

BOOK I - THE AUTORITÉ DES MARCHÉS FINANCIERS

Article 111-5

Where an AMF member notes that, under Article L. 621-4 of the Monetary and Financial Code, he is unable to discuss one or more points on the agenda of the Board, of a Specialised Committee, or of the Enforcement Committee or one of its divisions, he shall duly inform the chairman of the body in question.

Before appointing a member of the Enforcement Committee as a rapporteur, the chairman of this Committee must ensure that such member is not likely to have a conflict of interest, having regard to the persons involved in the proceeding at hand.

Article 111-5-1

Where a member of the AMF notes that, in view of the agenda of the Board, a Specialised Committee, the Enforcement Committee or one of its sections, he is unable to take part in the proceedings because of the functions, positions and interests held by his spouse, civil partner, unmarried consort or relatives by blood or marriage, he shall so inform the chairman of the body concerned.

Article 111-6

Board members holding financial instruments admitted to trading on a regulated market or a multilateral trading facility or emission allowances admitted to trading on a regulated market must entrust them to an investment service provider under a discretionary management agreement.

However, members may continue to directly manage units or shares in UCITS as well as debt securities issued or guaranteed by the State.

They may also decide, upon taking up their post, to keep their portfolio as it is. In this case, they may not acquire new financial instruments otherwise than through a transaction carried out by an issuer whose financial instruments they already hold, and only by exercising the rights attaching to those instruments. They must then inform the chairman promptly that they hold new financial instruments. Where they intend to dispose of financial instruments, they must ascertain from the chairman that the AMF does not hold inside information about the issuer in question.

They may not acquire emission allowances admitted to trading on a regulated market. Where they intend to dispose of emission allowances admitted to trading on a regulated market, they must ascertain from the chairman that the AMF does not hold inside information about the emission allowances within the meaning of Articles 742-1 and 742-2.

The chairman informs the interested party whether the planned transaction can take place on the scheduled date.

Notwithstanding the above, Board members are entitled to manage any equities or any options to subscribe for or purchase shares or units in employee profit-sharing funds (FCPE) that they hold by virtue of a function or executive office in a company whose financial securities are admitted to trading on a regulated market or a multilateral trading facility. Before acquiring or disposing of such shares or units or exercising such options in accordance with the relevant rules set by the company they must ascertain from the chairman that the AMF does not hold inside information about the company in question. The chairman informs the interested party whether the planned transaction can take place on the scheduled date.

If, prior to his appointment, a Board member holds an interest in concert with other investors in a company whose financial securities are admitted to trading on a regulated market or a multilateral trading facility, he may keep his financial instruments while he is in office.

If he has to make exceptional disposals or purchases as a result of the strategy of such other investors, he must ascertain from the chairman that the AMF does not hold inside information about the company in question. The chairman informs the interested party whether the planned transaction can take place on the scheduled date.

The provisions herein apply to financial instrument and emission allowance accounts held in members' own names as well as to those upon which they are authorised to transact.

Article 111-7

The AMF chairman may carry out any checks he deems necessary to ensure that members of the AMF are in compliance with these provisions. To that end, members must waive banking secrecy, for the benefit of the chairman, with regard to all securities accounts in their name.

The chairman may seek the assistance of a person of his choosing to perform such checks.

If he deems that a member is in breach of an obligation under this Book, the chairman informs the interested party and asks him to submit his observations. If, in the light of those observations, the chairman still feels the breach to be patent, he informs the authority that appointed the member in question.

The role assigned to the chairman by the above articles shall be carried out by the oldest Board member for matters regarding the chairman.

BOOK I - THE AUTORITÉ DES MARCHÉS FINANCIERS

Article 111-8

When dealing with a case involving a person whose financial securities are admitted to trading on a regulated market or a multilateral trading facility, members of the Enforcement Committee must refrain from trading for their own account in financial instruments issued by that person until such time as the Commission proceeding is complete.

When dealing with a case involving emission allowances admitted to trading on a regulated market or a multilateral trading facility, members of the Enforcement Committee must refrain from trading for their own account in such emission allowances until such time as the Committee's proceeding is complete.

Article 111-9

Members of the AMF shall take steps to ensure that the oral or written information transmitted to them in connection with their functions at the AMF remains strictly confidential.

BOOK I - THE AUTORITÉ DES MARCHÉS FINANCIERS

CHAPTER 2 - ETHICAL RULES FOR EXPERTS APPOINTED TO CONSULTATIVE COMMITTEES

Article 112-1

Experts appointed to consultative committees shall immediately inform the chairman of the AMF of:

- 1° any function they hold in an economic or financial activity;
- 2° any executive office they hold in a body corporate.

Where an expert subsequently takes up a new function in an economic or financial activity or a new executive office in a body corporate, he shall inform the chairman without delay.

Where an expert notes that he would have a conflict of interest if he took part in discussions on one or more points on the agenda of a consultative committee, he shall duly inform the chairman of that committee.

Experts shall take steps to ensure that the oral or written information transmitted to them in connection with their functions at the AMF remains strictly confidential.

BOOK I - THE AUTORITÉ DES MARCHÉS FINANCIERS

CHAPTER 3 - EMOLUMENTS AND REMUNERATION

Article 113-1

The Board shall appoint an Emoluments and Remuneration Committee composed of three of its members and charged with proposing to the Board:

- 1° the amount of the emoluments payable to AMF members;
- 2° an opinion concerning the remuneration envisaged by the AMF chairman for the Secretary General.

BOOK I - THE AUTORITÉ DES MARCHÉS FINANCIERS

TITLE II - THE RULING PROCEDURE OF THE AUTORITÉ DES MARCHÉS FINANCIERS

CHAPTER 1 - REQUEST FOR RULING

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.

BOOK I - THE AUTORITÉ DES MARCHÉS FINANCIERS

CHAPTER 2 - EXAMINATION OF THE REQUEST

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.

BOOK I - THE AUTORITÉ DES MARCHÉS FINANCIERS

CHAPTER 3 - PUBLICATION OF THE RULING

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.

BOOK I - THE AUTORITÉ DES MARCHÉS FINANCIERS

TITLE III - CERTIFICATION OF STANDARD AGREEMENTS FOR TRANSACTIONS IN FINANCIAL INSTRUMENTS

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.

BOOK I - THE AUTORITÉ DES MARCHÉS FINANCIERS

TITLE IV - INSPECTIONS AND INVESTIGATIONS BY THE AUTORITÉ DES MARCHÉS FINANCIERS

CHAPTER 2 - INFORMING THE AMF ABOUT THE NET ASSET VALUES OF COLLECTIVE INVESTMENT SCHEMES

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.

BOOK I - THE AUTORITÉ DES MARCHÉS FINANCIERS

CHAPTER 3 - SUPERVISION OF PERSONS REFERRED TO IN SECTION II OF ARTICLE L. 621-9 OF THE MONETARY AND FINANCIAL CODE

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

The persons referred to in Section II of Article L. 621-9 of the Monetary and Financial Code shall supply on request all information, documents and supporting evidence, regardless of the storage medium, to the AMF for supervisory purposes.

To ensure the proper performance of its supervisory duties, the AMF 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

Where an on-site inspection is conducted, 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 head inspector and the purpose of the inspection. The head inspector informs the person concerned of the names of the other participating staff members or investigators.

The persons responsible for the inspection inform the inspected entity or person of the type of information, documents and supporting evidence to be communicated. They can interview any person acting under the authority or on behalf of the person being inspected who may be in a position to provide information that they deem useful for their assignment. They can verify the information they receive by checking it against information received from third parties.

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.

BOOK I - THE AUTORITÉ DES MARCHÉS FINANCIERS

CHAPTER 4 - INVESTIGATIONS

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

(modified by order of 8 August 2013, Official journal of 13 August 2013)
(modified by order of 12 April 2013, Official journal of 18 April 2013)
(modified by order of 11 March 2013, Official journal of 15 March 2013)
(modified by order of 21 February 2013, Official journal of 2 March 2013)
(modified by order of 27 September 2012, Official journal of 30 September 2012)
(modified by order of 14 June 2012, Official journal of 11 July 2012)
(modified by order of 31 January 2011, Official journal of 1 February 2011)
(modified by order of 9 December 2010, Official journal of 5 January 2011)
(modified by order of 28 October 2010, Official journal of 6 November 2010)
(modified by order of 20 August 2010, Official journal of 28 August 2010)
(modified by order of 24 December 2009, Official journal of 30 December 2009)
(modified by order of 4 November 2009, Official journal of 13 November 2009)
(modified by order of 26 October 2009, Official journal of 31 October 2009)
(modified by order of 30 July 2009, Official journal of 4 August 2009)
(modified by order of 27 July 2009, Official journal of 31 July 2009)
(modified by order of 10 July 2009, Official journal of 17 July 2009)
(modified by order of 2 April 2009, Official journal of 5 April 2009)
(modified by order of 5 August 2008, Official journal of 27 August 2008)
(modified by order of 18 March 2008, Official journal of 30 March 2008)
(modified by order of 8 January 2008, Official journal of 13 January 2008)
(modified by order of 26 December 2007, Official journal of 17 January 2008)
(modified by order of 7 December 2007, Official journal of 19 December 2007)
(modified by order of 30 October 2007, Official journal of 31 October 2007)
(modified by order of 11 September 2007, Official journal of 27 September 2007)
(modified by order of 15 May 2007, Official journal of 16 May 2007)
(modified by order of 4 May 2007, Official journal of 16 May 2007)
(modified by order of 18 April 2007, Official journal of 15 May 2007)
(modified by order of 26 February 2007, Official journal of 2 March 2007)
(modified by order of 4 January 2007, Official journal of 20 January 2007)
(modified by order of 18 September 2006, Official journal of 28 September 2006)
(modified by order of 9 March 2006, Official journal of 21 March 2006)
(modified by order of 30 December 2005, Official journal of 18 January 2006)
(modified by order of 1 September 2005, Official journal of 8 September 2005)
(modified by order of 15 April 2005, Official journal of 22 April 2005)
(approved by order of 12 November 2004, Official journal of 24 November 2004)

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

TITLE I - OFFER OF SECURITIES TO THE PUBLIC OR ADMISSION OF SECURITIES TO TRADING ON A REGULATED MARKET

CHAPTER I - SCOPE

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 €75,000,000, with this amount being calculated over a twelve-month period.

Article 211-2

Within the meaning of Article L. 411-2 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 the Union is less than EUR 100,000 or the foreign currency equivalent thereof;

2° The total amount in the Union is between EUR 100,000 and EUR 5,000,000 or the foreign currency equivalent thereof and the transaction concerns financial securities accounting for no more than fifty per cent of the capital of the issuer. For financial securities for which admission to trading on an organised multilateral trading facility within the meaning of Article 524-1 is sought, the maximum total amount in the Union may be lowered to EUR 2,500,000 at the request of the market operator that manages it.

The total amount of the transaction referred to in Points 1° or 2° shall be calculated over a twelve-month period from the date of the first transaction;

3° The transaction 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° The transaction concerns financial securities with a minimum denomination of at least EUR 100,000 or the foreign currency equivalent thereof.

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

CHAPTER II - INFORMATION TO BE DISSEMINATED WHEN FINANCIAL SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET

SECTION 1 - PROSPECTUS

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

Article 212-5

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° Shares representing, over a period of 12 months, less than 10% (ten per cent) of the number of shares of the same class already admitted to trading on the same regulated market;
- 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.
- 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 516-18. 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 2 - FILING, APPROVAL AND CIRCULATION OF PROSPECTUSES

Sub-section 1 - Filing and approval of the prospectus

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.

The documentation needed to scrutinise the dossier shall be submitted to the AMF when the draft prospectus is filed. The content of this documentation shall be specified 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 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. For the purposes of applying the provisions of the aforementioned Regulation, the AMF shall take into account the recommendations of the European Securities and Markets Authority.

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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

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 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 516-18.

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 516-18.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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 a. - 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 and e 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 two months of the end of the first half-year or within forty-five days of the end of the first or third quarters of the financial year and where it contains information referred to in b or c 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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 516-18.

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 516-18.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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 516-18.

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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, if some of the items prove to be inappropriate to the nature of the financial securities concerned, or to the business or legal form issuer, on condition that equivalent information is provided. If there is no such equivalent information, the issuer shall be authorised, under AMF supervision, to omit the items in question from the prospectus.

PARAGRAPH 7 - CONDITIONS FOR ISSUANCE OF APPROVAL

Subparagraph 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 of this documentation shall be specified in an AMF instruction. If the dossier is incomplete, the AMF shall so inform the person that filed the draft prospectus, within ten trading days of such filing. Once the dossier is complete, the AMF shall, within the same time limit, send the issuer a notice of filing which, where appropriate, can be an acknowledgment of receipt. The AMF shall announce its approval within ten trading days of issuing the notice of filing or acknowledgement of receipt, as the case may be. 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, 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. If, when scrutinising the dossier, the AMF states that the documents are incomplete or that additional information must be incorporated, the time limits mentioned in the third and fourth paragraphs shall commence only when the AMF has received the missing or additional information.

Subparagraph 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 of this documentation shall be specified in an AMF instruction. If the dossier is incomplete, the AMF shall so inform the person that filed the draft prospectus, at the earliest opportunity. If the dossier is complete, the AMF shall send the issuer a notice of filing. The AMF shall announce its approval within twenty trading days of issuing the notice of filing. 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 fourth paragraph shall commence only when the AMF has received the missing or additional information.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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 is 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

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.
- 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

Sub-section 2 - Dissemination of the prospectus, advertisements

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 in 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

PARAGRAPH 2 - ADVERTISEMENTS

Article 212-28

Any advertisement, regardless of form or method of dissemination, that relates to a public offer or an admission to trading on a regulated market shall be communicated to the AMF before being disseminated.

Such advertisements 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 advertisements;
- 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° Where applicable and at the request of the AMF, contain a warning about certain exceptional characteristics of the issuer or the guarantors, if any, or the securities being offered to the public or admitted to trading on a regulated market.

Article 212-29

All information about a public offer or admission of financial securities to trading on a regulated market that is disclosed in oral or written form shall be consistent with the information in the prospectus.

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 3 - SPECIAL CASES

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 L. 613-25 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 the final terms of the offer are not included in either the base prospectus or supplemental note, the final terms shall be provided to investors and to the competent authority in the European Union Member State or the host Member States and filed with the AMF for each transaction, as soon as practicable and if possible before the offer is launched. In such case, the provisions of Point 1° of Article 212-17 shall be applicable.

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

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

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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. In this case, Article 212-37 shall apply.

Article 212-37

Issuers having their registered office in a State not party to the EEA agreement shall appoint, with the assent of the AMF, a statutory auditor to verify the translation of the financial statements and notes as well as the relevance of any supplements and adaptations. This statutory auditor shall prepare a completion letter for its work on the translation of the financial statements and the relevance of the supplements and adaptations, in accordance with Article 212-15.

These provisions do not apply to prospectuses prepared for admission of financial securities to the compartment referred to Article 516-18.

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.

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.

To implement Points 1° and 2° of Article 211-2, the amount of the offering and the capital percentage shall be assessed for each calendar year at the level of the mutual bank or regional cooperative.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 4 - OFFERS IN SEVERAL MEMBER STATES OF THE EUROPEAN UNION OR STATES PARTY TO THE EUROPEAN ECONOMIC AREA AGREEMENT

Sub-Section 1 - Issuance by the AMF of an approval certificate

Article 212-39

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, 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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

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

The market undertaking that operates a regulated market shall inform the AMF in advance of the admission of trading of a financial security within a time limit established by the operating rules of the said market.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

CHAPTER IV - APPOINTMENT OF A CORRESPONDENT BY PERSONS OR ENTITIES HAVING THEIR REGISTERED OFFICE OUTSIDE FRANCE

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 516-18.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

CHAPTER V - DESIGNATING THE AMF AS THE COMPETENT AUTHORITY TO SUPERVISE AN OFFER

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

CHAPTER VI - SOUNDING OUT THE MARKET FOR FINANCIAL OFFERINGS

Article 216-1

When an investment services provider intends to poll the market in preparation for a primary market issue or for the placing, acquisition or sale of financial instruments, it seeks the prior agreement of the persons it intends to question. It informs them that if they agree to participate in the poll, they will receive inside information within the meaning of Article 621-1.

Authorised providers shall establish and maintain a procedure setting forth how the compliance officer is to be informed of the poll and, following the poll, of the names of the persons who agreed to respond thereto and the times and dates on which they were contacted.

I. - Investment services providers that poll the market when preparing a corporate financing transaction shall comply with the obligations of this article and of the code of good conduct that sets out the conditions of its implementation and has been approved as a set of professional rules by the AMF, in accordance with Article 314-2.

Within the meaning of this article, a corporate financing transaction is an operation in which the services provider intervenes at the request of an issuer or a seller with a view to:

- 1° Placing the financial securities on the primary market, or
- 2° Selling the financial securities on the secondary market in a transaction similar to a placement in terms of nature and size, or
- 3° Buying back the financial securities on the secondary market.

II. - Before polling the market, the services provider shall assess whether the information it will provide to the market is privileged information or not within the meaning of Article 621-1. The services provider shall inform the issuer or the seller of the outcome of this assessment.

If such information is of a privileged nature within the meaning of Article 621-1, the poll constitutes a market survey. In this case, the services provider shall:

- 1° Inform its compliance officer;
- 2° Inform each investor it intends to poll that the information it plans to provide to them constitutes privileged information and inform them of the consequences thereof;
- 3° Obtain the consent of said investor before providing such information to them.

III. - In order to ensure compliance with this article and with the aforementioned code of good conduct, the services provider shall:

- 1° Draw up and maintain operational a procedure setting out how to carry out the polls;
- 2° Keep the information necessary for the AMF to carry out its supervisory activities for at least five years, with the exception of telephone recordings, which must be kept for at least six months and no longer than five years.
- 3° Be able to provide to the AMF, at its request and as soon as practicable, the names of the persons polled and the date and time they were contacted.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

TITLE II - PERIODIC AND ONGOING DISCLOSURE OBLIGATIONS

CHAPTER I - COMMON PROVISIONS AND DISSEMINATION OF REGULATED INFORMATION

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 quarterly financial reporting referred to in paragraph IV of Article L. 451-1-2 of the Monetary and Financial Code;
- d) The reports referred to in Article 222-9 concerning the conditions for preparing and organising the work of the board of directors or the supervisory board and the internal control and risk management procedures put in place by the issuer;
- e) The news release concerning fees paid to statutory auditors referred to in Article 222-8;
- 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 in accordance with Article 223-2;
- 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.

Where the issuer's financial securities are admitted to trading on an organised multilateral trading facility within the meaning of Article 524-1, "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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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:

1° In French if the financial securities are admitted to trading on a French regulated market.

However, this information may be drawn up in a language other than French that is customary in the sphere of finance:

a) in the cases referred to in paragraph II of Article 212-12;

b) where the issuer has its registered office outside the European Economic Area.

2° In French or another language customary in the sphere of finance if the financial securities are admitted to trading on a regulated market 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.

III. - Notwithstanding point 5° of Article L. 451-1-4 of the Monetary and Financial Code, where the minimum denomination of the debt securities is EUR 100,000 or the foreign currency equivalent thereof, the regulated information to be supplied shall be in French or another language customary in the sphere of finance.

IV. - III also applies to debt securities with a minimum denomination of EUR 50,000, or the foreign currency equivalent thereof, which have already been admitted to trading on a regulated market prior to 31 December 2010.

Article 221-3

I. - The issuer shall ensure that the regulated information defined in Article 221-1 is disseminated effectively and in full.

II. - The issuer shall post the regulated information on its website as soon as it has been disseminated.

Where the issuer's financial securities are admitted to trading on an organised multilateral trading facility within the meaning of Article 524-1, regulated information shall be deemed to have been fully and effectively disseminated in accordance with paragraph I if it is posted on the issuer's website.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

Article 221-4

I. - This article applies to issuers whose financial securities are admitted to trading on a regulated market 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.

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 I 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 516-18. 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

CHAPTER II - PERIODIC INFORMATION

SECTION 1 - FINANCIAL AND ACCOUNTING INFORMATION

Sub-section 1 - General provisions

Article 222-1

The provisions of this section apply to French issuers referred to in paragraph I of Article L. 451-1-2 of the Monetary and Financial Code.

They also apply:

1° To issuers referred to in point 1° or point 2° of paragraph II of Article L. 451-1-2 if they have chosen the AMF as the competent authority for monitoring compliance with the disclosure requirements stipulated therein. That choice is valid for three years, unless the financial securities concerned are no longer admitted to trading on a market anywhere in a Member State of the European Union or a state party to the EEA agreement.

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

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

2° To issuers referred to in point 3° of paragraph II of Article L. 451-1-2 when the financial securities are to be offered to the public for the first time in France or the first request for admission to trading on a regulated market occurs in France, at the issuer's choice.

Article 222-2

In the event of a change in the consolidation that affects the accounts by more than 25%, the issuer shall issue *pro forma* information pertaining at least to the current financial year, as specified in an AMF instruction. These provisions do not apply when financial instruments are admitted to trading on the compartment referred to Article 516-18.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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 Articles L. 225-100, L. 225-100-3 and the second sub-paragraph of Article L. 225-211 of the Commercial Code and, if the issuer is required to prepare consolidated accounts, in Article L. 225-100-2 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 statutory auditors' fees referred to in Article 222-8 and the 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 2 - OTHER INFORMATION

Article 222-8

I. - Within four months of the end of their financial year, all French issuers whose financial securities are admitted to trading on a regulated market shall publish a news release specifying the fees paid to each of the statutory auditors responsible for auditing their financial statements and, where applicable, to the company through which those auditors carry out their duties, or to other professionals in the network to which that company belongs, wherever such network, composed of natural or legal persons, provides professional services or advice in accounting, financial statement auditing or non-statutory auditing or consulting on legal, financial, tax, organisational or related matters, and directly or indirectly maintains relations within the network that establish a material and durable community of economic interest.

If the issuer prepares consolidated financial statements, the aforementioned fees shall be those paid by it and the other companies fully consolidated in those statements. As specified in an AMF instruction, fees paid for the statutory audit engagement and the formalities related directly thereto shall be distinguished from the fees paid for other services.

The above news release shall be published in accordance with Article 221-3.

II. - Paragraph I shall not apply to issuers that have carried out a transaction to have debt securities admitted to trading on a regulated market or other financial securities admitted to trading in the compartment referred to Article 516-18.

Article 222-9

I. - 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 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*) 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.

II. - 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 3 - EQUIVALENCE CRITERIA FOR PERIODIC INFORMATION FOR ISSUERS HAVING THEIR REGISTERED OFFICE OUTSIDE THE EUROPEAN ECONOMIC AREA

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.

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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° The compliance of the financial statements with the applicable reporting framework or set of accounting standards ;
- 2° The fairness of the management review included in the management report.

Article 222-16

A State that is not party to the European Economic Area Agreement shall be regarded as setting requirements equivalent to those in IV of Article L. 451-1-2 of the Monetary and Financial Code where, under the law of that State, the issuer is required to publish quarterly financial reports.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

CHAPTER III - ONGOING DISCLOSURE

SECTION 1 - OBLIGATION TO INFORM THE PUBLIC

Article 223-1 A

For the purposes of this section, "issuer" means any entity or legal person whose financial securities are admitted to trading on a regulated market or organised multilateral trading facility within the meaning of Article 524-1, or serve as underlyings for a forward financial contract or financial security admitted to trading on a regulated market.

Article 223-1

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

Article 223-2

I. - Every issuer must disclose to the public as soon as possible any privileged information, as defined in Article 621-1, that directly concerns that issuer.

II. - The issuer may assume responsibility for deferring disclosure of privileged information in order to protect his legitimate interests, provided such non-disclosure is unlikely to mislead the public and provided the issuer is in a position to ensure confidentiality by controlling access to that information, in particular by:

1° implementing effective security measures to prevent access to that information by persons other than those who require access in order to perform their duties within the issuer;

2° taking the necessary steps to ensure that every person granted access to that information is aware of the legal and regulatory obligations associated with such access and has been warned of the penalties imposed for unauthorised use or distribution of that information;

3° introducing the necessary procedures to disclose that information immediately in the event the issuer has been unable to ensure confidentiality, without prejudice to the provisions of the second point of Article 223-3.

III. - The legitimate interests mentioned in II above may concern the following situations, among others:

1° Negotiations in progress or elements related thereto, if the act of making them public could affect the normal course or outcome of those negotiations. In particular, in cases where the issuer's financial viability is in grave and imminent danger, but the provisions of Book VI of the Commercial Code relating to distressed companies do not apply, disclosure may be deferred for a limited period if it could cause serious harm to the interests of existing or potential shareholders by compromising the outcome of negotiations aimed at ensuring the long-term financial recovery of the issuer.

2° Decisions taken or contracts approved by an issuer's executive body that require approval by another of the issuer's governing bodies to become effective, when the issuer's governance structure requires such separation of powers, if disclosure before the approval by both bodies, combined with a simultaneous announcement that such approval is yet to be given, would be likely to prevent a fair assessment of those decisions or contracts by the public.

Article 223-3

Whenever an issuer, or a person acting in the name or for the account of the issuer, communicates privileged information to a third party in the ordinary course of that party's work, profession or duties, within the meaning of the third point of Article 622-1, the issuer or agent shall ensure that such information is fully disclosed to the public, either simultaneously, if the communication was intentional, or promptly, if it was unintentional.

The provisions of the preceding sentence do not apply when the person who receives the information is bound by an obligation of confidentiality imposed by law, regulation, bylaw or contract.

Article 223-4

Issuers shall refrain from providing privileged information combined with advertising or commercial materials relating to its activities in such a way that the public could be misled.

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.

BOOK II - ISSUERS AND FINANCIAL 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 2 - CROSSING OF SHAREHOLDING THRESHOLDS, DECLARATIONS OF INTENT AND CHANGES OF INTENT

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 agreement or a 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.

This covers agreements or financial instruments that:

a) are indexed, referenced or related to the shares of an issuer

b) give a long position on the shares of the person required to make the notification.

The same applies in particular to contracts for difference, share swaps or any financial instrument exposed to a basket or an index of shares of several issuers unless they are sufficiently diversified.

The number of shares or voting rights to be taken into account by the reporting person shall be calculated by multiplying the maximum number of shares or voting rights covered by the agreement or financial instrument by the delta of the agreement or instrument.

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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° 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° 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 provisions of Points 4° and 4° *bis*, Section I of Article L. 233-9 of the Commercial Code and of Section II of Article 223-11 shall apply as soon as the shares referred to in a) account for more than 5% of the capital or voting rights of the issuer.

3° Provided to or by the members of the European System of Central Banks (ESCB) in carrying out their functions as monetary authorities, provided that:

a) These equities are provided for a short period;

b) The voting rights attached to these equities are not exercised.

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 it 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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 Article 223-11, in the case 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 notification shall also include a description of each type of financial instrument or agreement, 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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 rights and 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 3 - SHAREHOLDER AGREEMENTS

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

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;

3° new loan issues and, in particular, any guarantee or security in respect thereof.

The provisions of point 3° shall not apply to a public international body of which a Member State of the European Union or a state party to the EEA agreement is a member.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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

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

Persons referred to in Article L. 621-18-2 of the Monetary and Financial Code shall report to the AMF, electronically and within five trading days of execution, all acquisitions, disposals, subscriptions or exchanges of shares of the issuer at which the persons referred to in *a* and *b* of Article L. 621-18-2 *ibid.* exercise their functions, as well as all transactions in related instruments.

The reports referred to in the first paragraph shall be posted on the AMF website.

Article 223-23

By way of derogation from Article 223-22, notification is not required for transactions carried out by a person referred to in Article L. 621-18-2 of the Monetary and Financial Code if the total amount of such transactions does not exceed EUR 5,000 in a calendar year. This total is calculated by aggregating the transactions carried out by persons referred to in *a* or *b* of Article L. 621-18-2 of the Monetary and Financial Code and the transactions carried out on behalf of persons referred to in *c* of the same article.

In the case of a transaction in financial instruments related to the issuer's shares, the amount for this calculation is the amount of the underlying.

Article 223-24

The issuer shall prepare, update and transmit simultaneously to the persons concerned and to the AMF a list of the persons referred to in Article L. 621-18-2 (*b*) of the Monetary and Financial Code.

Article 223-25

The report referred to in Article 223-22 contains the following:

- 1° For transactions by a person referred to in Article L. 621-18-2 (*a*) or (*b*) of the Monetary and Financial Code, the name of such person and the duties he carries out at the issuer;
- 2° For transactions by a person referred to in (*c*) of the above article, the name of such person with the indication "a person or persons related to...", followed by the name of the person referred to in Article L. 621-18-2 (*a*) or (*b*) and the duties he carries out;
- 3° Company name of the issuer concerned;
- 4° Description of the financial instrument;
- 5° Nature of the transaction;
- 6° Date and place of the transaction;
- 7° The unit price and amount of the transaction.

The report shall be prepared in accordance with the standard format set out in an AMF instruction.

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 6 - LISTS OF INSIDERS

Article 223-27

Any issuer that issues financial instruments admitted for trading on a regulated market or applying for admission of its securities to trading on such a market shall submit a written list of persons and third parties with regular or occasional access to the inside information, as defined in Article 621-1. It shall submit said list to the AMF at the latter's request and for the purposes of the first paragraph of Article L. 621-18-4 of the Monetary and Financial Code.

The list of persons and third parties with regular or occasional access to the inside information prepared by third parties for the purposes of the second paragraph of Article L. 621-18-4 of the Monetary and Financial Code shall be submitted to the AMF under the same conditions and using the same procedures.

Article 223-28

The lists referred to in Article 223-27 shall include:

- 1° the name or business name of each of the persons;
- 2° the reason for their appearing on the list;
- 3° the dates on which the list was created and updated.

Article 223-29

The lists referred to in Article 223-27 must be updated rapidly in the following cases:

- 1° if there is a change in the reason for the person's appearing on the list;
- 2° if a new person has to appear on the list;
- 3° if a person is removed from the list, with a mention of the date on which the person stopped having access to inside information.

Article 223-30

The issuer shall notify the persons concerned that they appear on the list and inform them about the rules applying to holding, communicating and using inside information, and the penalties for violations of these rules. The third parties referred to in the second paragraph of Article 223-27 shall provide the same information to the persons appearing on the lists that they have drawn up.

Article 223-31

The lists referred to in Article 222-16 shall be kept for at least five years after they are drawn up or updated.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 7 - STATEMENT OF INTENT IN THE EVENT OF PREPARATIONS FOR A TAKEOVER BID

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 8 - PROVISIONS APPLYING TO ISSUERS OF FINANCIAL INSTRUMENTS THAT ARE NO LONGER TRADED ON A REGULATED MARKET

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

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

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

TITLE III - TAKEOVER BIDS

CHAPTER I - GENERAL RULES AND COMMON PROVISIONS

SECTION 1 - SCOPE, DEFINITIONS AND GENERAL PRINCIPLES

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 2 - NATURE OF THE OFFER AND CONDITIONS PRECEDENT

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

The offeror may stipulate a condition in its offer that a number of securities, expressed as a percentage of the share capital or voting rights, must be tendered in order for the transaction to be successful.

Article 231-10

An offeror making draft offers for two or more different companies may stipulate that if the threshold set pursuant to Article 231-9 is 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 threshold condition, notably in the case of a competing or improved offer 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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 DOCUMENT AND THE DRAFT REPLY DOCUMENT

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 to 231-12;

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.

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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 be 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

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. If the news release is published before the appraiser submits his report, the target company shall issue another release when the report is published, mentioning the appraiser's findings and the reasoned opinion of the governing bodies referred to in the first paragraph.

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 5 - CONTENTS OF THE DRAFT OFFER DOCUMENT AND THE REPLY DOCUMENT

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 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;
- 3° Its intentions for at least the coming twelve months with regard to (i) the industrial and financial strategy of the companies concerned and (ii) 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 thereof 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;
- 10° Procedures for making available the information mentioned in Article 231-28.
- 11° 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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. 225-100-3 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;
- 4° 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 target company, 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;
- 5° If they are available and different from the opinion mentioned in Point 4°, comments by the works council, 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

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, 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° The conditions stipulated by the offeror pursuant to Articles 231-9 and 231-10;
- 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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

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. 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.

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 words referred to in Part IV of the said article. No later than when it is filed with the AMF, the document shall be described in a news release that presents the main elements of the draft reply document, explains how the document is being made available, and contains the words referred to in Part IV of Article 231-16. The target company shall ensure distribution of the news release in accordance with Article 221-3 .

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 7 - DISTRIBUTION OF THE OFFER AND REPLY DOCUMENTS

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 8 - OTHER INFORMATION

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 9 - OFFER TIMETABLE

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 10 - OBLIGATIONS OF OFFICERS AND DIRECTORS, PERSONS CONCERNED BY THE OFFER AND THEIR ADVISERS

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 11 - TRADING IN THE SECURITIES CONCERNED BY THE PUBLIC OFFER

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 231-9, 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.

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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 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 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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 to 2% or more of the share capital of the target company 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. If this intention changes, a new report shall be drafted and filed with 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 13 - CHALLENGING THE EQUIVALENCE OF DEFENSIVE MEASURES

Article 231-53

Any person challenging the equivalence of the measures mentioned in Article L. 233-32 of the Commercial Code shall transmit simultaneously to the AMF and to the target company the arguments and documents on which the challenge is based. Once it has received these documents, the target company has ten trading days in which to present its comments to the AMF.

The AMF shall issue its decision within five trading days of the reply from the target company. The AMF may request any supporting documentation or further information that it deems necessary. In this case, the time period is suspended. It resumes once the information requested has been received.

The AMF shall publish its decision on its website.

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

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

CHAPTER II - STANDARD PROCEDURE

SECTION 1 - GENERAL PROVISIONS

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, 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 2 - COMPETING AND IMPROVED OFFERS

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 furthest 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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. The offeror may not exercise this right without prior authorisation from the AMF, which rules 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

CHAPTER III - SIMPLIFIED PROCEDURE

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

CHAPTER IV - MANDATORY FILING OF A DRAFT OFFER

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 proposed offer may not contain a clause requiring a minimum number of securities to be tendered in order for the offer to be declared successful. Subject to this proviso, 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 234-4

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 2% of the company's total equity securities 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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.
- 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.

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

CHAPTER V - PUBLIC OFFERS FOR FINANCIAL INSTRUMENTS ADMITTED TO TRADING ON AN ORGANISED MULTILATERAL TRADING FACILITY

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

CHAPTER VI - BUYOUT OFFERS WITH SQUEEZE-OUT

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

CHAPTER VII - SQUEEZE-OUTS

SECTION 1 - SQUEEZE-OUT FOLLOWING A BUYOUT OFFER

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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 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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 2 - SQUEEZE-OUT FOLLOWING ANY PUBLIC OFFER

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

CHAPTER VIII - DISCLOSURE AND PROCEDURE FOR ORDERLY ACQUISITION OF DEBT SECURITIES THAT DO NOT GIVE ACCESS TO EQUITY

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

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

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 in Book VI.

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

TITLE IV - BUYBACK PROGRAMMES FOR SHARES AND TRANSACTION REPORTING

Article 241-1

The provisions of this title shall apply to companies listed on a regulated market or on an organised multilateral trading facility within the meaning of Article 524-1 that carry out share buyback programmes in accordance with Articles L. 225-209 and L. 225-217 of the Commercial Code.

The shall also apply to all issuers of securities equivalent to those mentioned above, issued under foreign law and listed on a regulated market or on an organised multilateral trading facility within the meaning of Article 524-1.

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;
- 2° The allotment by objective of shares held as of the date of the publication of the programme description and, if the issuer uses derivatives, the open positions presented in the table format shown in an AMF Instruction;
- 3° The objective(s) of the share buyback programme corresponding to provisions of European Commission Regulation 2273/2003 of 22 December 2003 or to market practices accepted by the AMF;
- 4° The maximum percentage of the share capital, the maximum number of shares and the characteristics of the shares that the issuer intends to buy back, along with the maximum purchase price;
- 5° 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 of the Monetary and Financial Code or the registration document drawn up in accordance with Article 212-13 includes all of the information that must appear in the programme description pursuant to Article 241-2.

Article 241-4

I. - Issuers in the course of conducting a share buyback programme:

1° Shall notify the market of all transactions carried out as part of the share buyback programme no later than the seventh trading day after their execution. This information, prepared in accordance with an AMF instruction, shall be posted to the issuer's website.

2° Shall notify the AMF at least once a month of:

- a) Cancellations of shares effected during the period since the last report, specifying the number and characteristics of the cancelled shares as well as the effective date of the cancellation;
- b) Transactions executed on or off the regulated market to acquire, sell or transfer shares, distinguishing between cash transactions and derivative transactions, during the period since the last report;
- c) Open positions in derivatives on the reporting date.

This information is transmitted to the AMF electronically, in the format specified in an AMF instruction.

II. - The provisions of Point 1° of paragraph I shall not apply to transactions carried out by an investment service provider under a liquidity provision agreement that complies with the AMF decision of 1 October 2008 concerning acceptance of liquidity contracts as a market practice that the AMF deems acceptable.

If the issuer sends the AMF all of the information required for the monthly report referred to in point 2° of paragraph I at the same time as the report referred to in point 1° of paragraph I, the issuer shall not be subject to point 2° of paragraph I.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

TITLE V - MARKETING IN FRANCE OF FINANCIAL INSTRUMENTS TRADED ON A RECOGNISED FOREIGN MARKET OR A REGULATED MARKET OF THE EUROPEAN ECONOMIC AREA (EEA)

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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*.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

TITLE VI - FAIRNESS OPINIONS

CHAPTER I - APPOINTING AN INDEPENDENT APPRAISER

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

CHAPTER II - APPRAISAL REPORT

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

CHAPTER III - RECOGNITION OF PROFESSIONAL ASSOCIATIONS

SECTION 1 - REQUIREMENTS FOR AMF RECOGNITION

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.

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

SECTION 2 - RECOGNITION PROCEDURE

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

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

(modified by order of 11 February 2014, Official journal of 20 February 2014)
(modified by order of 11 December 2013, Official journal of 20 December 2013)
(modified by order of 1 October 2013, Official journal of 9 October 2013)
(modified by order of 8 August 2013, Official journal of 13 August 2013)
(modified by order of 12 April 2013, Official journal of 13 July 2013)
(modified by order of 12 April 2013, Official journal of 18 April 2013)
(modified by order of 21 February 2013, Official journal of 2 March 2013)
(modified by order of 15 October 2012, Official journal of 25 October 2012)
(modified by order of 14 June 2012, Official journal of 11 July 2012)
(modified by order of 20 December 2011, Official journal of 24 December 2011)
(modified by order of 21 November 2011, Official journal of 2 December 2011)
(modified by order of 3 October 2011, Official journal of 20 October 2011)
(modified by order of 28 March 2011, Official journal of 5 April 2009)
(modified by order of 22 February 2011, Official journal of 2 March 2011)
(modified by order of 5 January 2011, Official journal of 9 January 2011)
(modified by order of 9 December 2010, Official journal of 5 January 2011)
(modified by order of 20 August 2010, Official journal of 28 August 2010)
(modified by order of 24 December 2009, Official journal of 30 December 2009)
(modified by order of 12 November 2009, Official journal of 18 November 2009)
(modified by order of 6 November 2009, Official journal of 8 November 2007)
(modified by order of 26 October 2009, Official journal of 31 October 2009)
(modified by order of 24 July 2009, Official journal of 29 August 2009)
(modified by order of 30 July 2009, Official journal of 4 August 2009)
(modified by order of 24 July 2009, Official journal of 1 August 2009)
(modified by order of 2 April 2009, Official journal of 5 April 2009)
(modified by order of 4 March 2009, Official journal of 18 March 2009)
(modified by order of 30 January 2009, Official journal of 6 February 2009)
(modified by order of 19 December 2008, Official journal of 20 December 2008)
(modified by order of 5 August 2008, Official journal of 27 August 2008)
(modified by order of 18 March 2008, Official journal of 30 March 2008)
(modified by order of 8 January 2008, Official journal of 13 January 2008)
(modified by order of 27 December 2007, Official journal of 30 December 2007)
(modified by order of 26 December 2007, Official journal of 17 January 2008)
(modified by order of 11 December 2007, Official journal of 19 December 2007)
(modified by order of 11 September 2007, Official journal of 27 September 2007)
(modified by order of 19 July 2007, Official journal of 10 August 2007)
(modified by order of 15 May 2007, Official journal of 16 May 2007)
(modified by order of 4 May 2007, Official journal of 16 May 2007)
(modified by order of 18 April 2007, Official journal of 15 May 2007)

BOOK III - SERVICE PROVIDERS

(modified by order of 18 September 2006, Official journal of 28 September 2006)
(modified by order of 10 May 2006, Official journal of 17 May 2006)
(modified by order of 9 March 2006, Official journal of 21 March 2006)
(modified by order of 30 December 2005, Official journal of 18 January 2006)
(modified by order of 1 September 2005, Official journal of 8 September 2005)
(modified by order of 15 April 2005, Official journal of 22 April 2005)
(approved by order of 12 November 2004, Official journal of 24 November 2004)

TITLE I - INVESTMENT SERVICES PROVIDERS

Article 311-1 A

This Title is applicable:

I. - To investment services providers other than asset management companies.

II. - To asset management companies that are authorised to manage UCITS.

III. - To asset management companies that are authorised to provide investment services.

IV. - To asset management companies referred to in Article L. 532-9, III, Paragraph 2 of the Monetary and Financial Code.

V. - To the legal entities referred to in Article L. 532-9, IV of the Monetary and Financial Code. These entities also send the AMF the information mentioned in Article L. 214-24-20, Paragraphs 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.

They comply with Articles 2 to 5 of abovementioned Delegated Regulation (EU) No. 231/2013.

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, Paragraph 1 of the Monetary and Financial Code, these legal entities shall comply, for the management of these AIFs, with Title Ia of the present Book.

These legal entities may choose to submit the AIFs they manage to Title Ia of the present Book.

VI. - 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 312-3, 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 sum of i) and ii) 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, but excluding portfolios that it manages on a delegated basis;

BOOK III - SERVICE PROVIDERS

- 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.
 - 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 318-37.
The accounting items that make up the general operating expenses, own funds and portfolios of an asset management company shall be specified in an AMF instruction
 - 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.Articles 12 to 15 of Delegated Regulation (EU) No. 231/2013 referred to above set out the requirements in terms of additional own funds and professional indemnity insurance.
- VII. - To the asset management companies of "Other Collective Investments"

Article 311-1 B

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 on the terms described by an AMF instruction.

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) No. 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 1a of the present Book and Commission Implementing Regulation (EU) No. 447/2013 of 15 May 2013.

Article 311-1 C

Managers of European venture capital funds and European social entrepreneurship funds are not subject to the present Title.

They shall comply, as applicable, to Regulation (EU) n° 345/2013 of the European Parliament and Council of 17 April 2013 or Regulation (EU) n° 346/2013 of the European Parliament and Council of 17 April 2013.

They shall comply with the procedure for registration with the AMF on the terms described by an AMF instruction.

BOOK III - SERVICE PROVIDERS

CHAPTER I - PROCEDURES FOR AUTHORISATION, PROGRAMME OF OPERATIONS AND PASSPORT

SECTION 1 - ASSET MANAGEMENT COMPANIES

Sub-section 1 - Authorisation and programme of operations

PARAGRAPH 1 - AUTHORISATION

Article 311-1

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.

The procedure and the terms and conditions of authorisation, along with the content of the programme of operations shall be set forth in an AMF instruction.

Article 311-2

In deciding whether to grant authorisation to an asset management company, the AMF shall review the items in the file referred to in Article 311-1, 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 311-3

For any amendments to the information provided in the asset management company's authorisation file pursuant to Article 311-1, 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.

The implementing arrangements for this Article are stipulated in an AMF Instruction.

BOOK III - SERVICE PROVIDERS

PARAGRAPH 2 - WITHDRAWAL OF AUTHORISATION AND DEREGISTRATION

Article 311-4

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, 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 311-5

When the AMF decides 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.

The decision shall specify the timetable and method for carrying out the withdrawal. During this period, the company shall be put under the supervision of an administrator designated by the AMF on the basis of his or her skills. The administrator shall be bound by the obligation of professional secrecy. If he or she manages another company, said company may not acquire the clientele directly or indirectly.

During this period, the company may make only such transactions as are strictly necessary to protect its clients' interests. The company shall inform its clients and the custodian(s) of the portfolios under discretionary management of the withdrawal of its authorisation. It shall ask its clients in writing to request transfer of their accounts to another investment services provider, or to request liquidation of their portfolios, or to assume the management thereof themselves. For common funds (FCPs), the AMF shall invite the custodian to appoint another manager. For employee investment funds (FCPEs), this appointment shall be subject to ratification by the supervisory board of each fund.

Article 311-6

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 311-5. The AMF shall inform the public by inserting notices in newspapers or other publications of its choosing.

Sub-section 2 - Passport

Article 311-7

An asset management company seeking to provide investment services under the freedom to provide services or under the right of establishment 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, R. 532-29, R. 735-6, R. 745-6, R. 755-6 and R. 765-6 of the Monetary and Financial Code and in accordance with an AMF instruction.

Article 311-7-1

An asset management company seeking to create and manage, under the freedom to provide services or under the right of establishment, a UCITS established in another European Union Member State, 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 and in accordance with an AMF instruction.

BOOK III - SERVICE PROVIDERS

SECTION 2 - INVESTMENT SERVICES PROVIDERS PROVIDING PORTFOLIO MANAGEMENT SERVICE FOR THIRD PARTIES AS AN ANCILLARY SERVICE OR INVESTMENT ADVICE SERVICE

Sub-section 1 - Approval of the programme of operations

Article 311-8

When an investment services provider, other than an asset management company, plans to provide portfolio management services for third parties, its programme of operations shall be presented in accordance with the requirements in Article 311-1.

When an investment services provider, other than an asset management company, plans to provide investment advice services, its programme of operations shall be presented in accordance with the file referred to in Article R. 532-1 of the Monetary and Financial Code.

Pursuant to Articles L. 533-10 and L. 533-10-1 of the Monetary and Financial Code and to provide the investment services concerned, the programmes of operations referred to in this Article shall be established in accordance with the provisions of Chapter III, Section I.

Article 311-9

If the AMF finds that an investment services provider no longer meets the conditions for the approval of its programme of operations or that it no longer engages in the business of management, it shall so inform the Prudential Supervision Authority.

Sub-section 2 - Passport

Article 311-10

The information provided for in Article R. 532-20 of the Monetary and Financial Code shall include the items specified by the Instruction referred to in Article 311-7.

SECTION 3 - INVESTMENT SERVICES PROVIDERS THAT DO NOT PROVIDE PORTFOLIO MANAGEMENT SERVICE FOR THIRD PARTIES OR INVESTMENT ADVICE SERVICE

Sub-section 1 - AMF observations on requests for authorisation

Article 311-11

In connection with the examination by the Prudential Supervision Authority or the authorisation request, and before such authorisation is granted, the AMF shall examine the applicant's file in accordance with Article R. 532-4 of the Monetary and Financial Code.

The AMF shall ensure that the intended resources are appropriate to the envisaged activities.

Sub-section 2 - Passport

Article 311-12

The AMF shall examine the draft notification in accordance with the requirements in Articles R. 532-20 and R. 532-26 of the Monetary and Financial Code.

BOOK III - SERVICE PROVIDERS

CHAPTER II - AUTHORISATION REQUIREMENTS FOR ASSET MANAGEMENT COMPANIES AND FOR ACQUIRING OR INCREASING AN EQUITY INTEREST IN AN ASSET MANAGEMENT COMPANY

SECTION 1 - AUTHORISATION REQUIREMENTS

Article 312-1

[Empty]

Article 312-2

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 312-3

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.

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 313-53-1.

The accounting items that make up the general operating expenses, capital and portfolios of an asset management company shall be specified in an AMF instruction.

Article 312-4

The company's capital, including additional capital, 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.

BOOK III - SERVICE PROVIDERS

Article 312-5

The asset management company shall disclose the identities of its direct or indirect shareholders 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.

An AMF Instruction shall specify the nature of ownership links or direct or indirect control between the asset management company and other natural or legal persons that could impede the AMF's supervisory tasks.

Article 312-6

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 312-7

By way of derogation from Article 312-6, an asset management company 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 312-7-1

The persons who effectively manage the asset management company within the meaning of Article 312-6 and the persons appointed under the conditions stipulated in Article 312-7 shall undertake to inform the AMF without delay of any changes in the situation they declared in accordance with an AMF instruction when they were appointed.

BOOK III - SERVICE PROVIDERS

SECTION 2 - CONTENT OF THE PROGRAMME OF OPERATIONS

Article 312-8

The asset management company shall have a programme of operations that complies with the provisions of Chapter III, except for the provisions of Sub-section 5 of Section 1 of said Chapter, which shall not apply to it. Whenever an asset management company manages at least one undertaking for collective investment in transferable securities (UCITS) and it is not authorised under Title Ia of this Book, the asset management company in question may not provide any other investment services than the portfolio management service referred to in Point 4° of Article L. 321-1 of the Monetary and Financial Code and the investment advice service referred to in Point 5° of the same article.

Article 312-9

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 312-10

If a collective investment scheme mentioned in Article 311-1 A is split pursuant to the second paragraph of Articles L. 214-7-4, L. 214-8-7, L. 214-24-33 or L. 214-24-41 of the Monetary and Financial Code, the authorisation granted to the scheme's management company permits the latter to manage the professional specialised fund 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 of the split scheme.

SECTION 3 - REQUIREMENTS FOR ACQUIRING OR INCREASING AN EQUITY INTEREST IN AN ASSET MANAGEMENT COMPANY

Article 312-11

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 a directly or indirectly held equity interest, within the meaning of the provisions of Article L. 233-4 of the said code, in an asset management company. The notice must be given to the AMF by the person or persons concerned before it is executed, if one of the two following requirements is met:

- 1° Voting rights held by the person(s) increase or decrease above or below one tenth, one fifth, one third or one half of the voting rights;
- 2° The asset management company becomes or stops being a subsidiary of the person(s) concerned.

Article 312-12

For the purposes of this Chapter, the voting rights shall be calculated in accordance with the provisions of I and IV of Article L. 233-7 and Article L. 233-9 of the Commercial Code. 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 voting 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.

BOOK III - SERVICE PROVIDERS

Article 312-13

Transactions to acquire or increase equity interests 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 immediately only of transactions between companies that are directly or indirectly owned and controlled by the same 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 312-12 shall be calculated in terms of shares or units respectively.

Article 312-14

Transactions involving the sale or decrease of an equity interest in an asset management company mentioned in Article 312-11 shall entail a re-examination of the authorisation in view of the need to ensure sound and prudent management.

Article 312-15

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.

BOOK III - SERVICE PROVIDERS

CHAPTER III - ORGANISATIONAL RULES

SECTION 1 - ORGANISATIONAL RULES APPLYING TO ALL INVESTMENT SERVICES PROVIDERS

Sub-section 1 - Compliance system

PARAGRAPH 1 - GENERAL PROVISIONS

Article 313-1

Investment services providers 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, investment services providers shall take into account the nature, scale, complexity and range of the investment services that they provide and the businesses that they engage in.

Article 313-2

I. - Investment services providers shall establish and maintain an effective compliance function that operates independently and has the following responsibilities:

1° To monitor and, on a regular basis, assess the adequacy and effectiveness of policies, procedures and measures implemented for the purposes of Article 313-1, and actions taken to remedy any deficiency in compliance of the investment services provider and the relevant persons with their professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code.

2° To advise and assist the relevant persons responsible for investment services so that they comply with the professional obligations of investment services providers referred to in II of Article L. 621-15 of the Monetary and Financial Code.

II. - In this book, 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 investment services provider 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 investment services provider.

3° An employee of the investment services provider or of a tied agent of the investment services provider;

4° A natural person that is seconded to and placed under the authority of the investment services provider or of a tied agent of the investment services provider and that takes part in the investment services provider's provision of investment services or management of a collective investment scheme mentioned in Article 311-1 A;

5° A natural person who takes part, under the terms of an outsourcing agreement, in providing services to the investment services provider or its tied agent for the provision of investment services or who, under a delegation of authority to manage a collective investment scheme mentioned in Article 311-1 A, takes part in the investment services provider's management of such a scheme.

BOOK III - SERVICE PROVIDERS

Article 313-3

Investment services providers 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 officer must be appointed and must be responsible for this function and for reporting as to compliance, including the report referred to in Article 313-7.
- 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, investment services providers 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 investment services that they provide and 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.

PARAGRAPH 2 - APPOINTMENT AND RESPONSIBILITIES OF THE COMPLIANCE OFFICER

Article 313-4

The compliance officer referred to in Point 2° of Article 313-3 shall hold a professional license issued under the conditions defined in Sub-section 7 of this Section.

In asset management companies, the compliance officer shall hold a professional license as a compliance and internal control officer.

In other investment services providers, the compliance officer shall hold a professional license as an investment services compliance officer.

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 officer.

An AMF instruction shall specify the organisational procedures for the compliance function.

BOOK III - SERVICE PROVIDERS

Sub-section 2 - Responsibilities of senior management and supervisory bodies

Article 313-5

For the purposes of this sub-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 Articles L. 532-2, and L. 532-9 of the Monetary and Financial Code, if such a body exists,.

Article 313-6

The responsibility for ensuring that investment services providers 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 investment services provider has established to comply with its professional obligations and take the appropriate measures to remedy any deficiencies.

Concerning the management of a collective investment scheme referred to in Article 311-1 A, the investment services provider shall ensure that its senior management:

- a) are responsible, with regard to each collective investment scheme referred to in Article 311-1 A and managed by the investment services provider, 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 collective investment scheme referred to in Article 311-1 A;
- c) is responsible for ensuring that the investment services provider has a permanent and effective compliance function, within the meaning of Article 313-2, 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 collective investment scheme referred to in Article 311-1 A 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 managed collective investment scheme referred to in Article 311-1 A, 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 313-53-5, including the risk limit system for each managed collective investment scheme referred to in Article 311-1 A.

Article 313-7

Investment services providers 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.

Investment services providers shall also ensure that its supervisory body, if such a body exists, receives periodic written reports on the same topics.

Concerning the management of a collective investment scheme referred to in Article 311-1 A, 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 313-6.

BOOK III - SERVICE PROVIDERS

Sub-section 2a - Verification of the knowledge of specified persons

Article 313-7-1

- I. - The investment services provider shall ensure that natural persons acting under its authority or on its behalf have the appropriate qualifications and expertise 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 313-7-3:
- a) sales personnel, within the meaning of Article 313-7-2;
 - b) asset manager, within the meaning of Article 313-7-2;
 - c) head of financial instrument clearing, within the meaning of Article 313-7-2;
 - d) head of post-trade services, within the meaning of Article 313-7-2;
 - e) persons referred to in Article 313-29.
- 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 313-7-3 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 suitable qualifications and skills as well as a sufficient level of knowledge as referred to in I, at the latest by the end of the apprenticeship contract or the youth work contract.
- The investment services provider shall ensure that any employee whose minimum knowledge has not yet been verified is appropriately supervised.

Article 313-7-2

- 1° A sales person is any natural person responsible for informing or advising the clients of the investment services provider under whose authority or on whose behalf he is acting, with a view to conducting transactions in financial instruments;
- 2° An asset manager is any person authorised to take investment decisions in connection with an individual investment mandate or with the management of one or more collective investment schemes;
- 3° 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;
- 4° 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.

BOOK III - SERVICE PROVIDERS

Article 313-7-3

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 II of Article 313-7-1;

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 II of Article 313-7-1. 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 of the Financial Skills Certification Board receive no remuneration.

BOOK III - SERVICE PROVIDERS

Sub-section 3 - Complaint handling

Article 313-8

Investment services providers shall establish and maintain effective and transparent procedures for reasonable and prompt handling of complaints received from retail clients or potential retail clients, or from CIS unit holders or shareholders, and shall keep a record of each complaint and the measures taken to deal with it.

Retail clients and CIS unit holders or shareholders can file complaints free of charge with the investment services provider.

Information about the complaints handling procedure shall be made available free of charge to retail clients and CIS unit holders or shareholders.

Investment services providers shall take measures in accordance with Article 411-38 and establish appropriate procedures and arrangements to ensure that they deal properly with complaints from retail clients and CIS unit holders 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 retail clients and CIS unit holders or shareholders to send a complaint in the official language or one of the official languages of the Member State in which the CIS is sold or the investment service is provided.

I. - Investment services providers shall establish and maintain operational an effective and transparent procedure for reasonable and prompt handling of complaints received from retail clients or potential retail clients. Such clients can file complaints free of charge with the investment services provider.

Investment services providers 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 an equal and consistent procedure for handling complaints from retail clients. This procedure shall be allocated the necessary resources and expertise.

Investment services providers 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 retail clients free of charge.

The complaint handling procedure shall be proportionate to the size and structure of the investment services provider.

II. - For asset management companies, the provisions of I apply to:

1° Complaints from all holders of units or shares in a collective investment scheme referred to in Article 311-1 A if no investment service is provided to them when they subscribe;

2° Complaints from all holders of units or shares in a collective investment scheme referred to in Article 311-1 A from retail clients if an investment service is provided to them by the asset management company upon subscription.

III. - An AMF instruction shall set out the procedures for applying this article.

BOOK III - SERVICE PROVIDERS

Article 313-8-1

I. - 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 collective investment scheme referred to in Article 311-1 A 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 holders of units or shares in a collective investment scheme referred to in Article 311-1 A to send a complaint in the official language or one of the official languages of the Member State in which the collective investment scheme referred to in Article 311-1 A 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 collective investment scheme referred to in Article 311-1 A established in another European Union Member State, of the competent authorities of the home Member State of that collective investment scheme referred to in Article 311-1 A.

These provisions apply if no investment service is provided upon subscription.

II. - In the case of complaints from retail clients, investment services providers shall establish appropriate procedures and arrangements to ensure that they deal properly with complaints from such clients 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 retail clients to send a complaint in the official language or one of the official languages of the Member State in which the investment service is provided and to receive a response in the same language.

Sub-section 4 - Personal transactions

Article 313-9

I. - For the purposes of this Book, "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 interest 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.

An AMF Instruction shall specify the application conditions for this Article.

BOOK III - SERVICE PROVIDERS

Article 313-10

Investment services providers 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 referred to in Articles 621-1 to 621-3 or to other confidential information relating to clients or transactions with or for clients by virtue of the performance of his functions within the investment services provider:

1° Entering into a personal transaction that meets at least one of the following criteria:

- a) The transaction is prohibited by the provisions of Book VI;
- 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 investment services provider'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 Point 1° above, Article 313-27 or III of Article 314-66;

3° Without prejudice to Point 1° of Article 622-1, 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 Article 313-27 or III of Article 314-66;
- b) Advising or procuring another person to enter into such a transaction.

Article 313-11

For the purposes of the provisions of Article 313-10, investment services providers must specifically ensure that:

1° All the relevant persons referred to in Article 313-10 are aware of the restrictions on personal transactions, and of the measures decided by the investment services provider in connection with personal transactions and disclosure for the purposes of Article 313-10;

2° The investment services provider is informed promptly of any personal transaction entered into by a relevant person referred to in the first paragraph of Article 313-10, either by notification of any such transaction or by other procedures enabling the investment services provider to identify such transactions;

If the investment services provider 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 investment services provider promptly on request.

3° A record is kept of the personal transaction notified to the investment services provider or identified by it. The record shall also mention any authorisation or prohibition in connection with the transaction.

Article 313-12

Articles 313-10 and 313-11 shall not apply to the following types of personal transactions:

1° Personal transactions entered into under a discretionary portfolio management service where there is no prior communication in connection with the transaction between the portfolio manager and the relevant person or any other person on whose behalf the transaction is executed;

2° Personal transactions in units or shares in a collective investment scheme referred to in Article 311-1 A, 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 referred to in Article 311-1 A and governed by Article L. 214-36 or L. 214-154 of the Monetary and Financial Code, Article L. 214-42 *ibid.* in its wording prior to Order 2011-915 of 1 August 2011, or to the schemes referred to in Articles L. 214-33 to L. 214-34 or L. 214-144 to L. 214-147 *ibid.* that rely on the waiver provided for in Article R. 214-85 or R. 214-193 *ibid.*

BOOK III - SERVICE PROVIDERS

Sub-section 5 - Safeguarding of client assets

Article 313-13

Investment services providers shall comply with the following obligations to safeguard their clients' rights in relation to the financial instruments belonging to them:

- 1° They must keep such records and accounts as are necessary to enable them at any time and without delay to distinguish assets held for one client from assets held for other clients, and from their own financial instruments.
- 2° They must maintain their records and accounts in a way that ensures their accuracy, and in particular, their correspondence to the financial instruments held by clients.
- 3° They must conduct periodic reconciliations between their internal accounts and records and those of the third parties with whom the clients' financial instruments are held.
- 4° They 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 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;
- 5° They 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 313-14

Investment services providers using a third party to hold their 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.

Investment services providers 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 313-15

If investment services providers use a third party to hold their clients' financial instruments and that third party is located in another country that has specific regulations and supervision regarding the holding of financial instruments on behalf of another person, then those investment services providers shall choose a third party that is subject to the specific regulations and supervision and do so in accordance with the provisions of Article 313-14.

Article 313-16

Investment services providers may not use a third party to hold their clients' financial instruments if that third party is located in a State that is not party to the European Economic Area agreement 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.

BOOK III - SERVICE PROVIDERS

Article 313-17

I. - Investment services providers may not enter into arrangements for securities financing in respect of financial instruments held by them on behalf of a client or otherwise use such financial instruments for their own account for the account of one of their other clients, unless the client has given his prior express consent for the use of the instruments on specified terms, as evidenced, in the case of a retail client, 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. - Investment services providers may not enter into arrangements for securities financing transactions in respect of financial instruments held by them 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 their own account or for the account of another client 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 providers' 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 allocation of any loss of financial instruments.

Article 313-17-1

Each authorised provider shall see to it that its statutory auditor makes a report to the AMF at least annually on the adequacy of the measures taken by the authorised provider to comply with subparagraph 6 of Article L. 533-10 of the Monetary and Financial Code and with this sub-section.

BOOK III - SERVICE PROVIDERS

Sub-section 6 - Conflicts of interest

PARAGRAPH 1 - PRINCIPLES

Article 313-18

Investment services providers shall take all reasonable measures to detect conflicts of interest that arise in the course of providing investment and ancillary services or management of collective investment schemes referred to in Article 311-1 A:

- 1° Either between itself, relevant persons, or any person directly or indirectly linked to the investment services provider by control, on the one hand, and its clients, on the other hand;
- 2° Or between two clients.

Article 313-19

In order to detect conflicts of interest that could damage a client's interests for the purposes of Article 313-18, investment services providers shall at least take into account the possibility that the persons referred to in Article 313-18 might find themselves in one of the following situations, whether as a result of providing investment or ancillary services, management of a collective investment scheme referred to in Article 311-1 A or other activities:

- 1° The investment services provider or that person is likely to make a financial gain or avoid a financial loss, at the expense of the client;
- 2° The investment services provider or that person has an interest in the outcome of a service provided to a 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 investment services provider or that person has a financial or other incentive to favour the interest of another client or group of clients over the interest of the client to whom the service is being provided;
- 4° The investment services provider or that person carries on the same business as the client;
- 5° The investment services provider 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 any form whatsoever, other than the commissions or fees usually charged for such service.

PARAGRAPH 2 - CONFLICTS OF INTEREST POLICY

Article 313-20

Investment services providers 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 investment services provider 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.

BOOK III - SERVICE PROVIDERS

Article 313-21

I. - The conflicts of interest policy established in compliance with Article 313-20 must specifically:

1° Identify, with reference to the investment services provider's investment services, ancillary services and other activities, 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 clients when providing an investment service or an ancillary service or management of a collective investment scheme referred to in Article 311-1 A;

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 investment services provider 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 investment services provider 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 investment services provider;

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 investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest;

6° Measures to ensure that a relevant person from an asset management company 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 collective investment schemes referred to in Article 311-1 A under the company's management or the securities that it plans to acquire, regardless of whether it is the company concerned or the collective investment scheme referred to in Article 311-1 A 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, investment services providers shall adopt such alternative or additional measures and procedures as are necessary and appropriate for those purposes.

Article 313-22

Investment services providers shall keep and regularly update a log of the kinds of investment service or ancillary service and other activity carried out by it or on its behalf where a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or, in the case of ongoing activities, is likely to arise.

BOOK III - SERVICE PROVIDERS

PARAGRAPH 3 - DISCLOSURE TO CLIENTS

Article 313-23

I. - The information disclosed to clients pursuant to 3 of Article L. 533-10 of the Monetary and Financial Code shall be provided in a durable medium.

It shall include sufficient detail, taking into account the nature of the client, to enable that client to take an informed decision.

II. - Concerning the management of a collective investment scheme referred to in Article 311-1 A, where the organisational or administrative arrangements made by the investment services provider 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 collective investment scheme referred to in Article 311-1 A or its unit holders or shareholders will be prevented, the senior management or other competent internal body of the management company shall be promptly informed in order for them to take any necessary decision to ensure that in any case the management company acts in the best interests of the collective investment scheme referred to in Article 311-1 A and of its unit holders or shareholders.

Unit holders or shareholders in a collective investment scheme referred to in Article 311-1 A shall be informed, using a durable medium, of the decision taken by the investment services provider.

Article 313-24

When collective investment schemes mentioned in Article 311-1 A or third country investment funds managed by the investment services provider or by an affiliated company are purchased or subscribed on behalf of a portfolio under management, the discretionary management contract or the prospectus of the collective investment scheme mentioned in Article 311-1 A must provide for this possibility.

PARAGRAPH 4 - PROVISIONS ON INVESTMENT RESEARCH

Article 313-25

An investment recommendation given by an investment services provider, as defined in 1 of Article R. 621-30-1 of the Monetary and Financial Code, hereinafter referred to as a "general investment recommendation" shall constitute :

1° Either financial analysis or investment research that complies with Article L. 544-1 of the Monetary and Financial Code, hereinafter referred to as "investment research", which shall be subject to the provisions of Articles 313-26 and 313-27;

2° Or, in the other cases, a marketing communication, which shall be subject to the provisions of Article 313-28.

Article 313-26

I. - Investment services providers that produce or arrange for the production of investment research, as defined in Article 313-25, intended likely to be subsequently disseminated to their own clients or the public under their own responsibility or that of a member of their group shall ensure that the provisions of II of Article 313-21 are applied to investment analysts involved in the production of such analysis and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated.

II. - The provisions of I shall not apply to investment services providers that disseminate investment research produced by another person to the public or their clients, if the following criteria are met:

1° The person producing the investment research is not a member of the group to which the investment services provider belongs;

2° The investment services provider does not substantially alter the recommendations within the investment research;

3° The investment services provider does not present the investment research as having been produced by it;

4° The investment services provider ensures that the producer of the investment research is subject to requirements equivalent to those provided for in I in relation to the production of the analysis, or that it has established a policy setting such requirements.

BOOK III - SERVICE PROVIDERS

Article 313-27

The investment services providers referred to in I of Article 313-26 shall adopt measures to ensure that:

1° Investment analysts and other relevant persons do not undertake personal transactions or trade, other than as market makers acting in good faith and in the ordinary course of market making or in the execution of an unsolicited client order, on behalf of any other person, including the investment services provider, in financial instruments to which investment research relates, or in any related financial instruments, if:

- a) They are aware of the likely dissemination date or content of the investment research.
- b) This knowledge is not accessible to the public and clients and cannot be readily inferred from the information that is available.

Investment analysts and other relevant persons refrain from trading until the recipients of the investment research have had a reasonable opportunity to act on the knowledge referred to in a).

2° In circumstances not covered by Point 1°, investment analysts and any other relevant persons involved in the production of investment research must not undertake personal transactions in financial instruments to which the analysis relates, or in any related financial instruments, contrary to the current recommendations made by these persons, except in exceptional circumstances and with the prior approval of the compliance officer.

3° Investment services providers, investment analysts, and other relevant persons involved in the production of investment research must not accept inducements from persons with a material interest in the subject-matter of the investment research.

4° Investment services providers, investment analysts, and other relevant persons involved in the production of investment research must not promise issuers favourable coverage in their analysis.

5° If a draft investment research report includes a recommendation or a target price, issuers, relevant persons other than investment analysts, and any other persons must not be permitted to review that draft of the investment research report prior to its dissemination for the purpose of verifying the accuracy of factual statements made in that analysis, or for any other purpose other than verifying compliance with the investment services provider's professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code.

For the purposes of this Article, "related financial instrument" means any financial instrument the price of which is closely affected by price movements in another financial instrument which is the subject of investment research, and includes a derivative on that other financial instrument.

Article 313-28

A general investment recommendation of the type covered by Article 313-25 shall be subject to the statutory and regulatory provisions on marketing communications and to the following requirements:

- 1° It is clearly identified as such.
- 2° It contains a clear warning that it has not been prepared in accordance with regulatory provisions designed to promote the independence of investment research, and that the investment services provider is not subject to any prohibition on dealing in the relevant financial instrument ahead of the dissemination of the marketing communication.

In the case of an audio marketing communication, the recommendation should come with a similar warning.

BOOK III - SERVICE PROVIDERS

Sub-section 7 - Professional licences

PARAGRAPH 1 - GENERAL PROVISIONS

Article 313-29

The following relevant persons must hold a professional license issued by the AMF or the investment services provider under the terms of Articles 313-38 and 313-45:

1° Within investment services providers other than asset management companies:

- a) Traders of financial instruments;
- b) Clearers of financial instruments;
- c) Compliance officers for investment services;
- d) Investment analysts;

2° Within asset management companies: Compliance and internal control officers.

Article 313-30

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.

Clearers of financial instruments are natural persons empowered to commit a clearing-house member vis-à-vis the clearing house.

Compliance officers for investment services are the persons referred to in Article 313-4.

Compliance and internal control officers are the persons referred to in Article 313-70.

Investment analysts are natural persons assigned to the task of producing the general investment recommendations referred to in the second paragraph of Article 313-25.

Article 313-31

A natural person may perform one of the functions referred to in Article 313-29 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 and the function of compliance and internal control officer may only be performed on a trial basis or temporarily with the prior consent of the AMF.

Article 313-32

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 313-33

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.

BOOK III - SERVICE PROVIDERS

Article 313-34

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 313-35

When a person definitively ceases to perform the function for which a professional licence was issued, the licence shall be withdrawn. The licence 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 313-36

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 313-37

The AMF shall keep a register of professional licences.

For this purpose, the person issuing or revoking the professional license referred to in *a*, *b* and *d* of 1° of Article 313-29 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 *c* of 1° and in Point 2° of Article 313-29.

The information in the register of professional licences shall be retained for ten years after licences have been revoked.

BOOK III - SERVICE PROVIDERS

PARAGRAPH 2 - PROFESSIONAL LICENCES ISSUED BY THE AMF

Article 313-38

The AMF shall issue the professional licenses of the persons performing the functions of compliance and internal control officers and of compliance officers for investment services. For this purpose, the AMF shall organise a professional examination under the terms referred to in Articles 313-42 to 313-44.

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 313-39

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.

2° that pursuant to II of Article 313-7-1, the provider has conducted an internal verification or an examination as stipulated in 3° of II of Article 313-7-3 to ensure that the relevant person has the minimum knowledge mentioned in 1° of II of Article 313-7-3.

3° that the investment services provider complies with the provisions of Article 313-3.

Article 313-40

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 313-41

If an investment services provider requires professional licenses for several compliance officers, 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 313-42

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.

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 investment services providers.

The AMF shall collect the examination fees from the investment services providers presenting applicants.

Article 313-43

The members of the jury referred to in the first paragraph of Article 313-42 shall be:

1° An active compliance officer, chair;

2° The head of an operational function with an investment services provider;

3° 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.

BOOK III - SERVICE PROVIDERS

Article 313-44

If it deems that the conditions referred to in Article 313-39 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 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 or the function of compliance and internal control officer is planned, the jury may be asked for its opinion.

PARAGRAPH 3 - PROFESSIONAL LICENSES ISSUED BY INVESTMENT SERVICES PROVIDERS

Article 313-45

Professional licences referred to in *a*, *b* and *d* of 1° of Article 313-29 shall be issued by the investment services providers under whose authority or on whose behalf the professional license holders are acting.

Article 313-46

Before any of the professional licences referred to in Article 313-45 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 313-7-1.

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 313-47

Investment services providers shall notify the AMF of the issuance of the professional licenses referred to in *a*, *b* and *d* of 1° of Article 313-29 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.

BOOK III - SERVICE PROVIDERS

Sub-section 8 - Record keeping

Article 313-48

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 collective investment schemes mentioned in Article 311-1 A, 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 collective investment scheme referred to in Article 311-1 A and of the person acting on behalf of the scheme;

b) the details necessary to identify the collective investment scheme referred to in Article 311-1 A 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 314-69.

III. - 1° Asset management companies shall ensure that the entity placed in charge of centralising subscription and redemption orders for shares or units in a collective investment scheme referred to in Article 311-1 A pursuant to Articles L. 214-13 or L. 214-24-46 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 313-49

Investment services providers 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.

Agreements that set out the respective rights and obligations of the investment services provider and the client under an agreement to provide services, or the terms on which the investment services provider provides services to the client, shall be retained for at least the duration of the relationship with the client.

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 the first paragraph.

The AMF may, in exceptional circumstances, require investment services providers 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 collective investment scheme referred to in Article 311-1 A is managed by a new investment services provider, arrangements shall be made such that records for the past five years are accessible to that provider.

BOOK III - SERVICE PROVIDERS

Article 313-50

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 313-51

Investment services providers shall make arrangements under conditions that comply with laws and regulations for recording telephone conversations:

- 1° Of traders of financial instruments;
- 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 investment services provider 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 313-52

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 313-51. 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.

The persons referred to in Article 313-51, 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 313-53

Investment services providers shall retain information about the monitoring and assessments referred to in I of Article 313-2 in accordance with the requirements referred to in Article 313-50.

Sub-section 9 - Annual data sheet

Article 313-53-1

Within four-and-a-half months of the end of the financial year, asset management companies and investment services providers providing portfolio management services for third parties shall send the AMF the information specified on a data sheet described in an AMF instruction.

BOOK III - SERVICE PROVIDERS

Sub-section 10 - Risk management for third parties

Article 313-53-2

The provisions of this sub-section apply to asset management companies and to investment services providers providing the investment service referred to in Article L. 321-1 4 of the Monetary and Financial Code.

Article 313-53-3

The following terms shall have the following meanings for the purposes of this sub-section:

- "counterparty risk" means the risk of loss for the collective investment scheme referred to in Article 311-1 A or the individual portfolio 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 collective investment scheme referred to in Article 311-1 A to comply at any time with the provisions of the third paragraph of Articles L. 214-7 or L. 214-24-29 or Articles L. 214-8 or L. 214-24-34 of the Monetary and Financial Code, or the ability of the investment services 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 collective investment scheme referred to in Article 311-1 A or the individual portfolio 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 collective investment scheme referred to in Article 311-1 A or the individual portfolio resulting from inadequate internal processes and failures in relation to people and systems of the 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 collective investment scheme referred to in Article 311-1 A or the individual portfolio;
- "board of directors" means the board of directors, executive board or any equivalent body of the investment services provider.

BOOK III - SERVICE PROVIDERS

PARAGRAPH 1 - RISK MANAGEMENT POLICY AND RISK MEASUREMENT

Sub-paragraph 1 - Permanent risk management function

Article 313-53-4

I. - Investment services providers 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, investment services providers 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 collective investment schemes referred to in Article 311-1 A or individual portfolios it manages.

Investment services providers 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 collective investment schemes referred to in Article 311-1 A or individual portfolios risk limit system, including statutory limits concerning global exposure and counterparty risk in accordance with Articles 411-71-1 to 411-83 or Articles 422-50 to 422-63;
- c) provide advice to the board of directors as regards the identification of the risk profile of each managed collective investment scheme referred to in Article 311-1 A or individual portfolio;
- 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 collective investment scheme referred to in Article 311-1 A or individual portfolio and the risk profile agreed for that collective investment scheme or portfolio;
 - ii) the compliance of each managed collective investment scheme referred to in Article 311-1 A or individual portfolio 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 collective investment scheme referred to in Article 311-1 A and individual portfolio 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 Articles 411-84 or 422-64.

Where appropriate in light of the nature, scale and complexity of its business and the individual portfolios it manages, investment services providers may apply the requirements of items c, d and e by the type or profile of the managed individual portfolio.

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.

The implementing arrangements for this article will be set out in an AMF Instruction.

BOOK III - SERVICE PROVIDERS

Sub-paragraph 2 - Risk management policy

Article 313-53-5

I. - Investment services providers shall establish, implement and maintain an adequate and documented risk management policy which identifies the risks to which the collective investment schemes referred to in Article 311-1 A or individual portfolios 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 collective investments referred to in Article 311-1 A.

II. - The risk management policy shall comprise such procedures as are necessary to enable the management company to assess for each collective investment scheme referred to in Article 311-1 A or individual portfolio it manages the exposure of that collective investment scheme referred to in Article 311-1 A or individual portfolio to market, liquidity and counterparty risks, and the exposure of the collective investment schemes referred to in Article 311-1 A or individual portfolios to all other risks, including operational risks, which may be material for each collective investment scheme referred to in Article 311-1 A or individual 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 313-53-7, 411-72 and 411-73 or 422-51 and 422-52;
- b) the allocation of responsibilities within the investment services provider pertaining to risk management.

IV. - Investment services providers 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 313-53-4 to the board of directors and to senior management and, where appropriate, to the supervisory function.

V. - For the purposes of this article, investment services providers take into account the nature, scale and complexity of their business and the collective investment schemes referred to in Article 311-1 A or individual portfolios they manage.

The implementing arrangements for this article will be set out in an AMF Instruction.

Sub-paragraph 3 - Assessment, monitoring and review of risk management policy

Article 313-53-6

Investment services provider 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 313-53-7, 411-72 et 411-73 or 422-51 and 422-52;
- b) the level of compliance by the investment services provider with the risk management policy and with arrangements, processes and techniques referred to in Articles 313-53-7, 411-72 et 411-73 or 422-51 and 422-52;
- 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.

The implementing arrangements for this article will be set out in an AMF Instruction.

BOOK III - SERVICE PROVIDERS

PARAGRAPH 2 - RISK MANAGEMENT PROCESSES, COUNTERPARTY RISK EXPOSURE AND ISSUER CONCENTRATION

Article 313-53-7

I. - Investment services providers shall adopt adequate and effective arrangements, processes and techniques in order to:

- a) measure and manage at any time the risks which the collective investment schemes referred to in Article 311-1 A and individual portfolios they manage are or might be exposed to;
- b) ensure compliance with limits applicable to collective investment schemes referred to in Article 311-1 A concerning global exposure and counterparty risk, in accordance with Articles 411-72 and 411-73 or 422-51 and 422-52 and Articles 411-82 to 411-83 or 422-61 to 422-63.

Those arrangements, processes and techniques shall be proportionate to the nature, scale and complexity of the business of the investment services providers and of the collective investment schemes referred to in Article 311-1 A and individual portfolio they manage and be consistent with the risk profile of these collective investment schemes and individual portfolios.

II. - For the purposes of I, investment services providers shall take the following actions for each collective investment scheme referred to in Article 311-1 A or 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 collective investment schemes referred to in Article 311-1 A or 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 collective investment scheme referred to in Article 311-1 A or individual portfolio taking into account all risks which may be material to the collective investment scheme referred to in Article 311-1 A or individual portfolio as referred to in Article 313-53-3 and ensuring consistency with the risk-profile of the collective investment schemes referred to in Article 311-1 A or individual portfolios;
- e) ensure that the current level of risk complies with the risk limit system as set out in d) for each collective investment scheme referred to in Article 311-1 A or individual portfolio;
- f) establish, implement and maintain adequate procedures that, in the event of actual or anticipated breaches to the risk limit system of the collective investment scheme referred to in Article 311-1 A or individual portfolio, result in timely remedial actions in the best interests of unit holders or shareholders or principals.

III. - Investment services providers shall use an appropriate liquidity risk management process for each collective investment scheme referred to in Article 311-1 A and individual portfolio they manage.

This procedure shall enable them in particular to ensure that all the collective investment schemes referred to in Article 311-1 A they manage comply at all times with the requirement set out in the third paragraph of Articles L. 214-7 or L. 214-24-29 or Articles L. 214-8 or L. 214-24-34 of the Monetary and Financial Code or investment services providers' ability to liquidate positions in an individual portfolio in accordance with the contractual obligations in the investment mandate.

Where appropriate, investment services providers companies shall conduct stress tests which enable assessment of the liquidity risk of the collective investment schemes referred to in Article 311-1 A under exceptional circumstances.

IV. - Investment services providers shall ensure that for each collective investment scheme referred to in Article 311-1 A they manage the liquidity profile of the investments of the collective investment scheme referred to in Article 311-1 A 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 collective investment scheme referred to in Article 311-1 A 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 investment services providers to satisfy at all times with the requirements referred to in V.

The implementing arrangements for this article will be set out in an AMF Instruction.

BOOK III - SERVICE PROVIDERS

SECTION 2 - ADDITIONAL ORGANISATIONAL REQUIREMENTS FOR ASSET MANAGEMENT COMPANIES

Sub-section 1 - General organisational requirements

Article 313-54

- 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 in accordance with the requirements specified by an AMF Instruction.
- 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 313-55

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 313-56

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 investment services and collective investment schemes referred to in Article 311-1 A management services, or, where that is not possible, the timely recovery of such data and functions and the timely resumption of their activities.

Article 313-57

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 313-58

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 313-54 to 313-57, and to take appropriate measures to address any deficiencies.

Article 313-59

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.

BOOK III - SERVICE PROVIDERS

Article 313-59-1

Concerning the management of a collective investment scheme referred to in Article 311-1 A, the asset management company shall:

- 1° Ensure that the accounting procedures referred to in Article 313-57 are applied so that unit holders and shareholders in the collective investment scheme referred to in Article 311-1 A are protected;
- 2° Establish appropriate procedures to ensure the proper and accurate valuation of the assets and liabilities of the collective investment scheme referred to in Article 311-1 A, as consistent with the applicable rules referred to in Articles L. 214-17-1 or L. 214-24-50 of the Monetary and Financial Code;
- 3° Ensure compliance with Articles 411-24 to 411-33 or 422-26 to 422-32.

Sub-section 2 - Risk management

Article 313-60

In connection with their risk management policy, referred to in Article 313-53-5, 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.

Sub-section 3 - Transmission of information on derivative instruments

Article 313-61

Asset management companies shall deliver to the AMF and update on at least an annual basis, as provided in an AMF Instruction, reports containing information which gives a true and fair view of the types of derivative instruments used for each managed collective investment scheme referred to in Article 311-1 A, 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.

Sub-section 4 - Internal audit

Article 313-62

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 313-7.

BOOK III - SERVICE PROVIDERS

Sub-section 5 - Organisation of compliance and internal control functions

PARAGRAPH 1 - COMPLIANCE AND INTERNAL CONTROL SYSTEMS

Article 313-63

For the purposes of the provisions of Sub-section 1 of Section 1 and Sub-sections 1, 2 and 3 of Section 2 of this Chapter, the compliance and internal control systems shall include a monitoring system as described in Article 313-64, internal audits as described in Article 313-62 and the advice and assistance functions referred to in Point 2° of I of Article 313-2.

Article 313-64

The monitoring system shall include the compliance monitoring system referred to in Point 1° of I of Article 313-2, the monitoring system referred to in Article 313-58 and the risk management system provided for in Articles 313-53-2 à 313-53-7.

Article 313-65

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 313-69, by staff appointed solely to that function.

PARAGRAPH 2 - COMPLIANCE AND INTERNAL CONTROL OFFICERS

Article 313-66

The compliance and internal control officers shall be responsible for the compliance function referred to in I of Article 313-2, the monitoring system referred to in Article 313-64 and the internal audits referred to in Article 313-62.

Article 313-67

If an asset management company establishes a separate and independent internal audit function for the purposes of Article 313-62, that function shall be performed by an internal audit manager who is not the same person as the compliance and continuing monitoring officer.

Article 313-68

Asset management companies may give the responsibility for monitoring, other than compliance monitoring, and the responsibility for compliance monitoring to two different people.

Article 313-69

When the manager carries out the function of compliance officer, he shall also be responsible for internal audit and monitoring, other than compliance monitoring.

BOOK III - SERVICE PROVIDERS

Article 313-70

The following persons shall hold professional licenses:

- 1° The compliance and internal control officer referred to in Article 313-66;
- 2° The compliance and monitoring manager referred to in Article 313-67;
- 3° The manager for monitoring, other than compliance monitoring, referred to in Article 313-68 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 or under the same central body 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 313-67 shall not hold a professional license.

Article 313-71

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.

Sub-section 6 - Outsourcing

Article 313-72

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 313-73

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 313-74

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. More specifically, this Sub-section shall apply in the case of outsourced investment services.

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.

BOOK III - SERVICE PROVIDERS

Article 313-75

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.

10° The service provider must protect any confidential information relating to the asset management company and its clients.

11° 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 or are under the same central body, 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.

BOOK III - SERVICE PROVIDERS

Article 313-76

I. - Where an asset management company outsources portfolio management provided to retail clients to a service provider located State that is not party to the European Economic Area, that company must ensure that the following conditions are satisfied:

1° The service provider must be authorised or registered in its home country to provide portfolio management service for third parties and it must be subject to prudential supervision.

2° There must be an appropriate cooperation agreement between the AMF and the competent authority of the service provider.

II. - In the case of portfolio management for a retail client, if one or both of those conditions referred to in I are not satisfied, the asset management company may outsource portfolio management services to a service provider located in a State that is not party to the European Economic Area only if it notifies the AMF about the outsourcing contract.

In the absence of any remarks by the AMF within three months of the notice being given, the planned outsourcing by the asset management company may be implemented.

Sub-section 7 - Delegating management of collective investment schemes

Article 313-77

When the asset management company delegates the management of a collective investment scheme referred to in Article 311-1 A, 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 collective investment scheme in another European Union Member State, the AMF sends the information without delay to the competent authorities of the home Member State of the collective investment scheme 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 collective investment scheme referred to in Article 311-1 A being managed in the best interests of its unit holders or shareholders;

3° Financial management can be delegated only to a person that has been authorised to manage UCITS by a public authority or that has received a delegation from such public authority, to manage collective investment schemes equivalent to those for which management has been delegated. The delegation must be in accordance with the investment allocation criteria laid down periodically by the delegating management company;

4° Financial management cannot be delegated to a person established in a State not party to the European Economic Area agreement unless there is effective cooperation between the AMF and the supervisory authority of that State;

5° The mandate must not be likely to engender conflicts of interest;

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 collective investment scheme referred to in Article 311-1 A;

8° The entity to which management is delegated must be qualified and capable of undertaking the delegated functions;

9° The prospectus for the collective investment scheme referred to in Article 311-1 A or, where applicable, the investor disclosure document 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.

BOOK III - SERVICE PROVIDERS

CHAPTER IV - CONDUCT OF BUSINESS RULES

SECTION 1 - GENERAL PROVISIONS

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 or asset management companies authorised in France.

Pursuant to Articles L. 532-18-2 and L. 532-20-1 of the Monetary and Financial Code, this Chapter shall apply to investment services and ancillary services provided in France and to the management of French UCITS by the branches established in France of investment services providers authorised in other States that are parties to the European Economic Area agreement.

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, which includes, where relevant, collective investment schemes referred to in Article 311-1 A or their unit holders or shareholders.

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 or to management of a collective investment scheme referred to in Article 311-1 A, 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.

Subsection 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 the regulated markets and multilateral trading facilities that they use.

BOOK III - SERVICE PROVIDERS

Article 314-3-1

Concerning the management of a collective investment scheme referred to in Article 311-1 A, investment services providers shall:

- 1° ensure that the unit holders and shareholders of the same collective investment scheme referred to in Article 311-1 A 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 collective investment schemes referred to in Article 311-1 A 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 collective investment schemes referred to in Article 311-1 A have been accurately valued;
- 5° act in such a way as to prevent undue costs being charged to the collective investment schemes referred to in Article 311-1 A 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 collective investment schemes referred to in Article 311-1 A and the integrity of the market;
- 7° ensure they have adequate knowledge and understanding of the assets in which the collective investment schemes referred to in Article 311-1 A are invested;
- 8° establish written policies and procedures on due diligence and implement effective arrangements for ensuring that investment decisions on behalf of the collective investment schemes referred to in Article 311-1 A are carried out in compliance with the objectives, investment strategy and risk limits of these collective investment schemes;
- 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 collective investment scheme referred to in Article 311-1 A 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 314-3-2

Investment services providers 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, in accordance with an AMF Instruction. Before entering into such agreements, investment services providers 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.

Investment services providers shall establish methods for continuous assessment of the quality of the services supplied by third parties.

BOOK III - SERVICE PROVIDERS

SECTION 2 - CLIENT AND ELIGIBLE COUNTERPARTY CATEGORIES

Article 314-4

- I. - Investment services providers shall establish and implement appropriate written policies and procedures for classifying their clients into the categories of retail clients, professional clients and eligible counterparties.
- II. - Investment services providers shall inform their clients of their categorisation as a retail client, a professional client or an eligible counterparty.
They shall also notify clients if they change categories.
They shall notify their clients using a durable medium of their right to ask for a different categorisation and the consequences that such a change would have on their level of protection.
- III. - It is the responsibility of professional clients or eligible counterparties to inform investment services providers of any changes that are likely to result in a change in their categorisation.
- IV. - Investment services providers who find that a professional client or an eligible counterparty no longer meets the requirements for their category shall take the appropriate measures.
- V. - It is the responsibility of a professional client or an eligible counterparty to ask to be treated as belonging to a category providing higher protection if they feel that they are not able to assess and manage risks that they incur properly.

Article 314-4-1

When dealing with new clients, investment services providers shall gather information about the identity and legal capacity of each new client in accordance with an AMF instruction.

Sub-section 1 - Retail client treatment option

Article 314-5

Professional clients may ask investment services providers to treat them as retail clients in all their dealings or for specific financial instruments, investment services or transactions.
If the provider agrees to such a request, an agreement shall be drawn up on paper or in another durable medium that sets out the financial instruments, investment services and transactions concerned.

BOOK III - SERVICE PROVIDERS

Sub-section 2 - Professional client treatment option

Article 314-6

Retail clients may waive some of the protection provided by the conduct of business rules referred to in this Chapter.

In this case, investment services providers may treat retail clients as professional clients, subject to compliance with the criteria and procedure mentioned below. However, retail clients must not be presumed to have market knowledge and experience that are comparable to those of the clients referred to in Sub-section 1 of this Section.

The lower level of protection provided by the conduct of business rules shall not be deemed valid unless the investment services provider conducts an adequate assessment of the client's skill, experience and knowledge to obtain reasonable assurance that, with regard to the transactions and services considered, the client is able to make investment decisions and understand the risks incurred.

The aptitude criteria applied to the directors and senior managers of authorised undertakings on the basis of financial Directives may be considered as one way of assessing a client's skill and knowledge. In the case of a small undertaking that does not meet the criteria in 2 of I of Article D. 533-11 of the Monetary and Financial Code, the assessment should be made of the person authorised to carry out transactions in the name of the undertaking.

The assessment must find that at least two of the following criteria are satisfied:

- 1° The person must hold a portfolio of financial instruments worth more than EUR 500,000.
- 2° The person must have carried out an average of at least ten major trades in financial instruments per quarter over the previous four quarters.
- 3° The person must have held a professional position in the financial sector for at least one year that required knowledge of investments in financial instruments.

An AMF Instruction shall specify the terms and conditions for the application of this Article.

Article 314-7

The clients referred to in Article 314-6 may not waive the protection afforded by the conduct of business rules unless they follow the procedure set out below:

- 1° The client shall notify the investment services provider in writing of his wish to be treated as a professional client at all times, or for a specific investment service or transaction, or else for a specific type of transaction or product.
- 2° The investment services provider shall provide a clear written explanation of the protections and compensation rights that the client may be waiving.
- 3° The client shall make a written declaration that is separate from the contract that he is aware of the consequences of waiving the abovementioned protections.

Before deciding to accept the waiver, the investment services provider shall be required to take all reasonable measures to ascertain that the client wishing to be treated as a professional client meets the criteria set out in Article 314-6.

Sub-section 3 - Eligible counterparties

Article 314-8

Eligible counterparties referred to in Article L. 533-20 of the Monetary and Financial Code may ask investment services providers to treat them as professional clients or retail clients in all their dealings or for specific financial instruments, investment services or transactions.

If the provider accepts this request, it shall treat the eligible counterparty as a professional client or a retail client, as the case may be.

Article 314-9

If one of the entities referred to in Article 314-8 asks to be treated as a client, without specifically asking to be treated as a retail client, and if the investment services provider accepts that request, the provider shall treat the said entity as a professional client.

However, if the said entity specifically asks to be treated as a retail client, and if the investment services provider accepts that request, the provider shall treat the said entity as a retail client.

BOOK III - SERVICE PROVIDERS

SECTION 3 - INFORMATION TO CUSTOMERS

Sub-section 1 - Characteristics

PARAGRAPH 1 - CLEAR INFORMATION THAT IS NOT MISLEADING

Article 314-10

Investment services providers shall ensure that all information that they address to clients, including marketing information, satisfies the conditions laid down in I of Article L. 533-12 of the Monetary and Financial Code. Investment services providers shall ensure that all information, including marketing information, that they address to retail clients or that is likely to be received by retail clients, satisfies the conditions laid down in Articles 314-11 to 314-17.

Article 314-11

The information shall include the name of the investment services provider.

It shall be accurate and in particular shall not emphasise any potential benefits of an investment service or financial instrument without also giving a fair and prominent indication of any relevant risks.

It shall be sufficient for, and presented in a way that is likely to be understood by, an average investor in the category at which it addressed or by which it is likely to be received.

It shall not disguise, diminish or obscure important items, statements or warnings.

Article 314-12

Where the information compares investment or ancillary services, financial instruments, or persons providing investment or ancillary services, the following conditions shall be satisfied:

- 1° The comparison must be meaningful and presented in a fair and balanced way.
- 2° The sources of the information used for the comparison must be specified.
- 3° The key facts and assumptions used to make the comparison must be included.

Article 314-13

Where the information contains an indication of past performance of a financial instrument, a financial index or an investment service, the following conditions shall be satisfied:

- 1° That indication must not be the most prominent feature of the communication.
- 2° The information must include appropriate performance information which covers the immediately preceding 5 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 if less than five years, or such longer period as the investment services provider may decide. In every case that performance information must be based on complete 12-month periods.
- 3° The reference period and the source of information must be clearly stated.
- 4° The information must contain 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 that of the Member State in which the retail client is resident, the currency must be 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.

BOOK III - SERVICE PROVIDERS

Article 314-14

Where the information includes or refers to simulated past performance, it must relate to a financial instrument or a financial index, and the following conditions shall be satisfied:

- 1° The simulated past performance must be based on the actual past performance of one or more financial instruments or financial indices which are the same as, or underlie, the financial instrument concerned.
- 2° In respect of the actual past performance referred to in Point 1° of this Article, the conditions set out in Points 1°, 2°, 3°, 5° and 6° of Article 314-13 must be complied with.
- 3° The information must contain a prominent warning that the figures refer to simulated past performance and that past performance is not a reliable indicator of future performance.

Article 314-15

Where the information contains information on future performance, the following conditions shall be satisfied:

- 1° The information must not be based on or refer to simulated past performance.
- 2° It must be 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 must contain a prominent warning that such forecasts are not a reliable indicator of future performance.

Article 314-16

Where the information refers to a particular tax treatment, it shall prominently state that the tax treatment depends on the individual circumstances of each client and may be subject to change in the future.

Article 314-17

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 of the investment services provider.

PARAGRAPH 2 - CONTENT AND TIMING OF THE INFORMATION

Article 314-18

Appropriate information presented in an understandable form shall be addressed to clients concerning:

- 1° The investment services provider and its services;
- 2° 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;
- 3° Execution systems, if appropriate.
- 4° Costs and associated charges.

The purpose of providing this information is to enable clients to understand the nature of the proposed investment service and the specific type of financial instrument, along with the associated risks, and, consequently, to make informed investment decisions. This information may be provided in a standardised format.

Article 314-19

Information that is specific to a UCITS and is included in its key investor information document shall be deemed to fulfil the Articles 314-33, 314-34, 314-37 and 314-42.

The benefit of the provisions of the previous paragraph shall also extend to information that is specific to retail investment funds and funds of alternative funds and is included in their key investor information documents, and that is specific to professional investment funds and is included in their prospectuses, provided that the information meets the requirements set out in Directive 2009/65/EC of 13 July 2009.

BOOK III - SERVICE PROVIDERS

Article 314-20

Investment services providers shall provide the following information to retail clients in good time, either before they are bound by a contract for the provision of investment services or ancillary services or before the provision of such services if that provision of services is not covered by a contract or is made prior to signing a contract:

- 1° The terms and conditions of the contract for the provision of investment services or ancillary services;
- 2° The information required in Article 314-32.

Article 314-21

The information referred to in Articles 314-34, 314-40, 314-41 and 314-42 shall be provided to retail clients in good time and before the provision of the relevant service.

Article 314-22

The information referred to in 4° and 5° of Article 314-39 shall be provided to professional clients in good time and before the provision of the relevant service.

Article 314-23

For retail clients, the information required in Article 314-20 may be provided immediately after the signature of any contract for the provision of investment services or ancillary services, and the information referred to in Article 314-21 may be provided immediately after the investment services provider starts providing the services, subject to the following conditions:

- 1° The investment services provider was not able to comply with the time limits referred to in Articles 314-20 and 314-21 because the contract was signed at the client's request by a means of communication that did not enable the provider to provide the information in accordance with those Articles.
- 2° the investment services provider has applied the provisions of Article R. 121-2-1 (5°) of the Consumption Code or any equivalent provision in another State party to the European Economic Area agreement.

Article 314-24

Investment services providers shall notify clients in good time of any material change in the information to be provided under Sub-sections 3 and 4 that affects the service provided to those clients.

The notification must be given in a durable medium if the relevant information is to be provided in such a medium.

Article 314-25

The information referred to in Articles 314-20, 314-21, 314-22 and 314-23 shall be provided in a durable medium under the conditions laid down in Article 314-26 or posted to a website under the conditions laid down in Article 314-27.

PARAGRAPH 3 - INFORMATION MEDIA

Article 314-26

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.

The durable medium may take another form than paper only if:

- 1° The provision of that information in that medium is appropriate to the context in which the business between the investment services provider and the client is, or is to be, carried on.
- 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.

BOOK III - SERVICE PROVIDERS

Article 314-27

Where, pursuant to Articles 314-20 to 314-25, 314-29, 314-31 to 314-42 and 314-72, an investment services provider provides information to a client by means of a website and that information is not addressed personally to the client, the following conditions shall be satisfied:

- 1° The provision of that information in that medium is appropriate to the context in which the business between the investment services provider and the client is, or is to be, carried on.
- 2° The client must specifically consent to the provision of that information in that form.
- 3° The client must be notified electronically of the address of the website, and the place on the website where the information may be accessed.
- 4° The information must be up to date.
- 5° The information must be accessible continuously by means of that website for such period of time as the client may reasonably need to inspect it.

Article 314-28

The provision of information by means of electronic communications shall be treated as appropriate to the context in which the business between the investment services provider and the client is, or is to be, carried on, if there is evidence that the client has regular access to the internet. The provision by the client of an e-mail address for the purposes of the carrying on of that business shall be treated as such evidence.

Sub-section 2 - Marketing communications

Article 314-29

The information contained in a marketing communication shall be consistent with any information the investment services provider provides to its clients in the course of carrying on investment and ancillary services.

Article 314-30

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 314-31

Where a marketing communication contains an offer or invitation of the following nature and specifies the manner of response or includes a form by which any response may be made, it shall include such of the information referred to in Sub-sections 3 and 4 as appears relevant to that offer or invitation:

- 1° An offer to enter into an agreement in relation to a financial instrument or investment service or ancillary service with any person who responds to the marketing communication;
- 2° An invitation to any person who responds to the marketing communication to make an offer to enter into an agreement in relation to a financial instrument or investment service or ancillary service.

However, the first paragraph shall not apply if, in order to respond to an offer or invitation contained in the marketing communication, the potential retail client must refer to another document or documents, which, alone or in combination, contain that information.

BOOK III - SERVICE PROVIDERS

Sub-section 3 - Information about providers, services and financial instruments

PARAGRAPH 1 - COMMON PROVISIONS

Article 314-32

Investment services providers shall provide retail clients with the following general information, where relevant:

- 1° The name and address of the investment services provider, and the contact details necessary to enable clients to communicate effectively with the provider;
- 2° The languages in which the client may communicate with the investment services provider, and receive documents and other information from it;
- 3° The methods of communication to be used between the investment services provider and the client including, where relevant, those for the sending and reception of orders;
- 4° A statement of the fact that the investment services provider is authorised and the name and contact address of the competent authority that has authorised it;
- 5° Where the investment services provider is acting through a tied agent, a statement of this fact specifying the Member State in which that agent is registered;
- 6° The nature, frequency and timing of the reports on the performance of the service to be provided by the investment services provider to the client;
- 7° If the investment services provider holds client financial instruments or client funds, a summary description of the steps which it takes to ensure their protection, including summary details of any relevant investor compensation or deposit guarantee scheme which applies to the provider by virtue of its activities;
- 8° A general description, which may be provided in summary form, of the conflicts of interest policy maintained by the investment services provider in accordance with Articles 313-20 and 313-21;
- 9° At any time that the client requests it, further details of that conflicts of interest policy in a durable medium or by means of a website under the conditions laid down in Article 314-27.

Article 314-33

Investment services providers shall provide clients with a general description of the nature and risks of financial instruments, taking into account, in particular, the client's categorisation as either a retail client or a professional client.

That description must explain the nature of the specific type of instrument concerned, as well as the risks particular to that specific type of instrument in sufficient detail to enable the client to take investment decisions on an informed basis.

Article 314-34

The description of risks shall include, where relevant to the specific type of instrument concerned and the status and level of knowledge of the client, the following elements:

- 1° The risks associated with that type of financial instrument including an explanation of leverage and its effects and the risk of losing the entire investment;
- 2° The volatility of the price of such instruments and any limitations on the available market for such instruments;
- 3° The fact that an investor might assume, as a result of transactions in such instruments, financial commitments and other additional obligations, including contingent liabilities, additional to the cost of acquiring the instruments;
- 4° Any margin requirements or similar obligations, applicable to instruments of that type.

Article 314-35

If an investment services provider provides a retail client with information about a financial instrument that is the subject of a current offer to the public and a prospectus has been published in connection with that offer in accordance with Directive 2003/71/EC, the investment services provider shall inform the client how that prospectus is being made available to the public.

BOOK III - SERVICE PROVIDERS

Article 314-36

Where the risks associated with a financial instrument composed of two or more different financial instruments or services are likely to be greater than the risks associated with any of the components, the investment services provider shall provide an adequate description of the components of that instrument and the way in which its interaction increases the risks.

Article 314-37

In the case of financial instruments that incorporate a guarantee by a third party, the information about the guarantee shall include sufficient detail about the guarantor and the guarantee to enable the retail client to make a fair assessment of the guarantee.

Article 314-38

Investment services providers shall inform their customers about the nature of the guarantees offered by the clearinghouse.

PARAGRAPH 2 - SPECIFIC PROVISIONS FOR FINANCIAL INSTRUMENTS HELD ON BEHALF OF CLIENTS

Article 314-39

Investment services providers holding financial instruments shall provide their clients with such of the following information as is relevant:

1° The investment services provider shall inform the retail client of the fact that the financial instruments or funds of that client may be held by a third party on behalf of the investment services provider and of the responsibility of the investment services provider for any acts or omissions of the third party and the consequences for the client of the insolvency of the third party.

2° Where financial instruments of the retail client may, if permitted by applicable law, be held in an omnibus account by a third party, the investment services provider shall inform the client of this fact and shall provide a prominent warning of the resulting risks.

3° Where it is not possible under applicable law for a retail client's financial instruments held with a third party to be separately identifiable from the proprietary financial instruments of that third party or of the investment services provider, the latter shall provide a prominent warning of the resulting risks.

4° The investment services provider shall inform the client in cases where accounts that contain financial instruments or funds belonging to that client are or will be subject to the law of a jurisdiction other than that of a State party to the European Economic Area agreement and shall indicate how the rights of the client relating to those financial instruments or funds may differ accordingly.

5° The investment services provider shall inform the client about the existence and the terms of any security interest or lien which the provider has or may have over the client's financial instruments or funds, or any right of set-off it holds in relation to those instruments.

Where applicable, it shall also inform the client of the fact that a depository may have a security interest or right of set-off in relation to those instruments.

6° An investment services provider, before entering into securities financing transactions in relation to financial instruments held by it on behalf of a retail client, or before otherwise using such financial instruments for its own account or the account of another client, shall in good time before the use of those instruments provide the retail client, in a durable medium, with clear, full and accurate information on the obligations and responsibilities of the investment services provider with respect to the use of those financial instruments, including the terms for their restitution, and on the risks involved.

PARAGRAPH 3 - SPECIFIC PROVISIONS FOR PORTFOLIO MANAGEMENT SERVICES

Article 314-40

Investment services providers providing the service of portfolio management shall establish an appropriate method of evaluation and comparison so as to enable the client for whom the service is provided to assess the investment services provider's performance.

This method may consist of a meaningful benchmark, based on the investment objectives of the client and the types of financial instruments included in the client portfolio.

BOOK III - SERVICE PROVIDERS

Article 314-41

Investment services providers shall provide retail clients with such of the following information as is applicable, in addition to the information required under Article 314-32:

- 1° Information on the method and frequency of valuation of the financial instruments in the client portfolio;
- 2° Details of any outsourcing of the discretionary management of all or part of the financial instruments or funds in the client portfolio;
- 3° A specification of any benchmark against which the performance of the client portfolio will be compared;
- 4° The types of financial instrument that may be included in the client portfolio and types of transaction that may be carried out in such instruments, including any limits;
- 5° The management objectives, the level of risk to be reflected in the manager's exercise of discretion, and any specific constraints on that discretion.

Sub-section 4 - Cost information

Article 314-42

Investment services providers shall provide retail clients with information on costs and associated charges that includes such of the following elements as are relevant:

1° The total price to be paid by the client in connection with the financial instrument or the investment service or ancillary service, including all related fees, commissions, charges and expenses, and all taxes payable via the investment services provider or, if an exact price cannot be indicated, the basis for the calculation of the total price so that the client can verify it;

The commissions charged by the investment services provider shall be itemised separately in every case;

2° Where any part of the total price referred to in Point 1° is to be paid in or represents an amount of a currency other than the euro, an indication of the currency involved and the applicable currency conversion rates and costs;

3° Notice of the possibility that other costs, including taxes, related to transactions in connection with the financial instrument or the investment service may arise for the client that are not paid via the investment services provider or imposed by it;

4° The arrangements for payment or any other formalities.

SECTION 4 - ASSESSMENT OF THE SUITABILITY AND APPROPRIATENESS OF THE SERVICE TO BE PROVIDED

Sub-section 1 - Assessment of the suitability of portfolio management services and investment advice

Article 314-43

For the purposes of 5 of Article D. 321-1 of the Monetary and Financial Code, a recommendation shall be personalised if it is addressed to a person in his capacity as an investor or a potential investor, or in his capacity as a representative of an investor or a potential investor.

The recommendation must be presented as adapted for that person or based on an examination of the specific circumstances of that person, and must recommend a transaction covered by one of the following categories:

- 1° Purchasing, selling, subscribing, exchanging, redeeming, holding or underwriting a particular financial instrument ;
- 2° Exercising or not exercising a right attaching to a particular financial instrument to buy, sell, subscribe, exchange or redeem a financial instrument.

A recommendation shall not be deemed to be personalised if it is exclusively disseminated through distribution channels or addressed to the public.

BOOK III - SERVICE PROVIDERS

Article 314-44

For the purposes of I of Article L. 533-13 of the Monetary and Financial Code, investment services providers shall obtain from clients such information as is necessary for them to understand the essential facts about the client and, to consider, taking into account the nature and extent of the service provided, that the specific transaction that they intend to recommend, or the portfolio management service that they intend to provide, satisfies the following criteria:

- 1° The service meets the client's investment objectives.
- 2° The client is financially able to bear any risks related to the recommended transaction or to the portfolio management service provided and consistent with his investment objectives.
- 3° The client has the necessary experience and knowledge to understand the risks involved in the recommended transaction or in the portfolio management service provided.

Article 314-45

Where an investment services provider provides investment advice service to a professional client, it shall be entitled to assume that the client is able financially to bear any related investment risks corresponding to the investment objectives of that client.

Article 314-46

The information regarding the financial situation of the client shall include, where relevant, information on the source and extent of his regular income, his assets, including liquid assets, investments and real property, and his regular financial commitments.

Article 314-47

The information regarding the investment objectives of the 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.

Sub-section 2 - Assessment of the appropriateness of other investment services

Article 314-48

[Empty]

Article 314-49

In order to make the assessment referred to in II of Article L. 533-13 of the Monetary and Financial Code, investment services providers shall determine whether that client has the necessary experience and knowledge to understand the risks involved in relation to the financial instrument or investment service offered or demanded.

Article 314-50

The warning referred to in II of Article L. 533-13 of the Monetary and Financial Code may be given in a standardised format.

BOOK III - SERVICE PROVIDERS

Sub-section 3 - Provisions common to suitability and appropriateness assessments

Article 314-51

The information referred to in Sub-sections 1 and 2 of this Section regarding a client's knowledge and experience in the investment field shall include 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 financial instrument 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 client's transactions in financial instruments and the period over which they have been carried out;
- 3° The client's level of education, and profession or relevant professional experience.

Article 314-52

An investment services provider shall not encourage a client or potential client not to provide information referred to in Sub-sections 1 and 2 of this Section.

Article 314-53

An investment services provider shall be entitled to rely on the information provided by its clients unless it is aware or ought to be aware that the information is manifestly out of date, inaccurate or incomplete.

Article 314-54

Where an investment services provider provides an investment service to a professional client, it shall be entitled to assume that the professional client has the necessary experience and knowledge to understand the risks involved in those particular instruments, transactions and services for which the client is classified as a professional client.

Sub-section 4 - Specific provisions for execution-only service

Article 314-55

The provisions of Sub-sections 1, 2 and 3 of this Section shall not apply to the execution-only service referred to in III of Article L. 533-13 of the Monetary and Financial Code.

For the purposes of 3° of III of Article L. 533-13 of the Monetary and Financial Code, investment services providers shall clearly inform the client that, in the provision of execution-only service, they are not required to assess whether the financial instrument or service is suitable for the client, and, consequently, the client shall not benefit from the corresponding protection under the conduct of business rules.

This warning may be provided in a standardised format.

Article 314-56

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.

BOOK III - SERVICE PROVIDERS

Article 314-57

I. - For the purposes of 1° of III of Article L. 533-13 of the Monetary and Financial Code, the following financial instruments shall be considered as non-complex financial instruments:

- 1° Shares admitted to trading on a regulated market in a State party to the European Economic Area agreement or an equivalent market in a third country;
- 2° Money market instruments;
- 3° Bonds and other debt securities, except for bonds and other debt securities that include a derivative;
- 4° Units or shares of UCITS.

II. - For the purposes of 1° of III of Article L. 533-13 of the Monetary and Financial Code, a financial instrument shall also be considered as non-complex if it meets the following criteria:

1° It is not:

- a) A financial instrument referred to in Article L. 211-1 of the Monetary and Financial Code provided that it carries the right to buy or sell another financial instrument, or gives rise to a cash payment, determined by reference to financial instruments, a currency, an interest rate or rate of return, commodities or other indices or measurements;
- b) A financial contract, as defined in III of Article L. 211-1 of the Monetary and Financial Code;

2° There are frequent opportunities to dispose of, redeem, or realise that instrument at prices that are publicly available to market participants and that are either market prices or prices made available, or validated, by valuation systems independent of the issuer.

3° It does not involve any actual or potential liability for the client that exceeds its acquisition cost.

4° Adequate information on its characteristics is publicly available and is likely to be readily understood so as to enable the average retail client to make an informed judgment as to whether to enter into a transaction in that instrument.

BOOK III - SERVICE PROVIDERS

SECTION 5 - CLIENT AGREEMENTS

Article 314-58

The provisions of Sub-sections 1, 2 and 3 of this Section shall apply to agreements signed by investment services providers with retail customers.

Sub-section 1 - Provisions common to all investment services other than investment advice

Article 314-59

Any provision of investment services other than investment advice to a retail client shall be covered by a written agreement, in paper or another durable medium.

The agreement shall contain the following indications:

1° The identity of the person(s) with whom the agreement is being made:

- a) In the case of a legal person, how the investment services provider is to ascertain the name of the person(s) empowered to act in the name of said legal person and, where appropriate, their status as qualified investor(s) within the meaning of Articles D. 411-1, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the Monetary and Financial Code;
- b) In the case of a natural person, his status, as appropriate, as a French resident, a resident of a State party to the European Economic Area agreement or a resident of a third country, in addition, as appropriate, the identity of the person(s) empowered to act in the name of the said natural person;

2° The nature of the services provided, along with the categories of financial instruments for which the services are provided;

3° The charges for the services provided by the investment services provider and the procedure for remunerating it;

4° The term of the agreement;

5° The confidentiality obligations incumbent upon the investment services provider under the applicable laws and regulations relating to professional secrecy.

BOOK III - SERVICE PROVIDERS

Sub-section 2 - Provisions on portfolio management service

Article 314-60

The discretionary management contract must specify at the minimum:

- 1° The management objectives;
- 2° The categories of financial instruments that can be included in the portfolio. Unless contract clauses state otherwise, the authorised instruments shall be:
 - a) Financial instruments traded on a regulated market or on a regularly operating regulated market of a State that is not a member of the European Union nor a party to the European Economic Area agreement, provided that said market is not on the list of banned markets kept by the AMF;
 - b) UCITS and AIFs operating under French law that are open to retail investors;
 - c) Financial contracts traded on a market that is included in the list drawn up by ministerial order;
- 3° Procedures for reporting to clients on the management of their portfolios;
- 4° The term, renewal procedures and termination procedures for the agreement;
- 5° Where appropriate, if the client is not a qualified investor, the possibility of being involved in operations or subscribing and acquiring financial instruments that are reserved for qualified investors.

When the terms of the contract allow transactions in financial instruments other than those referred to in Point 2° or leveraged instruments, particularly transactions in financial contracts, the client must give special and explicit consent, with a clear indication of the instruments authorised, the procedures for these transactions and for reporting to the client.

6° As appropriate, an indication that sliding-scale remuneration shall be paid from the first euro of performance, if the management commission includes a variable component linked to the portfolio's outperforming the management objective.

An AMF Instruction shall specify the terms and conditions for the application of these provisions.

Article 314-61

The contract may be terminated at any time by the client or the asset management company. Termination shall be made effective by a registered letter with acknowledgement of receipt.

Termination initiated by the client shall take effect upon receipt of the registered letter by the asset management company, which is then no longer authorised to initiate new transactions.

Termination by the asset management company shall take effect five trading days after the client receives the registered letter.

Not later than the effective date of termination, the asset management company shall draw up an account statement and a management report indicating the management results since the last portfolio statement. It shall provide the client with all necessary clarifications on the nature of open positions.

BOOK III - SERVICE PROVIDERS

Sub-section 3 - Provisions applicable to services other than portfolio management and investment advice

PARAGRAPH 1 - PROVISIONS APPLYING SPECIFICALLY TO ORDER RECEPTION AND TRANSMISSION SERVICE

Article 314-62

Where the agreement concerns the reception and transmission of orders for third parties, it shall specify:

- 1° The characteristics of orders that may be passed to the investment services provider. These characteristics take into account, as appropriate, the rules of the market where the orders are to be executed.
- 2° How the orders are to be transmitted;
- 3° The procedures for informing the client in cases where the order has not been successfully transmitted;
- 4° The name of the institution responsible for keeping the client's account, if the account keeper is not the provider handling the order reception and transmission service.

Where the investment services provider acts as a broker or agent, the agreement shall also specify reporting content and procedures for informing the client after the order has been executed, as provided for in Article 314-64. The time period stipulated in the agreement for supplying this information on order execution may not exceed twenty-four hours from the time that the provider responsible for transmitting the order has been notified of the terms on which it was executed.

- 5° Reporting content and procedures for informing the client about the performance of the service in accordance with Articles 314-86 to 314-89.

Article 314-63

Where investment services providers provide order reception and transmission service over the Internet, the service agreement shall:

- 1° Specify explicitly the special evidence procedures for reception of orders over the Internet;
- 2° Describe the alternative facilities available to clients in the event of a prolonged interruption of service;
- 3° Specify that the provider shall be responsible for the proper execution of the order, once the confirmation of the order has been sent to the client and as soon as the client confirms his consent.

PARAGRAPH 2 - SPECIFIC PROVISIONS FOR ORDER EXECUTION SERVICE

Article 314-64

Where the agreement concerns the execution of orders for third parties, it shall specify:

- 1° The characteristics of orders that may be passed to the investment services provider in view of the order execution policy referred to in Article 314-72 and the rules of the markets where the orders are to be executed;
- 2° How the orders are to be transmitted;
- 3° Reporting content and procedures for informing the client about the performance of the service in accordance with Articles 314-86 to 314-89;
- 4° The time period for the client to challenge the terms of execution of which he has been informed;
- 5° The name of the institution responsible for keeping the client's account, if the account keeper is not the provider handling the order execution service.

BOOK III - SERVICE PROVIDERS

SECTION 6 - HANDLING AND EXECUTING ORDERS

Sub-section 1 - General provisions

PARAGRAPH 1 - PRINCIPLES

Article 314-65

I. - If a client passes a limit order for shares admitted to trading on a regulated market that is not executed immediately under the prevailing market conditions, the investment services provider shall, unless explicitly instructed otherwise by the client, take measures to facilitate execution of the order as soon as possible by making the order public immediately in a way that is easily accessible to other market participants under the conditions stipulated in Article 31 of Regulation (EC) 1287/2006 of 10 August 2006.

II. - The investment services provider shall be deemed to satisfy the provisions of I if it transmits the order to a regulated market or a multilateral trading facility.

III. - The provisions of I shall not apply to limit orders that are large in scale compared with normal market size, as defined in Article 20 of Regulation (EC) 1287/2006 of 10 August 2006.

Article 314-66

I. - Investment services providers shall comply with the following requirements for the execution of client orders:

1° They shall ensure that client orders are registered and routed rapidly and accurately;

2° They shall transmit or execute client 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 client call for a different action;

3° They shall inform retail clients of any major problems that could affect the proper transmission and execution of orders as soon as they become aware of such problems.

II. - Where investment services providers are given the task of supervising or organising the settlement of an executed order, they shall make all reasonable arrangements to ensure that the client financial instruments or funds received in settlement of the executed order are rapidly and correctly allocated to the account of the appropriate client.

III. - Investment services providers 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 313-2.

IV. - Investment services providers managing collective investment schemes referred to in Article 311-1 A or 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 collective investment scheme referred to in Article 311-1 A depository or the account keeper exact instructions for the allocation of the orders executed to the beneficiaries. This allocation shall be final.

BOOK III - SERVICE PROVIDERS

PARAGRAPH 2 - GROUPED ORDERS

Article 314-67

I. - Investment services providers must not group client orders with other client orders 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 whose orders have been included;

2° Each client whose orders may be grouped is informed that the grouping may have a detrimental effect for him compared to the execution of an individual order;

3° 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 investment services provider groups an order with one or more other client orders and the grouped order is partially executed, the provider shall allocate the corresponding transactions in accordance with its order allocation policy referred to in 3° of I.

Article 314-68

I. - Any investment services provider that has grouped a transaction for its own account with one or more client orders shall refrain from allocating the corresponding transactions in a way that is detrimental to a client.

II. - In cases where an investment services provider groups a client order with a transaction for its own account and the grouped order is partially executed, the client shall have the priority for the allocation of the corresponding transactions rather than the investment services provider.

However, if the investment services provider 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 3° of I of Article 314-67.

III. - Investment services providers shall establish procedures under their order allocation policies referred to in 3° of I of Article 314-67 to prevent transactions for their own account executed in combination with client orders from being reallocated using procedures that are unfavourable to clients.

Sub-section 2 - Best execution obligation

PARAGRAPH 1 - PRINCIPLES

Article 314-69

For the purposes of I of Article L. 533-18 of the Monetary and Financial Code, investment services providers executing client orders 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 clients, including their status as professional or retail clients;

2° The characteristics of the order concerned;

3° The characteristics of the financial instruments covered by the order;

4° The characteristics of the execution venues to which the order may be routed;

5° Concerning the management of a collective investment scheme referred to in Article 311-1 A, the objectives, investment policy and risks specific to the collective investment scheme referred to in Article 311-1 A 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 regulated market, a multilateral trading facility, 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.

BOOK III - SERVICE PROVIDERS

Article 314-70

Investment services providers shall fulfil the obligation referred to in I of Article L. 533-18 of the Monetary and Financial Code if they execute an order or a specific aspect of an order following specific instructions given by the client with regard to the order or the specific aspect of the order.

PARAGRAPH 2 - EXECUTION OF RETAIL CLIENT ORDERS

Article 314-71

I. - Where investment services providers execute orders on behalf of retail clients, best execution shall be determined on the basis of the total cost.

The total cost shall be the price of the financial instrument, plus the costs relating to execution, including all the expenses incurred by the client that are directly linked to the execution of an order, along with the charges specific to the execution venue, clearing and settlement charges and all other charges that may be paid to third parties participating in the execution of an order.

II. - In order to ensure best execution when several competing execution venues are able to execute an order involving a financial instrument, investment services providers shall evaluate and compare the results that could be obtained for the client by executing the order in each of the execution venues included in the execution policy referred to in II of Article L. 533-18 of the Monetary and Financial Code that is able to execute the said order.

As part of this evaluation, investment services providers shall consider their own commissions and costs that they charge for executing an order in each of the eligible execution venues.

III. - Investment services providers shall not structure or charge their commissions in a way that introduces unfair discrimination between execution venues.

PARAGRAPH 3 - EXECUTION POLICY

Article 314-72

Investment services providers shall be required to provide their retail clients with the following information about their execution policy in good time, prior to the provision of services:

1° The relative importance that the investment services provider attributes to the factors referred to in I of Article L. 533-18 of the Monetary and Financial Code based on the criteria referred to in Article 314-69 or the process by which the relative importance of these criteria is determined;

2° A list of the execution venues in which the investment services provider has the most confidence for meeting its obligation to take all reasonable measures to obtain the best execution of its client orders on a consistent basis.

3° A clear warning that specific instructions given by a client may prevent the investment services provider from taking the measures called for and applied under its execution policy with regard to the items covered by such instructions.

This information shall be provided in a durable medium and published on a website, provided that the requirements laid down in Article 314-27 are met.

PARAGRAPH 4 - SUPERVISION OF EXECUTION POLICIES

Article 314-73

Investment services providers 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 client or whether they need to modify their execution arrangements.

Investment services providers shall notify clients of any material changes in their order execution arrangements or policies.

BOOK III - SERVICE PROVIDERS

Article 314-74

Investment services providers 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 investment services provider's ability to continue obtaining best execution for its clients on a consistent basis using the execution venues stipulated under its order execution policy.

Sub-section 3 - Obligations of providers that receive and transmit orders or manage portfolios or collective investment schemes

Article 314-75

I. - Investment services providers that provide portfolio management services or manage collective investment schemes referred to in Article 311-1 A shall comply with the obligation referred to in Article 314-3 to act in the best interest of their clients or the collective investment schemes referred to in Article 311-1 A that they manage.

II. - When they transmit client orders to other entities for execution, investment services providers that provide order reception and transmission services shall comply with the obligation referred to in Article 314-3 to act in the best interest of their clients.

III. - Investment services providers shall take the measures referred to in IV, V and VI to comply with I and II.

IV. - Investment services providers shall take all reasonable measure to obtain the best possible results for their clients or for the collective investment schemes referred to in Article 311-1 A that they manage, taking into account the measures referred to in Article L. 533-18 of the Monetary and Financial Code. The relative importance of these factors shall be determined with reference to the criteria defined in Article 314-69, and, in the case of retail clients, the requirement laid down in I of Article 314-71.

Investment services providers sending orders to another entity for execution shall meet the obligations referred to in I or II and shall not be required to take the measures referred to in the preceding paragraph in cases where they follow specific instructions from their clients.

V. - Investment services providers shall establish and implement policies that enable them to comply with the obligation referred to in IV. 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 investment services providers to comply with their obligations under the terms of this Article when they transmit orders to that entity for execution. Investment services providers shall provide their clients or unit holders or shareholders in collective investment schemes referred to in Article 311-1 A that they manage with appropriate information about their policies developed for the purposes of this paragraph. In the case of collective investment schemes referred to in Article 311-1 A, this information shall be included in the management report.

VI. - Investment services providers shall monitor the effectiveness of the policies established for the purposes of V 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, investment services providers 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 investment services provider's ability to continue obtaining best execution for its clients or the collective investment scheme referred to in Article 311-1 A that it manages.

VII. - This Article shall not apply when an investment services provider that provides portfolio management services, or order reception and transmission services, or that manages collective investment schemes referred to in Article 311-1 A, also executes orders received or resulting from its investment decisions. In this case, the provisions of Article L. 533-18 of the Monetary and Financial Code and Sub-section 2 of this Section shall apply.

BOOK III - SERVICE PROVIDERS

Article 314-75-1

An investment services provider supplying a portfolio management service or managing a collective investment scheme referred to in Article 311-1 A 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 314-79, having regard to criteria related inter alia to the quality of the investment research produced.

It shall provide its clients, or the holders of share or units in the collective investment scheme referred to in Article 311-1 A 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 collective investment scheme referred to in Article 311-1 A and the management report for each portfolio under discretionary management shall refer explicitly to this policy.

If the investment services provider does not have a website, this policy shall be described in the management report for each collective investment scheme referred to in Article 311-1 A and the management report for each portfolio under discretionary management.

SECTION 7 - FEES

Sub-section 1 - Provisions common to all investment services and the management of collective investment schemes (CIS): inducements

Article 314-76

Investment service providers shall be deemed to be acting honestly, fairly and professionally in accordance with the best interests of a client, unit holder or shareholder if, in relation to the provision of an investment or ancillary service to the client, or management of a collective investment scheme referred to in Article 311-1 A, they pay or receive one of the following fees, commissions, or non-monetary benefits:

1° A fee, commission or non-monetary benefit paid or provided to or by the client, unit holder, shareholder, or a person on behalf of the client, unit holder or shareholder;

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 client, unit holder or shareholder 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.

This disclosure is made in a manner that is comprehensive, accurate and understandable, prior to the provision of the relevant investment or ancillary service or management of a collective investment scheme referred to in Article 311-1 A.

Investment services providers 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 client, unit holder or shareholder and provided that they honour that undertaking;

b) 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 client, unit holder or shareholder and not impair compliance with the investment services provider's duty to act in the best interests of the client, unit holder or shareholder;

3° Proper fees which enable or are necessary for the provision of investment services or collective investment scheme referred to in Article 311-1 A management, 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 investment services providers' duties to act honestly, fairly and professionally in accordance with the best interests of their clients, unit holders or shareholders.

BOOK III - SERVICE PROVIDERS

Sub-section 2 - Specific provisions for portfolio management and collective investment scheme management

Article 314-77

Asset management companies shall be remunerated for their management of collective investment schemes referred to in Article 311-1 A 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 314-78 to 314-85-1 and 411-130 or 422-91. These conditions and limits shall apply whether the fees are charged directly or indirectly.

Article 314-78

The management fee referred to in Article 314-77 may include a variable portion tied to the outperformance of the collective investment scheme referred to in Article 311-1 A relative to the investment objective, provided that:

- 1° It is expressly provided for in the key investor information document or, where applicable, the investor disclosure document, of the collective investment scheme mentioned in Article 311-1 A;
- 2° It is consistent with investment management objective set forth in the prospectus and the key investor information document or, where applicable, the investor disclosure document, of the collective investment scheme mentioned in Article 311-1 A;
- 3° The share of outperformance of the collective investment scheme mentioned in Article 311-1 A 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 or, where applicable, the investor disclosure document, of the collective investment scheme mentioned in Article 311-1 A.

Article 314-79

All fees and commissions paid by clients or by collective investment schemes mentioned in Article 311-1 A for transactions in portfolios under management, with the exception of subscription and redemption transactions relating to collective investment schemes mentioned in Article 311-1 A 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 specified in an AMF Instruction;
- 2° If applicable, a turnover commission shared exclusively between the asset management company and the custodian of the collective investment scheme mentioned in Article 311-1 A or the custody account keeper for the portfolio under management.

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 collective investment scheme mentioned in Article 311-1 A or custody account keeper has delegated all or part of the responsibility for safekeeping of portfolio assets;
- c) An affiliated company providing only the services of collective investment scheme mentioned in Article 311-1 A management for third parties, order reception, transmission and execution services, principally for collective investment schemes mentioned in Article 311-1 A managed by the asset management company or by an affiliated company as part of its collective investment schemes mentioned in Article 311-1 A management activity or its portfolio management on behalf of third parties.

These provisions 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.

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 client or the collective investment scheme mentioned in Article 311-1 A. Agreements under which the investment services provider 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.

BOOK III - SERVICE PROVIDERS

Article 314-79-1

The provisions of Article 314-79 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, a professional real-estate collective investment undertaking or a management contract relating specifically to real estate are invested.

The nature of the fees and commissions, as well as the methods for calculating them, shall be explicitly referred to in the contractor 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 314-79, fee-sharing shall be prohibited unless it is exclusively and directly of benefit to the real-estate collective investment undertaking, the professional real-estate collective investment undertaking or the client. 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 314-79 or the fees referred to in the first paragraph of this Article.

Article 314-80

Without prejudice to Article 314-78, the income, fees and capital gains generated by management of the collective investment scheme mentioned in Article 311-1 A, along with any rights attached thereto, shall belong to the unit holders and shareholders. The collective investment scheme mentioned in Article 311-1 A shall be the sole beneficiary of shared management fees and subscription or redemption commissions arising from investments in collective investment schemes mentioned in Article 311-1 A 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 314-79 may receive a share of the income from securities financing transactions using securities belonging to the collective investment scheme mentioned in Article 311-1 A, under the conditions set forth in the prospectus or, where applicable, the investor disclosure document, of the collective investment scheme mentioned in Article 311-1 A.

The prospectus or, where applicable, the investor disclosure document, of the collective investment scheme mentioned in Article 311-1 A 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 238a 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 314-81

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 314-75;
- 2° Comply with the principles referred to in Articles 314-82 and 314-83.

BOOK III - SERVICE PROVIDERS

Article 314-82

The intermediation fees stipulated in Article 314-79 shall pay for services that are of direct interest for the clients or the collective investment scheme mentioned in Article 311-1 A. Such services shall be covered by a written agreement subject to the provisions of Articles 314-59 and 314-64.

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 collective investment scheme mentioned in Article 311-1 A category;

2° Or all the assets that the asset management company has under management for a specific category of clients ;

3° 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 314-81 for the fees referred to in *b* in Point 1° of Article 314-79.

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 collective investment scheme mentioned in Article 311-1 A and the management report for each portfolio under management 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 collective investment scheme mentioned in Article 311-1 A and the management report for each portfolio under management.

Article 314-83

The intermediation fees referred to in *b* in Point 1° of Article 314-79:

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 314-84

[Empty]

Article 314-85

Where units or shares of a collective investment scheme mentioned in Article 311-1 A 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 collective investment scheme mentioned in Article 311-1 A, subscription and redemption commissions shall be prohibited, except for the portion retained by the collective investment scheme mentioned in Article 311-1 A in which the investment has been made.

BOOK III - SERVICE PROVIDERS

Article 314-85-1

The provisions of Articles 314-79 to 314-85 shall apply to investment services providers providing portfolio management service on behalf of third parties.

SECTION 8 - INFORMATION ABOUT THE PROVISION OF SERVICES

Sub-section 1 - Reporting on order execution services and order reception and transmission services

Article 314-86

Investment services providers that transmit or execute an order, other than for portfolio management, on behalf of a client, shall take the following measures in respect of that order:

1° The investment services provider must promptly provide the client, in a durable medium, with the essential information concerning the execution of that order;

2° In the case of a retail client, the investment services provider must send the client 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 investment services provider 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 investment services provider contains the same information as a confirmation that is to be promptly dispatched to the client by another person.

Article 314-87

Investment services providers shall supply the client, on request, with information about the execution status of his order.

Article 314-88

In the case of orders from retail clients relating to units or shares in a collective investment scheme mentioned in Article 311-1 A which are executed periodically, investment services providers shall either take the action specified in Point 2° of Article 314-86 or provide the client, at least once every six months, with the information referred to in Article 314-89 in respect of those transactions.

BOOK III - SERVICE PROVIDERS

Article 314-89

I. - The notice referred to in Point 2° of Article 314-86 shall include such of the following information as is applicable and, where relevant, in accordance with Table 1 of Annex I to Regulation (EC) 1287/2006 of 10 August 2006:

- 1° The identification of the investment services provider making the report;
- 2° The name or other designation of the client;
- 3° The trading day;
- 4° The trading time;
- 5° The type of order;
- 6° The identification of the execution venue;
- 7° The identification of the instrument;
- 8° The buy/sell indicator;
- 9° The nature of the order if other than buy/sell;
- 10° The quantity;
- 11° The unit price.

Where the order is executed in tranches, the investment services provider may supply the client with information about the price of each tranche or the average price. In the latter case, it shall supply the retail client with information about the price of each tranche upon request.

- 12° The total price;
- 13° The total sum of the commissions and expenses charged and, where the retail client so requests, an itemised breakdown;
- 14° The client's responsibilities in relation to the settlement of the transaction, including the time limit for payment or delivery, as well as the appropriate account details, where these details and responsibilities have not previously been notified to the client;
- 15° If the client's counterparty was the investment services provider itself or any person in the investment services provider's group or another client of the investment services provider, a statement that this was the case, unless the order was executed through a trading system that facilitates anonymous trading.

II. - Concerning subscription and redemption orders for shares or units of a collective investment scheme mentioned in Article 311-1 A, the notice referred to in Point 2° of Article 314-86 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 collective investment scheme mentioned in Article 311-1 A;
- 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;
- 10° The gross value of the order including charges for subscription or net amount after charges for redemptions;
- 11° A total sum of the commissions and expenses charged and, where the investor so requests, an itemised breakdown.

BOOK III - SERVICE PROVIDERS

Article 314-90

Where investment services providers handle retail client accounts that include an uncovered open position in a contingent liability transaction, they shall also report to the retail client any losses exceeding any predetermined threshold, agreed between the provider and the client, no later than the end of the business day on which the threshold is exceeded or, in a case where the threshold is exceeded on a non-business day, the close of the next business day.

Sub-section 2 - Reporting on portfolio management service

PARAGRAPH 1 - PROVISIONS COMMON TO ALL CLIENTS

Article 314-91

Investment services providers which provide the service of portfolio management to clients shall provide each such client with a periodic statement in a durable medium of the portfolio management activities carried out on behalf of that client, unless such a statement is provided by another person.

Article 314-92

In cases where the client elects to receive information about executed transactions on a transaction-by-transaction basis, investment services providers shall promptly provide the client with the essential information concerning a transaction in a durable medium upon the execution of that transaction.

Article 314-93

An AMF Instruction shall define the requirements for informing clients about portfolio management transactions carried out and their frequency.

PARAGRAPH 2 - SPECIFIC PROVISIONS FOR RETAIL CLIENTS

Article 314-94

In the case of retail clients, the periodic statement referred to in Article 314-91 shall include the following information:

- 1° The name of the investment services provider;
- 2° The name or other designation of the client's account;
- 3° A statement of the contents and the valuation of the portfolio, including details of each financial instrument held, its market value, or fair value if market value is unavailable and the cash balance at the beginning and at the end of the reporting period, and the performance of the portfolio during the reporting period;
- 4° The total amount of fees and charges incurred during the reporting period, itemising at least total management fees and total costs associated with execution, and including, where relevant, a statement that a more detailed breakdown will be provided on request;
- 5° A comparison of performance during the period covered by the statement with the investment performance benchmark (if any) agreed between the investment services provider and the client;
- 6° The total amount of dividends, interest and other payments received during the reporting period in relation to the client's portfolio;
- 7° Information about corporate actions creating rights in relation to financial instruments held in the client's portfolio;
- 8° For each transaction executed during the period, the information referred to in 3° to 12° of I of Article 314-89 where relevant. However, if the client elects to receive information about executed transactions on a transaction-by-transaction basis, Article 314-92 shall apply.

BOOK III - SERVICE PROVIDERS

Article 314-95

The periodic statement shall be provided to retail clients once every six months, except in the following cases:

1° Where the client so requests, the periodic statement must be provided every three months.

Investment services providers shall inform their clients that they are entitled to demand such statements;

2° In cases where Article 314-92 applies, the periodic statement must be provided at least once every 12 months, except in the case of transactions in:

- a) A financial instrument referred to in Article L. 211-1 of the Monetary and Financial Code provided that it carries the right to buy or sell another financial instrument, or gives rise to a cash payment, determined by reference to financial instruments, a currency, an interest rate or rate of return, commodities or other indices or measurements;
- b) Financial contracts referred to in III of Article L. 211-1 of the Monetary and Financial Code;

3° Where the agreement authorises a leveraged portfolio, the periodic statement must be provided at least once a month.

Article 314-96

Where a retail client elects to receive information about executed transactions on a transaction-by-transaction basis in accordance with Article 314-92, the investment services provider must send him a notice confirming the transaction and containing the information referred to in Article 314-89 no later than the first business day following that execution or, if the confirmation is received by the investment services provider from a third party, no later than the first business day following receipt of the confirmation from said third party.

The preceding paragraph shall not apply where the confirmation would contain the same information as a confirmation that is to be promptly dispatched to the retail client by another person.

Article 314-97

Where investment services providers provide portfolio management for a retail client whose portfolio includes an uncovered open position in a contingent liability transaction, they shall also report to the retail client any losses exceeding any predetermined threshold, agreed between the provider and the client, no later than the end of the business day on which the threshold is exceeded or, in a case where the threshold is exceeded on a non-business day, the close of the next business day.

Sub-section 3 - Reporting on collective investment scheme management

Article 314-98

[Empty]

Article 314-99

Asset management companies must provide holders with all necessary information about the management of the collective investment schemes mentioned in Article 311-1 A.

An AMF Instruction shall specify the terms and conditions on which annual reports shall indicate the frequency of the transactions carried out by collective investment schemes mentioned in Article 311-1 A.

Annual reports of collective investment schemes mentioned in Article 311-1 A 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.

BOOK III - SERVICE PROVIDERS

Article 314-100

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 collective investment schemes mentioned in Article 311-1 A 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 collective investment schemes mentioned in Article 311-1 A managed by the asset management company, the investment policy of collective investment schemes mentioned in Article 311-1 A, 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,
- 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 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 collective investment scheme mentioned in Article 311-1 A upon request.

Article 314-101

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 collective investment schemes mentioned in Article 311-1 A 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 314-100, it does not prepare the report stipulated in this article but shall ensure that clients and investors can access said voting policy on its website.

