taking into account both the nature of the users and the types of instruments traded.

Article 532-6
The OTF operator shall put in place the arrangements to:

1 • clearly identify any conflict of interest between itself and the facility it operates, including with its shareholders; and

2 • manage the potentially damaging effects of a conflict of interest on the operation and functioning of the facility or on its users.

Article 532-7
The OTF manager shall sign a membership agreement with each client, providing inter alia for:

1 • the obligation for the client to comply at all times with the rules of the facility and their implementing measures, to answer all requests from the manager for information, to submit to on-site inspections by the manager and bring itself into line with requirements at the manager's request;

- the measures taken by the manager in the event of poor performance or breach by the client of its contractual obligations, that may include the suspension of the client or the cancellation of the agreement.

### Chapter III - Supervision of the functioning of the otf and its clients (Article 532-8)

Commission Delegated Regulation (EU) 2017/574 of 7 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the level of accuracy of business clocks

Article 532-8

The provisions of Articles 523-1 to 523-3 shall apply to the OTF manager.

For the purposes of this Article, the terms "member(s)" referred to in Articles 523-1 to 523-3 shall mean "client(s)".

## Title IV - Clearing houses (Articles 541-1 à 541-37)

Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories

Commission Delegated Regulation (EU) No 148/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to regulatory technical standards on the minimum details of the data to be reported to trade repositories

Commission Delegated Regulation (EU) No 149/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on indirect clearing arrangements, the clearing obligation, the public register, access to a trading venue, non-financial counterparties, and risk mitigation techniques for OTC derivatives contracts not cleared by a CCP

Commission Delegated Regulation (EU) No 150/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to regulatory technical standards specifying the details of the application for registration as a trade repository

Commission Delegated Regulation (EU) No151/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories, with regard to regulatory technical standards specifying the data to be published and made available by trade repositories and operational standards for aggregating, comparing and accessing the data

Commission Delegated Regulation (EU) No 152/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on capital requirements for central counterparties

Commission Delegated Regulation (EU) No 153/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on requirements for central counterparties

Commission Delegated Regulation (EU) No 876/2013 of 28 May 2013 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on colleges for central counterparties

Commission Delegated Regulation (EU) No 1002/2013 of 12 July 2013 amending Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to the list of exempted entities

Commission Delegated Regulation (EU) No 1003/2013 of 12 July 2013 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to fees charged by the European Securities and Markets Authority to trade repositories

Commission Delegated Regulation (EU) No 285/2014 of 13 February 2014 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on direct, substantial and foreseeable effect of contracts within the Union and to prevent the evasion of rules and obligations

Commission Delegated Regulation (EU) No 667/2014 of 13 March 2014 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to rules of procedure for penalties imposed on trade repositories by the European Securities and Markets Authority including rules on the right of defence and temporal provisions

Commission Delegated Regulation (EU) 2015/1515 of 5 June 2015 amending Regulation (EU) No 648/2012 of the European Parliament and of the Council as regards the extension of the transitional periods related to pension scheme arrangements

Commission Delegated Regulation (EU) 2015/2205 of 6 August 2015 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on the clearing obligation

Commission Delegated Regulation (EU) 2016/592 of 1 March 2016 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on the clearing obligation

Commission Delegated Regulation (EU) 2016/1178 of 10 June 2016 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on the clearing obligation

Commission Delegated Regulation (EU) 2016/2251 of 4 October 2016 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to regulatory technical standards for risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty

Commission Delegated Regulation (EU) 2017/610 of 20 December 2016 amending Regulation (EU) No 648/2012 of the European Parliament and of the Council as regards the extension of the transitional periods related to pension scheme arrangements

Commission Delegated Regulation (EU) 2017/979 of 2 March 2017 amending Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to the list of exempted entities

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Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012

Commission Delegated Regulation (EU) 2017/581 of 24 June 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards on clearing access in respect of trading venues and central counterparties

Commission Delegated Regulation (EU) 2017/582 of 29 June 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards specifying the obligation to clear derivatives traded on regulated markets and timing of acceptance for clearing

Commission Delegated Regulation (EU) 2017/2154 of 22 September 2017 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards on indirect clearing arrangements

## Chapter I - Common provisions (Articles 541-1 à 541-37)

### Section 1 - Approval and publication of clearing house operating rules (Articles 541-1 à 541-4)

#### Article 541-1

The clearing house submits its operating rules to the AMF for approval.

The AMF makes its ruling on the basis of the activities that the clearing house intends to perform and the resources and facilities that it intends to implement.

The AMF makes its ruling on the operating rules within three months of receiving the file or, as appropriate, any additional information it might have requested. This period is reduced to one month for changes to the rules.

#### Article 541-2

Pursuant to Article L. 440-1 of the Monetary and Financial Code, the AMF may approve the operating rules in a language customary in the sphere of finance other than French, when they concern clearing of over-the-counter derivatives within the meaning of Article 2 (7) of Regulation (EU) n° 648/2012 of the European Parliament and Council of 4 July 2012.

#### Article 541-3

The AMF publishes decisions relating to the approval or of clearing house operating rules or amendments thereto, on its website. The approved rules are annexed to the decision of the AMF.

#### Article 541-4

The clearing house must permit any person who so wishes to access its operating rules at its registered office and to take away or receive, at that person's expense, a copy of the said rules.

### Section 2 - Rules of conduct applicable to clearing house and its staff (Articles 541-5 à 541-7)

#### Article 541-5

The clearing house shall perform its activities diligently, honestly and impartially.

#### Article 541-6

The clearing house shall remind the persons acting under its authority or on its behalf that they are bound by the rules of professional secrecy, under the terms and penalties provided by law.

Such persons may not use any confidential information in their possession other than to perform their functions within or on behalf of the clearing house.

#### Article 541-7

The clearing house shall draw up internal regulations establishing the rules of conduct applicable to persons acting under its responsibility or on its behalf.

These internal regulations shall stipulate the conditions in which a person may execute trades in financial instruments for his own account. They give due regard to the provisions of Article 541-6.

Section 3 - Issuance of professional licences to certain clearing house staff (Articles 541-8 à 541-12)

Article 541-8

The clearing house shall appoint the following persons:

1 • A person responsible for supervising clearing;

2 • A person responsible for supervising clearing house members;

3 • A head of compliance.

Article 541-9

The responsible persons referred to in Article 541-8 must have the requisite independence of decision-making as well as the technical and human resources needed to carry out their duties. The resources must be suited to the clearing house's volume of business.

Article 541-10

The responsible persons referred to in Article 541-8 are required to hold professional licences, which are issued by the AMF on the clearing house's proposal.

In preparation for the issuance of this licence, the clearing house shall forward to the AMF for each of the persons concerned, an application containing the elements specified in an AMF instruction.

The AMF can ask the clearing house or the persons concerned for any further information it deems appropriate.

The AMF rules within one month of receiving the application or, where such is the case, the additional information it has requested.

Article 541-11

The clearing house informs the AMF when the holder of a professional licence referred to in Article 541-10 ceases to perform the function requiring that licence. The AMF then revokes the licence.

The AMF informs the clearing house whenever it revokes a professional licence in connection with the disciplinary proceedings referred to in Article L. 621-15 of the Financial and Monetary Code.

Article 541-12

The responsible persons mentioned in Article 541-8 draw up a yearly report on the conditions in which they carry out their duties. This report is submitted to the executive body of the clearing house, as well as to the AMF, no later than four months after the close of the financial year.

This report includes:

1 • A description of how supervision and monitoring are organised;

2 • A description of the tasks performed in carrying out these duties;

3 • Any observations made by the responsible person;

4 • Measures adopted as a result of such observations.

Section 4 - Clearing house participation conditions (Articles 541-13 à 541-22)

Article 541-13

The operating rules of the clearing house stipulate the categories of admissible clearing members and the admission criteria, notably the minimum amount of financial resources and, where appropriate, the collateral clearing members must provide and operational capacity requirements.

If necessary, the minimum amount of financial resources and, where appropriate, the collateral clearing members must provide may be increased by the clearing house on the terms set out in its operating rules.

Where the rules provide for several categories of member, they stipulate the membership requirements for each category.

Article 541-14

At least once yearly, clearing members provide the clearing house with written information, including their financial statements and documents concerning any relevant collateral. They inform the clearing house immediately should their financial resources fall below the minimum requirement applicable to them.

Article 541-15

The operating rules determine the cases in which membership of clearing members that no longer meet the admission criteria is suspended or terminated.

Article 541-16

Pursuant to 5 of Article L. 440-2 of the Monetary and Financial Code, prior authorisation from the AMF is required for membership of a clearing house by credit institutions and investment firms having their registered office in a State not party to the European Economic Area agreement and by legal persons whose principal or sole purpose is the clearing of financial instruments and which are not established in metropolitan France or overseas administrative areas (départements).

The AMF shall ascertain that such organisations are subject in their home State to rules governing the conduct of clearing and supervision that are equivalent to those in effect in France.

Absence of objection by the AMF within one month of receiving the membership application forwarded by the clearing house shall imply authorisation.

Where the AMF requests further information from the applicant or the clearing house, this time period shall be suspended until such information is received.

Article 541-17

The AMF enters into agreements with the competent authorities of the home State referred to in Article 541-16 in order to organise exchanges of information with them.

The AMF can extend the time period referred to in the third paragraph of Article 541-16 where this is warranted by the conclusion of an agreement with home State authorities.

An agreement may provide for an exemption from prior authorization for a category of institutions.

Article 541-18

Where, in connection with its supervisory duties as defined in this Title, a clearing house ascertains that one of its clearing members is not complying with the rules established by the AMF, it informs the AMF to this effect immediately.

Article 541-19

The clearing house checks that its operating rules are being complied with by its clearing members.

It enters into a membership agreement with each of their clearing members. By the terms of this agreement, the clearing members agree notably to:

1 • Comply with the rules established by the clearing house at all times;

2 • Reply to any request for information made by the clearing house;

3 • Submit to inspections conducted by the clearing house;

4 • Rectify, at the behest of the clearing house, any situation in which it no longer meets the conditions for membership.

Article 541-20
The operating rules of the clearing house define the list of clauses that must appear in the agreements referred to in Article 324-2.

Article 541-21
The operating rules of the clearing house may authorise a clearing member to subcontract clearing operations to another clearing member.

The rules may also authorise a clearing member to subcontract clearing operations to an entity that it controls, or by which it is controlled, within the meaning of Article L. 233-3 of the Commercial Code, provided that such entity fulfils the conditions of Article 541-13 and submits to inspection by the clearing house in question.

A subcontracting agreement does not alter the liability of a clearing member vis-à-vis third parties with regard to the subcontracted activities.

Article 541-22
The clearing house shall provide support for the natural persons who are to fulfil clearing functions and shall provide them with the information required for the conduct of their activity.

Section 5 - Transparency rules (Articles 541-23 à 541-24)

Article 541-23
The operating rules of the clearing house define the terms on which the prices and fees associated with the services are publicly disclosed.

Article 541-24
The clearing house shall report daily to the AMF on the transactions cleared and open positions on financial contracts.

Section 6 - Clearing house operation (Articles 541-25 à 541-30)

Article 541-25
The operating rules of the clearing house stipulate the nature and scope of the guarantee that the clearing house gives to its clearing members, whether they are acting on their own account or on behalf of their clients.

Article 541-26
The operating rules of the clearing house stipulate:

1 • The arrangements for recording the transactions in its system;

2 • The arrangements to distinguish between the accounts opened by clearing members in which the transactions for their own account or for the account of their clients are recorded and, pursuant to Article 541-23, the level of protection and the costs associated with the different levels of segregation offered;

3 • Where appropriate, the arrangements for the settlement of the transactions that are cleared or the underlying thereof, and the arrangements for winding up settlement fails in the financial securities referred to in Article L. 211-1, II of the Financial and

Monetary Code and in equivalent financial instruments issued under foreign law.

Article 541-27

The operating rules of the clearing house stipulate the pricing arrangements used to calculate its exposures to clearing members and the contributions referred to in Article 541-31 and for the liquidation of commitments at maturity.

Article 541-28

The operating rules of the clearing house of regulated markets provide that clearing members are del credere agents with regard to the clients whose accounts they keep.

In their capacity as *del credere* agents, clearing members are answerable to the clearing house for their clients' commitments.

Article 541-29

Where the clearing house of a regulated market in derivative financial instruments guarantees to clients the performance of their trades, it monitors the exposure of those clients.

Article 541-30

The operating rules of the clearing house require clearing members to inform the clearing house, upon request, of the identity of the clients whose positions they record.

Section 7 - Collateral requirements (Articles 541-31 à 541-34)

Article 541-31

The operating rules of the clearing house establish the principles governing the determination of the:

1 • Deposits, margins and, more generally, all types of guarantees that clearing members must remit to cover or guarantee their commitments or positions, and the deadlines for providing the said cover to the clearing house;

2 • Contributions to the default fund;

3 • Assets and collateral it accepts to cover their exposure to their clearing members.

Article 541-32

The operating rules of the clearing house stipulate the terms on which they make intraday margin calls.

Article 541-33

The operating rules of the clearing house of regulated markets make provision for the minimum amounts that clearing members must call from clients whose accounts they keep in order to cover or guarantee those clients' commitments or positions, as well as the assets or collateral accepted to cover such exposures.

Article 541-34

The clearing house of a regulated market in derivative financial instruments set position limits on the market and limits on risk exposure applicable to market members. It may also set limits applicable to all market participants.

When these limits are reached, the clearing house may decide to increase the amount of margin that the market member or client must deposit with the clearing member to cover or guarantee the positions that have been taken. The clearing house may also refuse to record any transaction that would increase the open position of the market member or client in question.

Section 8 - Default procedures (Articles 541-35 à 541-36)

Article 541-35

The operating rules of the clearing house stipulate the cases considered as default of a clearing member, which shall include at

least any failure by the clearing member to comply with its obligations pertaining to the settlement of market transactions or to the cover or collateral referred to in Article 541-31, and to in Article L. 440-9 of the Monetary and Financial Code.

The operating rules stipulate the procedures for managing such defaults and, in particular:

1 • According to the arrangements for recording and posting the assets and positions held, the terms and deadlines for the transfer of the assets and positions held by the defaulting clearing member for the account of its clients to another clearing member and, where appropriate, the steps taken by the clearing house with a view to actively managing the risks to which it is exposed on account of these positions, including the liquidation of the assets and positions in question, in accordance with Article L. 440-9 of the Monetary and Financial Code;

2 • The arrangements for the return of the balance referred to in Paragraph 7 of Article 48 of Regulation (EU) n° 648/2012 of the European Parliament and Council of 4 July 2012.

Article 541-36
The operating rules of the clearing house stipulate, in the event of the default of one or several clearing members:

1 • The order of use of the financial resources at their disposal to cover the losses incurred in accordance with Article 45 of Regulation (UE) n° 648/2012 of the European Parliament and Council of 4 July 2012;

2 • The amount of the dedicated own resources of the clearing house allocated in accordance with Paragraph 4 of Article 45 of Regulation (EU) n° 648/2012.

Where the clearing house considers that a clearing member is unable to meet its future obligations, it shall inform the AMF immediately.

Section 9 - Others provisions (Article 541-37)

Article 541-37
At the request of a clearing house, the AMF can put in place an arbitration procedure to resolve disputes arising between the clearing house and its members, between clearing members themselves or between clearing members and their clients.

## Title V - Central depositories of financial instruments (Articles 550-1 à 550-12)

Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation

Commission Delegated Regulation (EU) 2017/389 of 11 November 2016 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council as regards the parameters for the calculation of cash penalties for settlement fails and the operations of CSDs in host Member States

Commission Delegated Regulation (EU) 2017/390 of 11 November 2016 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on certain prudential requirements for central securities depositories and designated credit institutions offering banking-type ancillary services

Commission Delegated Regulation (EU) 2017/391 of 11 November 2016 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards further specifying the content of the reporting on internalised settlements

Commission Delegated Regulation (EU) 2017/392 of 11 November 2016 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on authorisation, supervisory and operational requirements for central securities depositories

Commission Implementing Regulation (EU) 2017/393 of 11 November 2016 laying down implementing technical standards with regard to the templates and procedures for the reporting and transmission of information on internalised settlements in accordance with Regulation (EU) No 909/2014 of the European Parliament and of the Council

Commission Implementing Regulation (EU) 2017/394 of 11 November 2016 laying down implementing technical standards with regard to standard forms, templates and procedures for authorisation, review and evaluation of central securities depositories, for the cooperation between authorities of the home Member State and the host Member State, for the consultation of authorities involved in the authorisation to provide banking-type ancillary services, for access involving central securities depositories, and with regard to the format of the records to be maintained by central securities depositories in accordance with Regulation (EU) No 909/2014 of the European Parliament and of the Council

Article 550-1

The conditions for authorising central depositories and for approving their operating rules are set forth in this Title.

The functions of a central depository are to:

1 • Record in a specific account the entirety of the financial instruments making up each issue accepted for the depository's transactions. The issuing entities shall become members of the depositary under the conditions set by its operating rules;

2 • Open current accounts for the following legal entities:

a • Legal entities eligible to participate in a financial instrument settlement system, under the terms of II of Article L. 330-1 of the Monetary and Financial Code;

b • Legal entities referred to in 5° and 7° of Article L. 542-1 of the Monetary and Financial Code;

3 • Ensure the circulation of financial instruments by book-entry transfer from one account to another;

4 • Verify that the total amount of each issue accepted for its operations and recorded in the specific account referred to in 1° is equal to the sum of the financial instruments recorded on the current accounts of the members referred to in 2°;

5 • Take all steps necessary to enable the exercise of rights attached to the financial instruments recorded in current accounts;

6 • Transmit registration information regarding holders of financial instruments between its members referred to in 2° and the member issuing entities referred to in 1°;

7 • Issue certificates representing French-law financial instruments for use abroad.

A central depository may accept for deposit financial instruments for which it does not hold the account of the issue. In such a case, it must at all times make sure that the quantity of financial instruments deposited with it is equal to the sum of financial instruments recorded on the current accounts of its members.

A central depository may organise and operate any system for the purpose of effecting delivery of financial instruments between its members as well as, if applicable, the corresponding cash payment, in accordance with the provisions of this Title.

Article 550-1-1

Admission of institutions wishing to open a current account with a central depository is subject to the prior approval of the AMF in the case of the institutions referred to in 6° of II of Article L. 330-1 or 7° of Article L. 542-1 of the Monetary and Financial Code.

The central depository shall submit the application for prior approval to the AMF and the components of the application shall be specified in an Instruction.

The AMF shall ensure that the competent home State authorities of the institution agree to set up exchanges of information with it.

If there is no opposition from the AMF in the one month period following the reception date of the application for approval submitted by the central depository or, as appropriate, further information requested by the AMF, the application shall be deemed to be approved. However, the AMF may extend this period if warranted by the arrangements for exchanges of information with the home State authorities.

Article 550-2

Any entity applying to be a central depository must be incorporated as a commercial company.

The applicant shall transmit to the AMF a filing that includes:

1 • Its articles of association;

2 • Its bylaws;

3 • Its operating rules;

4 • The identity of the persons who are in a position to exercise, directly or indirectly, significant influence over the management of the company, and the amount of their holding.

Shareholders who, alone or in concert with others, own directly or indirectly a fraction of 10% or more of the capital or voting rights are deemed to exercise significant influence;

5 • With regard to the activities in which it proposes to engage, a description of the human, technical and financial resources at its disposal or that it plans to commit, and in particular the resources assigned to risk management;

6 • The *curriculum vitae* of its main executives,

7 • The operating rules of any payment and settlement system it operates, if appropriate

The AMF may ask the applicant to provide any additional information that the AMF deems useful.

The AMF shall ensure that the operating rules submitted to it comply with the provisions of these General Regulations and that all of the envisaged activities are compatible with the functions of a central depository.

The AMF shall approve the rules within three months from the date of receipt of the filing or the date of receipt of any additional information that was requested. For changes in the rules, the time period shall be reduced to one month. The approval decision shall be published on the AMF website. The approved rules shall be annexed to the decision.

The AMF makes its ruling on the authorisation application within three months of receiving the file or, as appropriate, any additional information it might have requested.

Article 550-3

The central depositary shall promptly inform the AMF prior to any changes to the items referred to in Article 550-2, points 1 to 6.

The AMF shall determine the measures to be taken as a result of such changes within one month of receiving the file or, as appropriate, any additional information it might have requested. Failing an express response from the AMF within this period, the changes shall be deemed to have been accepted.

Article 550-4

Central depositories shall establish supervision of:

1 • The performance of their duties defined in Article 550-1;

2 • Compliance with their operating rules approved by the AMF pursuant to Article 550-2;

3 • The application of Articles 550-9 to 550-11.

For this purpose, they shall appoint a person to be in charge of this supervision.

Article 550-5

The supervisor referred to in Article 550-4 draws up a yearly report on the conditions in which he carries out his duties. This report is submitted to the central depository's executive body and to the AMF no later than four months after the end of the financial year.

The report includes:

1 • A description of how supervision and monitoring are organised;

2 • A description of the tasks performed in carrying out these duties;

3 • Any observations made by the supervisor;

4 • Measures taken as a result of such observations.

Article 550-6

The supervisor referred to in Article 550-4 shall have the requisite independence of decision-making as well as the technical and human resources they need to carry out their duties.

The resources must be suited to the nature and volume of the business done by the central depository.

Article 550-7

Relations between the central depository and its members shall be governed by a membership agreement.

This membership agreement shall oblige members to:

1 • respond to any request for information from the central depository;

2 • obey the operating rules of the central depository at all times;

3 • rectify any irregularity at the request of the central depository if the latter finds the member to be in breach of its rules, of current regulations, or of conditions of membership.

Article 550-8

If a central depository finds that one of its members is not in compliance with the rules set forth in this Title, it shall so inform the AMF.

The central depository shall communicate any information or any document requested by the AMF.

Article 550-9

The central depositories shall establish systems for assessing and managing risks of money laundering and terrorist financing.

They shall set up suitable organisational structures, internal procedures and a supervision system to ensure compliance with the obligations relating to the prevention of money laundering and terrorist financing.

Article 550-10

The central depositories shall:

1 • Appoint a member of management to be responsible for implementing the anti-money laundering and terrorist financing system stipulated in Article L. 561-32 of the Monetary and Financial Code;

This manager may delegate some or all of the implementation to one of the depository's employees under the following conditions:

a • The empowered person must have the necessary authority, resources and skills, and access to all relevant information;

b • The empowered person must not be involved in the execution of the services and activities under supervision.

The manager shall remain responsible for the delegated activities.

2 • Ensure that the reporting party and correspondent referred to in Articles R. 561-23 and R. 561-24 of the Monetary and Financial Code have access to all the information they need to perform their duties. The depositories shall provide them with the appropriate tools and resources to comply with their obligations relating to the prevention of money laundering and terrorist financing.

The abovementioned reporting party and correspondent shall also be informed of:

a • Incidents relating to the prevention of money laundering and terrorist financing that are brought to light by internal control systems;

b • Shortcomings found by domestic or foreign supervisory authorities in the implementation of provisions relating to the prevention of money laundering and terrorist financing;

3 • Compile and periodically update a classification of the risks of money laundering and terrorist financing involved in their activities, according to their exposure to such risks, assessing the risks according to the nature of the transactions in financial securities, the characteristics of their members and the accounts that the members have opened with them;

For this purpose, it shall consider the information published by the international body for cooperation and coordination in the prevention of money laundering and by the Minister for the Economy;

4 • Where necessary, determine a profile of usual transactions in financial securities on a member's account(s) that can be used to detect unusual transactions specific to such accounts with regard to the risks of money laundering and terrorist financing;

5 • Draft and implement written procedures to ensure compliance with the provisions relating to the prevention of money

laundering and terrorist financing. These procedures shall focus on risk supervision, implementation of vigilance measures relating to members, record-keeping, detection of unusual or suspicious transactions in financial securities and compliance with the reporting obligation vis-à-vis the national financial intelligence unit. They shall update the procedures periodically;

6 • Implement supervisory procedures for due diligence relating to the risk of money laundering and terrorist financing;

7 • If the central depositories belong to a financial group, a mixed group or a financial conglomerate, they shall establish procedures for circulating the information needed to organise the prevention of money laundering and terrorist financing within the group as stipulated in Article L. 511-34 of the Monetary and Financial Code, while ensuring that this information is not used for any other purpose than the prevention of money laundering and terrorist financing.

8 • Consider the risks relating to the prevention of money laundering and terrorist financing, when recruiting employees, in accordance with employees' level of responsibility.

9 • At the time of hiring, and periodically thereafter, provide their staff with information on and training in the applicable regulations and amendments, current money-laundering techniques, prevention and detection measures, and the procedures established. They shall be adapted to the functions performed, members, locations and risk classification.

Article 550-11

The internal procedures shall also specify how the central depositories ensure that their branches and subsidiaries in other countries apply equivalent measures relating to vigilance and record-keeping, unless local legislation is an obstacle, in which case they shall inform the national financial intelligence unit.

Article 550-12

The central depositary shall report daily to the AMF on the balances of the accounts referred to in Article 550-1, point 2.

## Title VI - Payment and settlement systems for financial instruments (Articles 560-1 à 560-15)

Article 560-1

In accordance with point 3°, Section VI, of Article L. 621-7 and Article L. 330-1 of the Financial and Monetary Code, the AMF shall determine the general principles of organisation and operation of payment and settlement systems for financial instruments and shall approve the operating rules of such systems, without prejudice to the authority conferred upon the Banque de France by Chapter I, Title IV, Book I of the Financial and Monetary Code.

The principal function of a payment and settlement system for financial instruments is to process the instructions of its participants in order to ensure delivery of the financial instruments by the central depository concerned and simultaneous payment, where applicable, on the books of the payment agent.

Article 560-1-1

The participation of an institution referred to in 6° of II of Article L. 330-1 of the Monetary and Financial Code in a securities settlement system is subject to the prior approval of the AMF.

The settlement system shall submit the application for prior approval to the AMF and the components of the application shall be specified in an Instruction.

The AMF shall ensure that the institution concerned is subject to the requirements referred to in 6° of II of Article L. 330-1 of the Monetary and Financial Code in its home State and that the competent authorities of its home State agree to set up exchanges of information with the AMF.

If there is no opposition from the AMF in the one month period following the reception date of the application for approval

submitted by the settlement system or, as appropriate, further information requested by the AMF, the application shall be deemed to be approved. However, the AMF may extend this period if warranted by the arrangements for exchanges of information with the home State authorities.

Article 560-2

Any entity wishing to operate a payment and settlement system for financial instruments must be incorporated as a commercial company. If it has not already addressed to the AMF the items referred to in Article 550-2, the applicant shall transmit to the AMF a filing that includes:

1 • Its articles of association;

2 • Its bylaws;

3 • The operating rules of the system;

4 • The identity of the persons who are in a position to exercise, directly or indirectly, significant influence over the management of the company, and the amount of their holding.

Shareholders who, alone or in concert with others, own directly or indirectly a fraction of 10% or more of the capital or voting rights are deemed to exercise significant influence;

5 • With regard to the activities in which it proposes to engage, a description of the human, technical and financial resources at its disposal or that it plans to commit, and in particular the resources it devotes or intends to devote to risk management;

6 • The *curriculum vitae* of its main executives;

7 • The names of the classes of financial instruments accepted in the system and the method of custody of each class.

The AMF may request that the applicant provide any additional information that the AMF deems useful.

The AMF shall verify that the system meets the definition given in Article L. 330-1 of the Financial and Monetary Code and that the rules submitted to it comply with the provisions of these General Regulations governing payment and settlement systems for financial instruments. It shall also verify that the applicant has or plans to have at its disposal suitable resources for operating a payment and settlement system for financial instruments.

The AMF shall approve the rules within three months from the date of receipt of the filing or the date of receipt of any additional information that was requested. For changes in the rules, this time period shall be reduced to one month. The approval decision shall be published on the AMF website.

The approved rules shall be annexed to the decision.

Article 560-3

The managers of financial instrument settlement and delivery systems shall promptly inform the AMF prior to any changes to the items referred to in Article 560-2, points 1 to 7.

The AMF shall determine the measures to be taken as a result of such changes within one month of receiving the file or, as appropriate, any additional information it might have requested. Failing an express response from the AMF within this period, the changes shall be deemed to have been accepted.

Article 560-4

The operator of a securities settlement system shall establish supervision of:

1 • The performance of its duties defined in Article 560-1;

2 • Compliance with the security settlement system's operating rules approved by the AMF pursuant to Article 560-2;

3 • Application of Articles 560-12 to 560-14.

For this purpose, it shall appoint a person to be in charge of this supervision.

Article 560-5

The supervisor referred to in Article 560-4 draws up a yearly report on the conditions in which he carried out his duties. This report is submitted to the executive body of the operator of the payment and settlement system, and to the AMF no later than four months after the end of the financial year.

The report includes :

1 • A description of how supervision and monitoring are organised;

2 • A description of the tasks performed in carrying out these duties;

3 • Any observations made by the supervisor;

4 • Measures taken as a result of such observations.

Article 560-6

The supervisor referred to in Article 560-4 shall have the requisite independence of decision-making as well as the technical and human resources he needs to carry out their duties.

The resources must be suited to the nature and volume of the business done by the operator of the payment and settlement system for financial instruments.

Article 560-7

Relations between the operator of a payment and settlement system for financial instruments and the participants in that system shall be governed by a participation agreement.

This participation agreement shall oblige participants to:

1 • Obey the operating rules of the system at all times;

2 • Respond to any request for information from the system operator;

3 • Rectify any irregularity at the request of the system operator if the latter finds the participant to be in breach of its rules, of current regulations, or of the conditions of participation.

Article 560-8

The operator of a payment and settlement system for financial instruments shall engage in no other activity that may create a conflict of interest with the operation of the said system.

Article 560-9

The operator of a payment and settlement system for financial instruments shall implement the procedures necessary to ensure that the number of financial instruments corresponding to each issue is identical to the number of financial instruments in

circulation.

Article 560-10
A payment and settlement system for financial instruments must have appropriate risk management procedures to safeguard the rights of system participants in the event of a default on delivery or payment by one or more participants.

Article 560-11
The operating rules of a payment and settlement system for financial instruments shall establish the conditions, including the time, under which an instruction in the system is considered to be irrevocable, in accordance with Article L. 330-1 of the Financial and Monetary Code.

The operating rules of a payment and settlement system for financial instruments referred to in Article L. 330-1 of the Financial and Monetary Code shall also determine the conditions under which the settlement of transactions effected outside a regulated market and pertaining to financial instruments kept on account with a custody account-keeper participating in such payment and settlement system shall be deemed irrevocable within the meaning of Article L. 211-17 of the Code.

Article 560-12
The operator of a securities settlement system shall establish systems for assessing and managing risks of money laundering and terrorist financing.

It shall set up suitable organisational structures, internal procedures and a supervision system to ensure compliance with the obligations relating to the prevention of money laundering and terrorist financing.

Article 560-13
The operator of a securities settlement system shall:

1 • Appoint a member of management to be responsible for implementing the anti-money laundering and terrorist financing system stipulated in Article L. 561-32 of the Monetary and Financial Code;

This manager may delegate some or all of the implementation to one of the operator's employees under the following conditions:

a • The empowered person must have the necessary authority, resources and skills, and access to all relevant information;

b • The empowered person must not be involved in the execution of the services and activities under supervision.

The manager shall remain responsible for the delegated activities.

2 • Ensure that the reporting party and correspondent referred to in Articles R. 561-23 and R. 561-24 of the Monetary and Financial Code have access to all the information they need to perform their duties. The operators shall provide them with the appropriate tools and resources to comply with their obligations relating to the prevention of money laundering and terrorist financing.

The abovementioned reporting party and correspondent shall also be informed of:

a • Incidents relating to the prevention of money laundering and terrorist financing that are brought to light by internal control systems;

b • Shortcomings found by domestic or foreign supervisory authorities in the implementation of provisions relating to the prevention of money laundering and terrorist financing;

3 • Compile and periodically update a classification of the risks of money laundering and terrorist financing involved in their activities, according to their exposure to such risks, assessing the risks according to the nature of the instructions relating to securities and cash that the participants send to the system and the characteristics of the participants.

For this purpose, they shall consider the information published by the international body for cooperation and coordination in the prevention of money laundering and by the Minister for the Economy;

4 • Where necessary, determine a profile of usual instructions from a participant that can be used to detect unusual instructions with regard to the risks of money laundering and terrorist financing;

5 • Draft and implement written procedures to ensure compliance with the provisions relating to the prevention of money laundering and terrorist financing. These procedures shall focus on risk supervision, implementation of vigilance measures relating to participants, record-keeping, detection of unusual or suspicious instructions and compliance with the reporting obligation vis-à-vis the national financial intelligence unit.

It shall update them periodically;

6 • Implement supervisory procedures for due diligence relating to the risk of money laundering and terrorist financing;

7 • If the operator belongs to a financial group, a mixed group or a financial conglomerate, it shall establish procedures for circulating the information needed to organise the prevention of money laundering and terrorist financing within the group as stipulated in Article L. 511-34 of the Monetary and Financial Code, while ensuring that this information is not used for any other purpose than the prevention of money laundering and terrorist financing;

8 • Consider the risks relating to the prevention of money laundering and terrorist financing, when recruiting employees, in accordance with employees' level of responsibility;

9 • At the time of hiring, and periodically thereafter, it shall provide its staff with information on and training in the applicable regulations and amendments, current money-laundering techniques, prevention and detection measures, and the procedures and implementation arrangements referred to in Article 315-52. They shall be adapted to the functions performed, participants, locations and risk classification.

Article 560-14

The internal procedures shall also specify how the securities settlement system operator ensures that its branches and subsidiaries in other countries apply equivalent measures relating to vigilance and record-keeping, unless local legislation is an obstacle, in which case they shall inform the national financial intelligence unit.

Article 560-15

The manager of the settlement and delivery system shall report daily to the AMF:

1 • On financial instrument delivery operations and, where appropriate, cash payment;

2 • On settlement fails in financial instruments and cash.

## Title VII - Transfer of ownership of financial instruments accepted by a central depository or settlement system (Articles 570-1 à 570-8)

Article 570-1

As soon as an order is executed, the buyer is definitively bound to pay for, and the seller is definitively bound to deliver, the financial instruments at the date mentioned in Article 570-2.

The service provider to which the order is transmitted may, upon receipt of the order or as soon as it is executed, require that a guarantee provision be made in its books, in cash in the case of a purchase and in financial instruments in the case of a sale.

Article 570-2

For a trade involving financial instruments mentioned to in II of Article L. 211 of the Financial and Monetary Code, on a market mentioned in Title or Title II of Book V, the transfer of ownership mentioned in Article L. 211-17 of the Financial and Monetary Code shall result from the entry of the transaction in the account of the buyer. This account entry takes place on the effective trade settlement date specified in the operating rules of the settlement system, when the account of the buyer's custody account-keeper, or the account of the agent of this custody account-keeper, is credited on the books of the central depositary.

Barring the exceptions provided for in Articles 570-3 to 570-8 and 322-55, the date on which the trade is effectively settled and, simultaneously, the account entry is made at the central depositary, shall be no later than three trading days after the order execution date.

The same date shall apply when the financial instruments of the buyer and the seller are recorded on the books of the same custody account-keeper.

Article 570-3

The trade shall be recorded in the accounts of the buyer and the seller as soon as the custody account-keeper is informed that the order has been executed. This accounting record shall be regarded as book entry registration and imply transfer of ownership as of the effective trade settlement date mentioned in Article 570-2.

In the case of a sale that is not settled in full within a time period set by the rules of the clearing house or the settlement system, the accounting record shall be cancelled.

In the case of a partial settlement affecting multiple buyers, the accounting records shall be cancelled in part in proportion to the rights of each buyer.

Such cancellation of accounting records shall be without prejudice to action brought by the parties concerned.

Article 570-4

In the case of a transaction covered by Book II, the initiator of the transaction shall specify the date on which entries will be made in the accounts of the buyers and sellers and the corresponding movements will be made in the accounts kept in the name of the custody account-keepers on the books of the central depository, in compliance with the rules of the market or multilateral trading facility concerned.

Article 570-5

The operating rules of a market or multilateral trading facility may provide that, for some types of transactions, the date on which entries are made in the buyers' accounts and, simultaneously, the corresponding movements are made in custody account-keepers' accounts at the central depository shall be less than three trading days after the trading date.

Article 570-6

For trades on a regulated market or multilateral trading facility, the buyer shall have title from the day of order execution to any financial rights detached between the trade date and the date of entry in the buyer's account.

By exception, the rules of a regulated market or multilateral trading facility may provide that, for some or all of the debt securities admitted to trading thereon, the buyer shall have title to such rights only after ownership of the said financial instruments has passed to him.

Article 570-7

An entry in the books of the central depository in a real-time settlement system recording the settlement of a transaction on behalf of a custody account keeper during the course of a day shall transfer ownership of the securities to that custody account

keeper, if it is the acquirer or if its customer has not yet paid for them. The entry in the books of the central depository shall record a settlement on behalf of an acquiring customer of the custody account keeper in the course of a day if said customer has paid for the securities.

Article 570-8
In the case of a sale made outside a market mentioned in Title I or Title II of Book V, or an equivalent trade, as specified in an AMF instruction, and excluding the case provided for in Article 570-7, the transfer of ownership referred to in Article L. 211-17 of the Financial and Monetary Code results from entry in the account of the buyer, which takes place when the account of the buyer's custody account-keeper is credited on the books of the central depository.

This account entry date shall occur no earlier than three trading after the sale date, unless the parties agree otherwise.

The same date shall apply when the financial instruments of the buyer and the seller are recorded on the books of the same custody account-keeper.

## Title VIII - Provisions common for trading platforms : position limits and position reporting (Articles 580-1 à 580-2)

Commission Implementing Regulation (EU) 2017/1093 of 20 June 2017 laying down implementing technical standards with regard to the format of position reports by investment firms and market operators

Commission Implementing Regulation (EU) 2017/953 of 6 June 2017 laying down implementing technical standards with regard to the format and the timing of position reports by investment firms and market operators of trading venues pursuant to Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments

Article 580-1
In application of Articles L. 420-11 and following of the Monetary and Financial Code and in accordance with Commission Delegated Regulation (EU) 2017/591 of 1 December 2016, the AMF shall draw up, modify and publish the limits on the size of positions a person can hold at all times.

Article 580-2
In accordance with paragraph 3 of Article 8 of Commission Delegated Regulation (EU) 2017/591 of 1 December 2016, the AMF shall approve or reject a request for exemption from the application of position limits by a non-financial entity when the contribution of its position is objectively measurable as reducing risks directly relating to the commercial activity.

On receipt of a request for exemption by a non-financial entity, the AMF shall verify that the application includes all the information provided for in paragraph 2 of Article 8 of the above-mentioned Regulation, and, if so, carries out its review. If not, it shall ask the applicant for the missing information.

The AMF shall notify its decision on this request within 21 calendar days following the receipt of complete information supporting the request.

# Book VI - Market abuse: insider dealing and market manipulation

The provisions of Book VI are removed by the decree of 14 September 2016 as a result of the entry into application of Regulation (EU) No. 596/2014 on market abuse and its delegated regulations:

- Commission Delegated Regulation (EU) 2016/522 of 17 December 2015 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council as regards an exemption for certain third countries public bodies and central banks, the indicators of market manipulation, the disclosure thresholds, the competent authority for notifications of delays, the permission for trading during closed periods and types of notifiable managers' transactions (Text with EEA relevance);

- Commission Delegated Regulation (EU) 2016/908 of 26 February 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council laying down regulatory technical standards on the criteria, the procedure and the requirements for establishing an accepted market practice and the requirements for maintaining it, terminating it or modifying the conditions for its acceptance (Text with EEA relevance);

- Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures (Text with EEA relevance).