

Article 422-180

If the real estate collective investment undertaking includes sub-funds, the prospectus shall describe the characteristics of the real estate collective investment undertaking and those of each of its sub-funds.

Article 422-181

The asset management company shall retain sole liability for the content of documents supplied to AMF to be placed online on the latter's website.

Article 422-182

The prospectus, net asset value, most recent annual report and the most recent periodic disclosure document shall be published on the asset management company's website.

If any person asks to receive these documents in hardcopy format, they shall be sent within one week of receipt of this request; costs relating to the dispatch by post may be charged to the requesting party.

Article 422-183

I. - Articles 422-86 to 422-91 shall apply to distribution of real estate collective investment undertaking shares or units.

II. - Any person marketing real estate collective investment undertaking shares or units shall ensure that subscribers fulfil the subscription conditions specified in Article 422-132.

If the asset management company has concluded a contract to distribute real estate collective investment undertaking shares or units, this contract shall specify the conditions in which subscribers have access to the prospectus and key investor information document, real estate investment fund regulations or open-ended real estate investment company articles of association, and the real estate collective investment undertaking's most recent annual report and periodic statement.

Article 422-184

Real estate collective investment undertakings shall draft the periodic disclosure document specified in Article L. 214-53 of the Monetary and Financial Code, known as the "half-yearly report", at the end of the first half-yearly period.

The contents of this half-yearly report shall be specified in an AMF instruction.

If the real estate collective investment undertaking includes sub-funds, half-yearly reports shall also be drafted for each sub-fund.

The half-yearly report shall be published no later than eight weeks following the end of the first half-yearly period.

Article 422-185

For the transactions listed in an AMF instruction, the asset management company shall publish details of any such transactions performed that involve real estate collective investment undertaking securities during the course of the previous twelve months.

Article 422-186

Real estate collective investment undertakings are required to establish their net asset value. This net asset value shall be established and published with a frequency appropriate to the real estate collective investment undertaking management policy, the type of assets held and the nature of its subscribers. Real estate collective investment undertakings shall establish and publish their net asset value at least every six months and at most twice a month.

If the prospectus specifies that there must be three months or more between two net asset valuations, the real estate collective investment undertaking shall publish the estimated value specified in Article 422-73 at least every three months.

The prospectus shall specify the frequency with which the net asset value is established and published, the valuation method and the reference calendar chosen.

Once a net asset value has been published, it shall be possible to issue and redeem real estate collective investment undertaking shares or units on the basis of this value, pursuant to the terms and conditions set forth in the prospectus.

This article shall apply for each sub-fund.

Article 422-187

The net asset value shall be supplied to AMF on the day it is determined, pursuant to procedures set forth by an AMF instruction.

If the real estate collective investment undertaking issues different classes of share or unit, the net asset value of the units in each class shall be obtained by dividing the proportional share of the net asset corresponding to the unit class concerned by the number of units in this class.

The procedures for calculating the net asset value of the real estate collective investment undertaking unit classes shall be detailed in the prospectus.

Any changes shall be subject to approval by AMF.

Article 422-188

The net asset value shall be obtained by dividing the net assets of the real estate collective investment undertaking by the number of shares or units issued.

SECTION 4 - REAL ESTATE INVESTMENT COMPANIES AND FORESTRY INVESTMENT COMPANIES

PARAGRAPH 1 - GENERAL REGIME

Article 422-189

Except where otherwise specified, chapter I of this part shall apply to real estate investment companies (*sociétés civiles de placement immobilier, SCPI*) and forestry investment companies (*sociétés d'épargne forestière, SEF*).

Article 422-189-1

The initial capital for real estate investment companies and forestry investment companies shall be fully subscribed and paid up by the founding members, with no "public offering." The shares shall be non-transferable for a duration of three years from the date of issue of the AMF approval.

Article 422-190

The guarantee specified in Article L. 214-86 of the Monetary and Financial Code shall be supplied by a banking establishment.

It may take the form of joint and personal surety on the part of the real estate or forestry investment company, waiving the benefit of discussion or division.

The text of the bank guarantee issued shall be submitted to AMF when approval is requested. This guarantee shall be specified in the offer document.

Article 422-191

If, on expiry of the statutory one-year period for real estate investment companies or the two-year period for forestry investment companies, the conditions set forth in clause 1 of Article L. 214-116 of the Monetary and Financial Code for real estate investment companies and in Article L. 214-123 of the same Code for forestry investment companies are not fulfilled, the management company shall inform AMF within fifteen days as well as the bank, specifying to the latter the list of subscribers and the amounts to be reimbursed.

This information shall be given by registered letter with return receipt, specifying the date on which the extraordinary general meeting to decide dissolution of the company is to be held.

The meeting shall be convened within a period of two months from expiry of the statutory one-year period.

Refunds to shareholders shall be paid within no more than six months from the date on which the extraordinary general meeting specified above is held.

The bank guarantee may not specify an expiry date that falls prior to the expiry of this six-month period.

Article 422-192

I. - Real estate and forestry investment companies may not make any public offering unless:

- 1° They have drafted an offer document authorised by AMF;
- 2° They have drafted a subscription form.

II. - Furthermore, the initial public offering shall be subordinate to the following:

- 1° Subscription of the original capital by the founders;
- 2° Approval by the management company;
- 3° Acceptance by the external real estate valuation expert presented or the forestry experts presented;
- 4° Approval of the bank guarantee specified in Article 422-190.

Article 422-193

An offer document shall be drafted:

- 1° Prior to the "initial public offering";
- 2° If the gap between the share subscription price for the real estate or forestry investment company and the replacement value for a share notified to AMF exceeds 10 per cent;
- 3° If substantial changes within the real estate or forestry investment company or the management company require the offer document to be updated.

Article 422-194

Any request for approval shall be preceded by authorisation on the part of the extraordinary general meeting, resolved on the basis of a report drafted by the management company in the following cases:

- 1° If there is an issue of new shares after a period of more than three years without any increase in capital. In this case, the management company report shall be approved by the statutory auditors;
- 2° If there is a change to the initial investment policy.

Article 422-195

If AMF observes that the offer document no longer corresponds to the actual circumstances of the real estate or forestry investment company, and if there is no response to a formal demand to rectify the situation, the approval for the offer document shall be withdrawn.

The real estate or forestry investment company's management company shall be notified of the decision to withdraw the approval and the supporting grounds for this; it shall inform the supervisory board.

This measure shall prohibit any offer to the public to acquire or subscribe to shares in the real estate or forestry investment company.

Article 422-196

In the event of an increase in capital, prior to any announcement for the purposes of subscribing to shares and before any subscription to these shares, the new share issue shall be the subject of a notice drawn up in the format specified in an AMF instruction.

Prospectuses, circulars, posters and announcements in newspapers informing the public of the share transfer or issue offer shall very clearly specify the existence of the offer document specified in Article L. 412-1 of the Monetary and Financial Code.

Companies which have opted for variable capital pursuant to the conditions set forth in Article L. 231-1 of the Commercial Code shall publish a notice explaining the conditions for subscription or redemption in the event of any change in these conditions (price, entitlement, etc.) pursuant to the same procedures and deadlines as those set forth in clause 1.

Shareholders shall also be made aware of the indications contained in the notice no later than six days prior to the opening of subscriptions, by standard letter.

Article 422-197

In the event of new shares being issued, each investor shall, prior to subscription, receive a complete dossier comprising the following:

- 1° The company articles of association
- 2° The currently valid offer document authorised by AMF, updated if applicable, printed in easily readable type
- 3° The subscription form, to include the indications set forth in the instruction established pursuant to this paragraph
- 4° The most recent annual report
- 5° The most recent quarterly bulletin.

Any share subscription shall be recorded on a subscription form, dated and signed by the investor or their agent, who shall write the number of shares subscribed in letters. They shall be given a copy of this form.

Article 422-198

Agreements concluded between real estate or forestry investment companies and their management company or any shareholder in the latter shall be approved by the ordinary shareholders' general meeting.

The rate, assessment base and any other components of remuneration of the management company may be specified in the real estate or forestry investment company articles of association. If not, the precise terms of remuneration shall be established by a special agreement concluded between the management company and the real estate or forestry investment company and ratified by the latter's ordinary general meetings.

Shareholders shall be made aware of the terms of remuneration of the management company in an offer document approved by AMF.

All fees or remuneration received by the management company shall be defined in the offer document.

Article 422-199

The supervisory board shall issue an opinion on the motions submitted by the management company to shareholders.

It shall refrain from any management action; in the event of default on the part of the management company, it shall convene a general meeting forthwith with a view to replacing the management company.

Article 422-200

On the occasion of the general meeting called upon to ratify the accounts of the company's third full financial period, the supervisory board shall be wholly renewed in order to ensure the broadest possible representation of shareholders with no links to the founders.

The maximum duration of the mandate of representatives on the supervisory board shall be three years.

Article 422-201

The management company shall observe the strictest neutrality in the conduct of procedures to appoint members of the supervisory board.

Prior to the meeting which is to designate new members of the supervisory board being convened, the management company shall carry out a request for candidatures with a view to ensuring the broadest possible representation of non-founder shareholders.

For the vote to appoint members of the supervisory board, only votes expressed by shareholders who are present and postal votes shall be taken into account.

The list of candidates shall be presented in a motion. Candidates shall be elected on the basis of those who receive the greatest number of votes, up to the number of positions to be filled.

Article 422-202

The ordinary general meeting that is called upon to ratify the annual accounts shall be convened at least once a year within six months following closure of the financial period, subject to this deadline being extended following a court ruling.

Article 422-203

The management company may not contract loans, take on debt or carry out fixed-term purchases on behalf of the real estate or forestry investment company, or may do so only up to a set maximum amount.

The shareholders' general meeting shall establish this amount such that it is compatible with the repayment capabilities of the real estate investment company on the basis of its ordinary income for borrowings and debts, and on the basis of its commitment capabilities for fixed-term purchases.

In the event of the sale of one or more items of the rental real estate assets of the company and if the money is not reinvested, the general meeting shall have sole powers to decide on allocation of the revenue from this sale to:

- 1° Total or partial distribution with, where applicable, depreciation of the nominal share value;
- 2° Allocation to the redemption fund specified in Articles 422-231 to 422-233 inclusive.

In the event of the sale of one or more items of the company's forestry assets, if the money is not reinvested, the general meeting shall have sole powers to decide on allocation of the revenue from this sale to total or partial distribution with, where applicable, depreciation of the nominal share value.

Article 422-204

For the purposes of this section:

- 1° The term "order" used in Article L. 214-93 of the Monetary and Financial Code means any sale or purchase order for real estate or forestry investment company shares sent to the management company or an intermediary.
- 2° The term "intermediary" means any person other than the management company who, due to their professional business, is authorised to receive a sale or purchase order relating to real estate or forestry investment company shares
- 3° The term "person" means any natural or legal person.

Article 422-205

Orders shall be recorded in a register held at the company's head office pursuant to the terms set forth in an AMF instruction, failing which they shall be null and void.

An order to sell shall be valid for a period of twelve months. Any shareholder having made or passed on an order shall be informed of the expiry date of the order beforehand. The validity period for the order may be extended for a maximum of twelve months if expressly requested by the shareholder.

Recording of orders on the register specified in clause 1 above for a variable-capital real estate investment company or a forestry investment company shall constitute an appropriate measure as understood in Article L. 214-93 (II) of the Monetary and Financial Code. Application of this measure shall entail suspension of redemption requests.

Article 422-206

The management company or intermediary shall be required to forward the five highest purchase prices and the five lowest purchase prices recorded in the register to any person who so requests, as well as the quantities requested and offered at these prices.

On receipt by the management company or intermediary, orders shall be recorded, such that the stages of processing of each order and its various executions may be reconstituted.

Article 422-207

Prior to forwarding orders to the management company, the intermediary shall check that they have all the characteristics specified in an AMF instruction.

The intermediary shall pass on orders to the management company without summing orders of the same nature or with the same limits, and without offsetting sale and purchase orders.

Article 422-208

For the purposes of hedging, the management company may:

- 1° Either subordinate recording of purchase orders to payment of funds pursuant to the terms set forth in an AMF instruction;
- 2° Or establish a deadline by which funds must be received, on expiry of which orders recorded in the register shall be cancelled if the funds have not been paid. In this case, funds must be received no later than the day before the execution price is determined.

Article 422-209

The management company shall timestamp the orders it receives having ensured that they fulfil the registration conditions.

It shall record them on the register specified in Article 422-205 in chronological order.

Article 422-210

Prior to determination of the execution price, the management company shall ensure that there is no barrier to execution of the sale orders.

In particular, it shall ensure that the assignor has sufficient powers to assign the shares it holds and a sufficient number of shares to honour its sale order if it is executed.

Article 422-211

If due grounds are supplied in a resolution the management company may, on its own liability, suspend the recording of orders on the register after having informed AMF.

If the reason for suspension is the occurrence of a major event which, if it was publicly known, would be liable to have a significant impact on the execution price of shares or the circumstances and rights of shareholders, the management company shall cancel orders in the register and inform its clients or intermediaries on an individual basis.

The management company shall use any and all appropriate means to ensure that this decision and the reasons for it are circulated publicly, effectively and in full.

Article 422-212

The only grounds for change to the frequency established in Article 422-229 for real estate investment companies and 423-243 for forestry investment companies shall be market constraints.

The management company shall make clients, intermediaries and the general public aware of this change no later than six days prior to its effective date.

Procedures for circulating this information to the public shall be specified in the offer document.

Article 422-213

The execution price shall be the price at which the greatest quantity of shares may be traded.

If, at the same time, multiple prices may be determined on the basis of this initial criterion, the execution price shall be the price at which the number of non-traded shares is the lowest.

In the event of neither of these two criteria allowing a single price to be determined, the execution price shall be that closest to the most recent execution price determined.

The execution price, and the quantities of shares traded, shall be made public by any appropriate means on the day on which the price is determined.

In the event of it not being possible to determine an execution price, the management company shall, in the same conditions as those set forth in the previous clause, publish the highest purchase price and the lowest sale price, each accompanied by the quantities of shares offered.

Article 422-214

Orders shall be executed immediately on determination of the execution price and at this price alone.

Execution shall concern: as a priority, purchase orders recorded with the highest price and sale orders recorded with the lowest price. Orders with equal prices shall be executed in their chronological order of record in the register.

The management company shall record all transactions completed in this manner in the shareholder register without delay.

Article 422-215

The management company shall make the information regarding the price and quantities shown in the order register available to the public. It shall implement any and all means necessary to minimise the following periods:

- 1° The time between receipt of orders and them being recorded in the register
- 2° The time taken to inform clients and/or intermediaries.

It shall supply proof of orders being executed and them being passed on to clients and intermediaries.

Article 422-216

Intermediaries shall implement any and all means necessary to minimise the following periods:

- 1° The time between orders being received and passed on
- 2° The time taken to inform their clients.

They shall supply proof of receipt of orders and of them being passed on to clients and the management company.

Article 422-217

Supporting proofs for the various stages specified in Articles 422-215 and 422-216 shall be kept for a period of five years.

Article 422-218

In real estate or forestry investment companies that have opted for variable capital, the management company shall be made aware of redemption requests by registered letter with return receipt.

On receipt, these shall be recorded in the redemption request register and fulfilled in the chronological order in which they are recorded.

Article 422-219

In the event of a fall in the redemption price, the management company shall, by registered letter with return receipt, inform shareholders who have requested redemptions no later than the day before the effective date.

In the absence of any response by shareholders within a period of fifteen days from the date on which the registered letter with return receipt is received, the redemption request shall be deemed to be maintained at the new price.

This information shall be included in the notification letter.

Article 422-220

New shares resulting in an increase in capital may not be issued if, in the register specified in Article 422-218, there are outstanding redemption requests at a price which is less than or equal to the subscription price.

Article 422-221

In order to sell shares publicly, real estate or forestry investment companies may use any form of announcement, provided that the following is specified:

- 1° The number of the Bulletin des annonces légales obligatoires (statutory legal announcements bulletin) in which the announcement is published;
- 2° The name of the real estate or forestry investment company;
- 3° The existence of the currently valid offer document authorised by AMF, the date thereof, the approval number and where it may be obtained free of charge.

Article 422-222

In the event of the real estate or forestry investment company's management company losing its accreditation, the general meeting of each of the real estate and/or forestry investment companies in question shall convene within two months in order to choose a management company which agrees to provide management for these real estate and/or forestry management companies.

PARAGRAPH 2 - SPECIAL PROVISIONS FOR REAL ESTATE INVESTMENT COMPANIES

Article 422-223

Any request for approval shall be preceded by ratification by the extraordinary general meeting, resolved on the basis of a report drafted by the management company in the following cases:

- 1° If there is an issue of new shares after a period of more than five years without any increase in capital. In this case, the management company report must be approved by the statutory auditors;

- 2° If there is a change to the initial investment policy.

Article 422-224

The real estate investment company's management company shall be compensated by means of the following fees:

- 1° A subscription fee calculated on the basis of monies received at the time of capital increases;
- 2° A transfer fee, calculated on the basis of the amount of the transaction if the transfer is from the register specified in Article 422-205, or a flat fee;
- 3° A management fee based on rental income banked, before tax: the assessment basis for this fee may extend to include net financial income if the public is informed thereof.

The articles of association of the real estate investment company or, failing this, the offer document shall clearly specify the assessment base and rate of fees paid to the management company.

- 4° A real estate asset acquisition and/or transfer fee calculated on the basis of the amount of the real estate acquisition or transfer;
- 5° A monitoring and coordination fee for the performance of works on the real estate assets, calculated on the basis of the total cost of works performed.

Article 422-225

The real estate investment company's management company may not take out loans, take on debt or carry out fixed-term purchases on behalf of the real estate investment company, or may do so only up to a set maximum amount.

The shareholders' general meeting shall establish this amount such that it is compatible with the repayment capabilities of the real estate investment company on the basis of its ordinary income for borrowings and debts, and on the basis of its commitment capabilities for fixed-term purchases.

In the event of the sale of one or more items of the rental real estate assets of the company and if the monies are not reinvested, the general meeting shall have sole powers to decide on allocation of the revenue from this sale to:

- 1° Total or partial distribution with, where applicable, depreciation of the nominal share value;
- 2° Allocation to the redemption fund specified in Articles 422-231 to 422-233 inclusive.

Article 422-226

I. - Shareholder information shall be provided, pursuant to the terms of an AMF instruction, in the form of written media:

- 1° Prior to subscription: the offer document approved by AMF, the subscription form, the articles of association, the most recent annual report and the most recent quarterly bulletin shall be given to future shareholders;
- 2° The annual report, quarterly bulletins and circulars.

II. - The management company shall send AMF all documents intended for shareholders, without delay.

It shall send AMF, as defined by the latter, the following:

- 1° Within one month of the end of each quarter, the statistical information for that period;
- 2° Prior to 15 March of each year, the market value and replacement value for the real estate investment company, which must be subject to ratification by the shareholders;
- 3° Any changes during the course of the year to these values following their ratification by the supervisory board, accompanied by an explanation.

Article 422-227

The management report submitted to the general meeting shall give account of the following:

- 1° The management policy implemented, any particular difficulties encountered and the outlook for the company;
- 2° Changes in capital and the price of the share;
- 3° Changes in and valuation of the real estate assets:
 - a) Acquisitions (both completed and projected), transfers and, where applicable, maintenance or repair works prior to re-letting;
 - b) Presentation of valuation works completed by the real estate expert;
 - c) An indication that for property acquisitions carried out during the financial period for which the seller has, whether directly or indirectly, a common interest with the management company or shareholders in the real estate investment company, a prior real estate expert assessment has been conducted;
- 4° Changes in the share market during the course of the financial period;
- 5° Changes in rental income and/or the share of rental income in total income and charges;
- 6° The condition of the rental assets at the end of the financial period, building by building: the precise location of each property, its nature, surface area, date of acquisition and completion; where applicable, the purchase price, excluding duties and taxes; the total of all such duties and taxes;

- 7° Occupancy of each property: in particular, the occupancy rate in terms of invoiced rents compared to total rent invoice potential, expressed as an annual mean, any significant vacancies observed during the financial period and the shortfall for the real estate investment company.

Article 422-228

Within forty-five days following the end of each quarter, an information bulletin describing the main events in the company life which have occurred during the relevant quarter of the financial period in question.

Article 422-229

The management company shall occasionally, at regular intervals and at a specific time, establish an execution price on the basis of orders recorded in the register.

It shall establish the frequency with which execution prices are determined; however, this shall not be more than three months or less than one working day. This frequency shall be specified in the offer document.

Article 422-230

Management companies for companies specified in Article 422-218 shall determine a redemption price.

No redemption offset by a subscription may be completed at a price in excess of the subscription price, less the subscription fee.

If the redemption is not offset, redemption may not be made at a price in excess of the market value or less than 10 per cent less than the latter, except where permitted by AMF.

Article 422-231

Any creation and endowment of a share redemption fund intended to contribute to fluidity of the share market shall be resolved by the real estate investment company shareholders' general meeting.

The monies assigned to this fund shall be taken from income from transfer of rental assets or profits allocated at the time of ratification of the annual accounts.

Cash and cash equivalents assigned to the redemption fund shall be assigned solely to repayment of the shareholders.

Article 422-232

Any redemption fund created in this manner shall be a specific account dedicated to a single use and kept distinct in the accounts.

Article 422-233

Any recovery of monies available in the redemption fund shall be authorised by shareholders' general meeting resolution, following a report by the management company offering due grounds.

AMF shall be informed of this beforehand.

Article 422-234

The market value and the recovery value of the real estate investment company shall be determined by the management company at the closing of each financial period on the basis of a valuation of the properties, carried out by an independent external valuation expert or several experts acting jointly. Each property shall be the subject of at least one expert appraisal every five years.

This expert appraisal shall be updated each year by the external valuation expert.

The mission of the valuation expert shall cover all the real estate investment company's rental assets.

Any newly appointed external valuation expert may update appraisals carried out less than five years previously.

The expert property appraisal shall be conducted pursuant to methods appropriate for real estate investment companies.

Article 422-235

The external valuation expert shall be appointed by the general meeting for five years, following approval by AMF of their candidature, submitted by the management company.

AMF may request additional information.

Unless there is a request for additional information, the candidature shall be deemed to have been accepted by AMF two months after a complete application has been lodged.

Candidatures for renewal of the external valuation expert shall be submitted to AMF no later than three months prior to the closure of a financial period.

If, during the mandate of the external valuation expert, AMF is of the opinion that the conditions required for them to be accepted are no longer fulfilled, it shall inform the management company of this; the latter shall submit the candidature of a new expert and put forward this candidate for appointment at the general meeting.

Article 422-236

An agreement shall be concluded between the external valuation expert and the real estate investment company. This agreement shall define the mission of the external valuation expert and set their terms of compensation.

The external valuation expert shall make an undertaking to AMF as to the terms of performance of their mission and the nature of their services in a letter, as shown in a template in an AMF instruction.

PARAGRAPH 3 - PROVISIONS SPECIFIC TO FORESTRY INVESTMENT COMPANIES

Article 422-238

I. - The management company's compensation shall consist of three types of fees:

- 1° A subscription fee calculated on the basis of the sums received from capital increases;
- 2° A transfer fee calculated on the basis of the transaction amount when transfers are made from the register provided for in Article 422-205 or when transfers are made free of charge or on a flat fee basis;
- 3° A management fee, which shall be capped by applying a maximum rate to the market value of the assets under management.

Different rates may be applied according to the category of assets concerned: directly held woodlands and forests, indirectly held woodlands and forests, cash and cash equivalents.

II. - The management fee shall cover expenses for:

- 1° Administration and bookkeeping;
- 2° Maintaining the register provided for in Article L. 214-93 of the Monetary and Financial Code;
- 3° Drawing up basic management plans for directly held forestry assets;
- 4° Partner information: producing annual reports and newsletters;
- 5° Organising general meetings and supervisory board meetings;
- 6° Organising and monitoring management of directly held woodlands and forests, vacant land, equipment and outbuildings (development, maintenance, improvement);
- 7° Negotiating and monitoring transactions involving trades, transfers and constitution of real rights provided for by Article R.214-164 of the Monetary and Financial Code;
- 8° Organising and monitoring harvesting operations in directly held woodlands and forests (marking and felling);
- 9° Incidental expenses arising from timber sales (invoicing, marketing);
- 10° Organising and managing forest-related businesses and, more specifically, hunting rights;
- 11° Monitoring and attending the general meetings of forestry groups and companies where the sole business is ownership of woodlands and forests in which the forestry investment companies under management hold equity interests;
- 12° Managing cash and cash equivalents.

III. - The management fee shall not include:

- 1° Insurance expenses;
- 2° Appraisers' fees for the forestry appraisals provided for in Article 422-246 et seq. and statutory auditors' fees;
- 3° Forestry operating costs and, more specifically, replanting costs, forest and infrastructure maintenance costs, and harvesting costs.

The articles of association of the forestry investment company and the prospectus shall give a precise description of the calculation base and rates used for the fees paid to the management company under the conditions set out in Article 422-198, the maximum management fee rate, the rate structure by asset category and a detailed description of the calculation procedures, rates and calculation bases for the sums actually charged by the management company according to the type of services provided with regard to directly held woodlands and forests.

The calculation bases used may be the market value of the assets under management, the cost of work carried out, net of tax, the charges, net of tax, invoiced for services performed during the financial year, the land area of properties covered by a basic management plan during the financial year and the amount of the ordinary management transactions provided for by Article R. 214-164 of the Monetary and Financial Code.

Any fees in excess of the maximum set out in the articles of association and the prospectus shall be submitted for the partners' approval at the general meeting of the forestry investment company.

Article 422-239

The management company, acting in the name of the forestry investment company, may not contract loans, take on debts or make acquisitions against future payment, unless within the limit of a maximum amount.

The general meeting of the partners shall set this limit so that it is consistent with the forestry investment company's ability to pay on the basis of its ordinary revenues for loans and debts, and with its ability to borrow for acquisitions against future payment.

In the event of the sale of one or more of the company's forest properties without reinvestment of the proceeds, the general meeting shall have the sole authority to decide on the use of the proceeds from the sale for full or partial distribution with, as appropriate, redemption of the par value of the shares.

Article 422-240

I. - An AMF instruction shall stipulate the conditions for making disclosures to partners using printed matter;

- 1° Prior to subscriptions: the prospectus reviewed by the AMF, the subscription application, the articles of association, the most recent annual report and the most recent newsletter shall be given to future partners;
- 2° The annual report, newsletters and circulars.

II. - The management company shall send all the documents intended for the partners to the AMF immediately.

The management company shall also send the AMF, according to the conditions set out in an instruction:

- 1° Half-yearly statistics in the month following the end of that half-year;
- 2° Before 15 May of each year, the market value and replacement value of the forestry investment company, which must be submitted for the partners' approval;
- 3° Any changes in these values over the year after their approval by the supervisory board, along with proof of the change in value.

Article 422-241

The management report submitted to the general meeting shall give an account of:

- 1° The management policy implemented, specific problems encountered and the outlook for the company;
- 2° Changes in capital and share prices;
- 3° Changes and valuation of forest properties:
 - a) Acquisitions (made and planned), transfers, trades, with information about the financial terms;
 - b) As appropriate, the guidelines used for basic management plans or amendments drawn up during the financial year or planned for the next financial year;
 - c) Works and harvesting carried out and planned under the basic management plans;
 - d) As appropriate, planned works and harvesting not covered by the basic management plan for a forest asset involving an amount, net of tax, that is 10 per cent greater than the most recent market value of that asset;
 - e) As appropriate, ordinary management operations aimed at improving property access or structures, consolidation of fragmented properties, general interest operations and any other operation provided for by Article R. 214-164 of the Monetary and Financial Code;
 - f) As appropriate, appraisals carried out by the forest appraiser and market valuations of equity interests in forestry groups and companies where the sole business is ownership of woodlands and forests held or acquired;
- 4° Developments on the market for shares over the year;
- 5° Developments in revenue (from rentals, sales of wood, subsidies and other sources) and the proportions of these revenues in aggregate revenue;
- 6° Changes in each type of cost incurred by the forestry investment company and, more specifically, fees. All the amounts comprising the management fee should be explained in detail and matched to the asset under management.

The basis for calculating them must also be explained and duly commented upon;
- 7° A summary statement of forestry assets at the end of the financial year, with an asset-by-asset presentation for:
 - a) Directly held forestry assets;
 - b) Equity interests in forestry groups and companies where the sole business is ownership of woodlands and forests;
 - c) Information about the location of directly and indirectly held forestry assets by natural region and by local administrative area (département), as well as whether these properties are covered by fire insurance;
 - d) A summary of the appraisals and updates of appraisals carried out with information about which proportion of the forestry assets have been subject to appraisals or updates of appraisals during the year;
- 8° Cash and cash equivalents and their use:
 - a) Cash proportion of the forestry investment company's assets and changes;
 - b) Breakdown by investment type and changes.

Article 422-242

Within the four months following the annual general meeting, a newsletter shall be disseminated with information about the major events for the company that occurred in the first half of the financial year.

Article 422-243

The management company shall, at regular intervals and at a set time, fix the execution price periodically by matching the orders recorded in the register.

It shall set the frequency with which execution prices are established, which must be at least once every six months and no more than once every business day. The prospectus shall mention this frequency.

Article 422-244

The articles of association and the prospectus shall specify the proportion of assets invested in cash and cash equivalents and the limits on changes in this proportion.

Article 422-245

The management company of a company referred to in Article 422-218 shall determine the redemption price.

If the redemption is matched with a subscription, the redemption price cannot be higher than the subscription price less the subscription fee.

If the redemption is not matched, the share redemption terms shall be set out in the articles of association and the prospectus. As appropriate, they must also mention the proportion of cash that cannot be used to redeem shares and the consequences of this limit.

Article 422-246

The market value and the replacement value of the forestry investment company shall be established by the management company at the end of each financial year on the basis of:

- 1° A valuation of the market value of woodlands, forests, vacant land to be planted, and the accessories and outbuildings listed in Article R. 214-162 of the Monetary and Financial Code, the assets of forestry groups and companies where the sole business is ownership of woodlands and forests and in which the forestry investment company holds at least 50 per cent of the equity interest. This valuation shall be made by one or more independent forest appraisers on the list of forest appraisers provided for in Article R. 171-9 of the Rural Code;
- 2° The market value of equity interests held or acquired in forestry groups and companies where the sole business is ownership of woodlands and forests and in which the forestry investment company holds at least 50 per cent of the equity interest. This market value shall be provided in the form of a certificate or a written valuation by the manager of each forestry group or company where the sole business is ownership of woodlands and forests. The management company shall then ensure that the proposed market value of the shares held or acquired is representative of the market for shares during the financial year or valued according to the rules that govern the valuation of forestry assets;
- 3° The net value of other assets reported under the supervision of the statutory auditor.

Each forestry property must be appraised prior to acquisition and at least once every 15 years.

The appraisal shall be updated every three years by the forestry appraiser(s), unless exceptional events, works or harvesting require a new update sooner. An event shall be deemed to be exceptional if it affects more than 20 per cent of the land area of a forestry property or involves an amount greater than 20 per cent of the valuation.

A second appraisal shall be made after the tenth anniversary of the forestry investment company covering at least 20 per cent of the forest properties of the company each year, so that all the forest properties have been appraised by the end of the fourteenth year.

The brief of the independent forest appraiser(s) shall cover all the forest properties of the forestry investment company, except for the properties referred to in the second point of the first paragraph of this Article.

A newly appointed forest appraiser shall have the right to update appraisals conducted in the last fifteen years.

The appraisals must be made in compliance with the appropriate forest appraisal methods and recommendations, and in compliance with professional practices.

Article 422-247

The appraiser(s) shall be appointed by the general meeting for a five-year term from the list of forest appraisers following the AMF's acceptance of the candidate put forward by the management company.

The appraiser put forward must be on the list of forest appraisers provided for by Article R. 171-9 of the Rural Code.

The AMF shall be entitled to require further information.

Unless the AMF asks for further information, the candidate shall be deemed to be accepted by the AMF two months after the filing of a full application.

Applications for renewal of appraisers must be presented to the AMF at least three months before the end of the financial year.

If the AMF deems that, during the forest appraiser's term, the eligibility requirements are no longer being met, it shall so notify the management company, which shall then put forward a new candidate and propose the appointment of the candidate to the general meeting.

Similarly, if the forest appraiser is no longer on the list of forest appraisers provided for by Article R. 171-9 of the Rural Code, the management company shall so notify the AMF and put forward a new candidate and propose the appointment of the candidate to the general meeting.

Article 422-248

An agreement must be concluded between the appraiser and the forestry investment company. This agreement shall define the appraiser's tasks and set the terms for the appraiser's compensation.

The appraiser shall make an undertaking to the AMF about the conditions for performing those tasks and the nature of the services in a letter based on a form set out in an AMF instruction.

Article 422-249

Mergers of one or more forestry investment companies with one or more forestry groups operating under authorised basic management plans shall be submitted to the AMF in accordance with the procedures set out in an AMF instruction.

These procedures shall differ depending on whether the merger involves one or more forestry investment companies making public offerings.

SECTION 5 - FUNDS OF ALTERNATIVE FUNDS

Article 422-250

Unless otherwise indicated, Chapter 1 of this title and Section 1 of this chapter apply to funds of alternative funds covered by Article L. 214-139 of the Monetary and Financial Code, with the exception of Article 422-83 and the second and third paragraphs of Article 422-81.

The time periods referred to in Articles 422-7 and 422-11 shall be reduced to eight business days for the reserved funds of alternative funds referred to in Article L. 214-26-1 of the Monetary and Financial Code and, as appropriate, their sub-funds.

These AIFs are also subject to the following provisions.

Article 422-251

Between the date at which the subscription or redemption order is centralised and the date at which the fund of alternative fund's custody account-keeper settles or delivers the units or shares, the prospectus of the fund of alternative funds may provide for a period that shall not exceed:

- 1° Fifteen days where the net asset value is established daily;
- 2° Sixty days where the net asset value is not established daily.

The prospectus shall indicate the date of centralisation of the subscription and redemption order for the fund of alternative funds' units or shares, the date of establishment of the net asset value and the latest date by which the net asset value will be calculated and published.

The net asset value shall be calculated and published on the same date.

Article 422-252

The prospectus of the fund of alternative funds shall stipulate that the net value shall be published at least once a month.

CHAPTER III – FUNDS OPEN TO PROFESSIONAL INVESTORS

SECTION 1 – AUTHORISED FUNDS

Sub-section 1 - Professional investment funds

Article 423-1

Unless otherwise indicated, Chapter 1 and Section 1 of Chapter II of this Title apply to professional investment funds covered by Article L. 214-143 of the Monetary and Financial Code, with the exception of Article 422-83 and the second and third paragraphs of Article 422-81.

The time periods referred to in Articles 422-7 and 422-11 shall be reduced to eight business days for reserved professional investment funds referred to in Article L. 214-26-1 of the Monetary and Financial Code and, as appropriate, their sub-funds.

These funds are also subject to the following provisions.

PARAGRAPH 1 - SUBSCRIPTION AND PURCHASE

Article 423-2

Subscriptions and purchases of units or shares in professional investment funds are reserved for:

- 1° Investors referred to in the first paragraph of Article L. 214-144 of the Monetary and Financial Code;
- 2° Investors whose initial subscription is EUR 100,000 or more;
- 3° All other investors, as soon as subscription and purchase is performed in their name and on their behalf by an investment service provider acting as part of an asset management investment service according to the conditions set in I of Article L. 533-13 of the Monetary and Financial Code and Article 314-60.

Article 423-3

If a non-resident of France subscribes or purchases units or shares in professional investment funds marketed in other countries, the investors for whom subscriptions and purchases of these funds are reserved and the conditions under which they may waive their rights to advice shall be governed by the law of the country in which the marketing takes place.

Article 423-4

Any direct or indirect solicitations for subscriptions and purchases of units or shares in a professional investment fund shall come with a warning that subscriptions and purchases of units or shares in this fund, made directly or through an intermediary, are reserved for the investors referred to in Article 423-2. This warning shall also state that the fund may adopt special investment rules.

Article 423-5

Investors shall give written acknowledgement, when making the first subscription or purchase, that they have been warned that the subscription or purchase of units of shares in the fund, made directly or through an intermediary, is reserved for the investors referred to Article 423-2.

Article 423-6

The depositary, or the person named by regulation or in the articles of association of the fund shall ensure that the subscribers or purchasers meet the eligibility criteria and that they have received the information required under the provisions of Articles 423-4 and 422-86. They shall also ensure that the written acknowledgement referred to in Article 423-5 exists.

Article 423-7

Between the date at which the subscription or redemption order is centralised and the date at which the fund's custody account-keeper settles or delivers the units or shares, the prospectus of the fund may provide for a period that shall not exceed:

- 1° Fifteen days where the net asset value is established daily;
- 2° Sixty days where the net asset value is not established daily.

The prospectus shall indicate the date of centralisation of the subscription and redemption order for the fund units or shares, the date of establishment of the net asset value and the latest date by which the net asset value will be calculated and published.

The net asset value shall be calculated and published on the same date.

Article 423-8

The management fee for professional investment funds may include a variable component that is paid as soon as the first euro of positive performance is posted. The procedures for calculating and paying this fee shall be explained in the prospectus.

Article 423-9

Professional investment funds may prepare only a prospectus whose content is specified by an AMF instruction.

For the purposes of applying Articles 422-86 to 422-89, the reference to the key investor information document shall be replaced in such case by a reference to the prospectus.

PARAGRAPH 2 - NET ASSET VALUE

Article 423-10

The professional investment fund prospectus shall stipulate that the net value shall be published at least once a month.

PARAGRAPH 3 - CALCULATING AGGREGATE RISK

Article 423-11

I. - By way of derogation to III of Article 422-55, where a professional investment fund that uses the option provided for in III of Article R. 214-193 of the Monetary and Financial Code and employs the commitment approach, it shall take account of these temporary cash borrowing arrangements when calculating aggregate risk.

II. - By way of derogation to II of Article 422-57, where a professional investment fund uses the option provided for in III of Article R. 214-193 of the Monetary and Financial Code, the maximum value at risk that it may attain may not exceed 30 per cent of the market value of its net assets.

Sub-section 2 - Professional real estate collective investment undertakings

Article 423-12

Unless otherwise indicated, professional real estate collective investment undertakings shall apply Chapter 1 and Section 3 of Chapter II of this title and Articles 423-4 to 423-6 and 423-8. They are also subject to the following provisions.

Article 423-13

I.-At least two times per year and at an interval of six months, each asset is valued by an external valuation expert.

II. - Once a year, each asset is subject to an expert real estate appraisal.

The management company shall prepare and transmit to the statutory auditor a plan specifying the conditions for applying this article.

III. - To determine the value of the property and rights in rem held indirectly by the companies referred to in 2° and 3° of I of Article L. 214-36 of the Monetary and Financial Code that do not meet the requirements set out in 2° and 3° of Article R. 214-83 of the same code, the expert external appraisers shall conduct a critical examination of the valuation methods used by the management company to determine the value of the assets and the relevance of said value. This critical examination shall take place at least twice a year.

Article 423-14

Subscriptions and purchases of professional real estate collective investment undertakings are reserved for:

- 1° Investors referred to in Article L. 214-150 of the Monetary and Financial Code;
- 2° Investors whose initial subscription is EUR 100,000 or more;
- 3° All other investors, as soon as subscription and purchase is performed in their name and on their behalf by an investment service provider acting as part of an asset management investment service according to the conditions set in I of Article L. 533-13 of the Monetary and Financial Code and Article 314-60.
- 4° Retail investors as defined by Regulation (EU) 2015/760 and under the terms of the aforementioned Regulation, provided the fund is authorised as a European long-term investment fund in accordance with the same regulation.

Article 423-15

By way of derogation to Articles 422-34, 422-129, 422-130, 422-177, 422-178 and 422-183, professional real estate collective investment undertakings may not prepare a key investor information document. The reference to the key investor information document shall be in such case replaced by a reference to the prospectus.

SECTION 2 - DECLARED FUNDS

Sub-section 1 - Professional specialised funds

Article 423-16

Professional specialised funds governed by Articles L. 214-154 to L. 214-158 of the Monetary and Financial Code and, for limited partnerships (*sociétés de libre partenariat*, hereafter SLP), Articles L. 214-162-1 to L. 214-162-12 *ibid* shall apply Chapter 1 of this Title and Article 422-75, IV.

These funds are also subject to the following provisions, except where otherwise provided for SLPs.

Article 423-17

The obligation to declare under Article L. 214-153 of the Monetary and Financial Code is met by filing a file, with the AMF, that includes information specified in an AMF instruction. This declaration must be made within the month following the preparation of the statement or the certificate of filing of the professional specialised fund or sub-fund mentioned in Articles 422-9 and 422-13.

Confirmation of receipt of the declaration shall be sent within eight business days following receipt.

PARAGRAPH 1 - FORMATION

Article 423-18

No subscriptions may be accepted until the prospectus for the professional specialised fund has been drawn up. The prospectus shall be provided to subscribers prior to subscription or purchase of units or shares.

Article 423-19

An AMF instruction shall specify the content of a professional specialised fund prospectus. It will include the identity of the asset management company and the depositary and specify the investment rules and operation of the professional specialised fund as well as all the conditions for direct and indirect compensation of the asset management company and the depositary.

The rules or the articles of association of the professional specialised fund are an integral part of the prospectus to which they are attached, with the exception of SLPs, for which the prospectus is composed of their articles of association in accordance with Article L. 214-162-10 of the Monetary and Financial Code.

Article 423-20

The prospectus shall explicitly state that the professional specialised fund is not subject to the authorisation of the AMF.

Article 423-21

I.- Articles 422-4, 422-5, the first paragraph of Article 422-23 and Articles 422-105 to 422-120 shall apply.

II. - Furthermore, for SLPs:

- 1° When applying Article 422-4, references to « shareholders » shall be replaced by references to « general partners » and references to « first directors and members of the executive board or supervisory board » are replaced by references to the « managers »;
- 2° When applying Articles 422-4 and 422-5, references to the « SICAV » are replaced by references to the « SLP ».

PARAGRAPH 2 - OPERATING RULES

Article 423-22

Promotional communications concerning professional specialised funds or sub-funds shall mention the existence of a prospectus and the place where it is available to investors.

Article 423-23

I. - Articles 422-26 to 422-30 and 422-33 to 422-41, 422-71, 422-78, 422-90, 422-91 and II of Article 422-94 shall apply. However, II of Article 422-94 shall not apply to SLPs.

Articles 422-98, 422-100 to 422-104 and 422-120-9 shall apply, with the exception of the AMF authorisation, replaced by a declaration to the AMF in the month following finalisation of the transaction or the event.

The provisions of Article 422-99 apply to the merger of professional specialised funds, unless the fund rules or articles of association provide that the costs generated by the merger transaction may be charged to the professional specialised funds.

Article 422-120-7 shall apply, with the exception of its second sentence.

II. - Furthermore, when applied to the SLPs cited in I:

- 1° References to the « SICAV » shall be replaced by references to the « SLP »;
- 2° References to the « board of directors » or the « executive board » of the SICAV shall be replaced by references to the managers of the SLP.

By way of derogation from I, Articles 422-100 and 422-102 shall not apply to SLPs.

Article 423-24

The procedures and frequency of net asset value calculations shall be appropriate to the nature of the financial instruments, contracts, securities and deposits held by the professional specialised fund. However, the prospectus of the professional specialised fund, with the exception of SLPs, shall stipulate that its net value shall be determined and published at least every half-year.

Article 423-25

The AMF shall be notified of the conversion, merger, demerger or liquidation of a professional specialised fund within one month of the implementation of the modification in accordance with the procedures defined by an AMF instruction.

The modification shall go into effect no earlier than three business days following the effective disclosure of the information to the holders of the professional specialised fund, unless the holders agree unanimously.

In the event of an amendment to the prospectus, the SICAV, the SLP or the asset management company shall submit an updated prospectus on or before the date that the amendment enters into force, in accordance with the procedures defined by an AMF instruction. The submission of the prospectus shall not exempt the SICAV or the asset management company from entering the necessary changes in the GECO database, as appropriate.

Article 423-26

Articles 422-18, 422-22, 422-42 to 422-49, 422-116 and 422-125 shall apply. However, Article 422-22 shall not apply to SLPs.

PARAGRAPH 3 - SUBSCRIPTIONS, PURCHASES, REDEMPTIONS AND TRANSFERS

Article 423-27

FCP units and SICAV shares shall be issued at any time at the request of the unit holders or shareholders on the basis of their net asset value, plus any subscription fees, as appropriate.

However, subscriptions and purchases of units or shares in professional specialised funds shall be reserved for:

- 1° Investors referred to in Article L. 214-155 of the Monetary and Financial Code;
- 2° Investors whose initial subscription is EUR 100,000 or more;
- 3° Investors, natural persons and legal entities, whose initial subscription is EUR 30,000 or more and who meet one of the following three criteria:
 - a) They provide technical or financial assistance to unlisted companies covered by the fund's purpose to promote their creation or growth;
 - b) They provide assistance to the management company of the professional specialised fund in identifying potential investors or contribute to the company's objectives in seeking, selecting, monitoring and disposing of investments;
 - c) They have acquired knowledge about private equity by being a direct equity investor in unlisted companies or by subscribing to a retail private equity investment fund that is not advertised or promoted, a professional private equity investment fund, a professional specialised fund or an unlisted venture capital firm;
- 4° All other investors, as soon as subscription and purchase is performed in their name and on their behalf by an investment service provider acting as part of an asset management investment service according to the conditions set in Article L. 533-13 of the Monetary and Financial Code and Article 314-60.
- 5° Retail investors as defined by Regulation (EU) 2015/760 and under the terms of the aforementioned Regulation, provided the fund is authorised as a European long-term investment fund in accordance with the same regulation.

Article 423-27-1

Article 423-27 shall not apply to SLPs.

Subscription and purchase of limited partner shares in SLPs shall be reserved for:

- 1° Investors referred to in Article L. 214-162-1 of the Monetary and Financial Code;
- 2° All other investors, provided subscription and purchase is performed in their name and on their behalf by an investment service provider performing portfolio management services according to the conditions set in Article L. 533-13 of the Monetary and Financial Code and in Article 314-60.
- 3° Retail investors as defined by Regulation (EU) 2015/760 and under the terms of the aforementioned Regulation, provided the fund is authorised as a European long-term investment fund in accordance with the same regulation.

Article 423-28

By way of derogation to Article 423-27, a professional specialised fund split off from another UCITS or an AIF may be opened to any holder of the original UCITS or AIF when the conditions of Article D. 214-32-12 or D. 214-32-15 of the Monetary and Financial Code are met, depending on the case.

This Article shall not apply SLPs.

Article 423-29

If a non-resident of France subscribes or purchases units or shares in professional specialised funds marketed in other countries, the investors for whom subscriptions and purchases of these AIF are reserved and the conditions under which they may waive their rights to advice shall be governed by the law of the country in which the marketing takes place.

Article 423-30

Any direct or indirect solicitations for subscriptions and purchases of units or shares in a professional specialised fund shall come with a warning that subscriptions, purchases, disposals or transfers of units or shares in these professional specialised funds, made directly or through an intermediary, are reserved for the investors referred to in Article 423-27. The warning shall also state that the AIF is not authorised by the AMF and that its operating rules are defined in the prospectus.

Article 423-31

A prospectus shall be given to investors before any subscriptions or purchases of units or shares in a contractual fund are made.

Investors shall give written acknowledgement, when making the first subscription or purchase, that they have been warned that the subscription or purchase of units or shares in the professional specialised fund, made directly or through an intermediary, is reserved for the investors referred to Article 423-27.

The prospectus of the professional specialised fund as well as the most recent periodic documents shall be available on a simple written request by the holder within one week of receipt of the request. At the holder's option, these documents shall be able to be sent electronically.

Article 423-31-1

When Articles 423-30 and 423-31 are applied to the limited partner shares of SLPs, the reference to « Article 423-27 » shall be replaced by a reference to « Article 423-27-1 ».

Article 423-32

The depositary or the person named by regulation or in the articles of association of the professional specialised fund shall ensure that the subscribers or purchasers meet the eligibility criteria and that they have received the information required under the provisions of Articles 423-30 and 423-31. The depositary or the abovementioned named shall also ensure that the written acknowledgement referred to in Article 423-31 exists.

Article 423-32-1

The professional specialised fund for which subscription or acquisition is not exclusively reserved to professional clients within the meaning of Article L.533-16 of the Monetary and Financial Code may prepare a key information document for investor. In such case, Articles 422-67 to 422-69, 422-86 to 422-89 are applicable.

PARAGRAPH 4 - SPECIFIC PROVISIONS APPLICABLE TO PROFESSIONAL SPECIALISED FUNDS FORMED FROM A DEMERGER IN ORDER TO HOUSE ASSETS WHOSE DISPOSAL WOULD NOT BE IN THE BEST INTERESTS OF HOLDERS OF SHARES OR UNITS IN THE SPLIT UCITS OR AIF

Article 423-33

Subject to the following provisions, the provisions common to all professional specialised funds referred to in this sub-section shall apply to the professional specialised funds formed in accordance with the second paragraph of Article L. 214-24-33 or the second paragraph of Article L. 214-24-41 of the Monetary and Financial Code in order to house the assets whose disposal would not be in the best interests of the holders of shares or units in the professional specialised funds.

Article 423-34

Article 423-24 does not apply to professional specialised funds governed by this paragraph.

The prospectuses of professional specialised funds governed by this paragraph shall specify the frequency, which shall be at least quarterly, for disseminating the estimated value of the fund's assets. The procedures and frequency for calculating the estimated asset value shall be appropriate to the type of assets held by the AIF.

Article 423-35

Article 422-22 does not apply to professional specialised funds governed by this paragraph.

Article 423-36

All holders of a UCITS or an AIF split pursuant to the second paragraph of Article L. 214-24-33 or the second paragraph of Article L. 214-24-41 of the Monetary and Financial Code may hold the shares or units in a professional specialised fund governed by this paragraph that are reserved for them at the time of the demerger.

The holders of shares or units in a professional specialised fund governed by this paragraph may sell such shares and units only to the persons referred to in Article 413-27.

Article 423-36-1

The provisions of this paragraph shall not apply to SLPs.

Sub-section 2 - Professional private equity investment funds

Article 423-37

Chapter I of this Title and Article 423-17 shall apply to professional private equity investment funds governed by Articles L. 214-159 et. seq. of the Monetary and Financial Code. When applying Article 423-17, the reference to « specialised professional funds » shall be replaced by a reference to « professional private equity investment funds ».

These funds are also subject to the following provisions.

PARAGRAPH 1 - FORMATION

Sub-paragraph 1 - Declaration and subscriptions

Article 423-38

No subscriptions may be accepted until the prospectus for the professional private equity investment fund has been prepared.

The prospectus shall comprise the professional private equity investment fund rules, whose headings shall be stipulated by an AMF instruction.

Article 423-39

Articles 422-14, the fourth and fifth paragraphs of Article 422-15 and Articles 422-23, 422-71 and 422-78 shall apply, with the exception of the AMF authorisation, replaced by a declaration to the AMF in the month following finalisation of the transaction or the event.

The rules of the professional private equity investment fund shall explicitly state that it is not subject to the authorisation of the AMF.

The rules that the asset management company follows in allocating investments between portfolios that it or its affiliates manage or advise do not have to be explained in the fund rules if the rules are given to subscribers. An AMF Instruction shall set the subscriber information requirements.

Sub-paragraph 2 - Master and feeder AIFs

Article 423-40

Articles 422-18, 422-105 to 422-118, 422-120 and 422-125 shall apply. For the purpose of applying these provisions, the prospectus shall replace the key investor information document for the professional private equity investment fund which does not prepare one.

By way of derogation to 1° of I of Article 422-116, the declaration made to holders indicates that the investment in the master AIF was reported to the AMF in accordance with Article L. 214-153 of the Monetary and Financial Code.

PARAGRAPH 2 - OPERATING RULES

Sub-paragraph 1 - Minimum asset amount

Article 423-41

Article 422-22 shall apply.

Sub-paragraph 2 - Professional private equity investment funds with sub-funds

Article 423-42

If the professional private equity investment fund rules stipulate that the fund shall be made up of sub-funds, the formation of new sub-funds shall be declared under the conditions stipulated in Article 423-16. Changes to the sub-funds shall be reported to the AMF in the month following their completion.

Sub-paragraph 3 - Contributions in kind

Article 423-43

The provisions of Articles 422-25 and 422-127 shall apply, with the exception of the second sentence of Article 422-127.

Sub-paragraph 4 - Mergers, demergers, takeovers, liquidation, conversions and changes

Article 423-44

The provisions of Articles 422-97 to 422-104, 422-117, 422-128 and 422-129 shall apply, unless authorised by the AMF, replaced by a declaration to the AMF in the month following finalisation of the transaction or the event.

The provisions of Article 422-99 shall apply to the merger of a professional private equity investment fund unless the fund rules provide that the costs generated by the merger transaction may be charged to the fund.

Mergers and demergers shall be reported in the month following their completion. The reporting requirement shall be satisfied by sending the AMF the merger or demerger agreement, along with the statutory auditors' reports.

Article 423-45

The provisions of Articles 422-18 and 422-120 shall apply.

Liquidations shall be reported in the month following the decision made by the management company of the professional private equity investment fund.

The auditor's report shall be sent to the AMF.

Article 423-46

A professional private equity investment fund may be converted into a professional specialised fund provided that it complies beforehand with the provisions of the Monetary and Financial Code that apply to the chosen category of professional specialised fund.

Conversion to a professional specialised fund shall not require the authorisation of the AMF. It shall require the explicit consent of each unit holder. The professional private equity investment fund rules shall define the requirements for converting the fund to a professional specialised fund.

Article 423-47

An AMF instruction shall stipulate which changes shall be reported to the AMF in the month following their completion, along with the procedures for informing holders.

PARAGRAPH 3 - ACCOUNTING AND FINANCIAL PROVISIONS

Article 423-48

The provisions of Articles 422-26 to 422-41, 422-42 to 422-49 and 422-64 and 422-106 shall apply.

PARAGRAPH 4 - SUBSCRIBER INFORMATION, REDEMPTION, SUBSCRIPTION AND TRANSFER CONDITIONS

Article 423-49

I. - Subscriptions and purchases of units or shares in professional private equity investment funds are reserved for:

- 1° Investors referred to in Article L. 214-160 of the Monetary and Financial Code;
- 2° Investors whose initial subscription is EUR 100,000 or more;
- 3° Investors, natural persons and legal entities, whose initial subscription is EUR 30,000 or more and who meet one of the following three criteria:
 - a) They provide technical or financial assistance to unlisted companies falling within the scope of the fund in view of their creation or development;
 - b) They provide assistance to a professional private equity investment fund management company in identifying potential investors or contribute to the objectives pursued by the company with regard to research, selection, monitoring or disposal of investments;
 - c) They have acquired knowledge about private equity by being a direct equity investor in unlisted companies or by subscribing to a retail private equity investment fund that is not advertised or promoted, a professional specialised fund, a professional private equity investment fund or an unlisted venture capital firm;
- 4° All other investors, as soon as subscription and purchase is performed in their name and on their behalf by an investment service provider acting as part of an asset management investment service according to the conditions set in Article L. 533-13 of the Monetary and Financial Code and Article 314-60.
- 5° Retail investors as defined by Regulation (EU) 2015/760 and under the terms of the aforementioned Regulation, provided the fund is authorised as a European long-term investment fund in accordance with the same regulation.

II. - Any direct or indirect solicitations for subscriptions and purchases of units or shares in a professional private equity investment fund shall come with a warning that subscriptions, purchases, disposals or transfers of units or shares of this AIF, made directly or through an intermediary, are reserved for qualified investors referred to in Article L. 214-160 of the Monetary and Financial Code and to other investors referred to in I. The warning shall also state that this professional private equity investment fund is not authorised by the AMF and that it may adopt special investment rules.

III. - Before subscriptions or purchases of units in a professional private equity investment fund can take place, the fund rules, whose content is stipulated by an AMF instruction, along with, as appropriate, the information set out in the third paragraph of Article 422-39, shall be given to the subscriber or the purchaser.

Subscribers or purchasers shall give written acknowledgement, when making their subscription or purchase, that they have been warned that subscriptions and purchases of units or shares in the fund, made directly or through an intermediary, are reserved for the investors referred to in Article L. 214-160 of the Monetary and Financial Code and to other investors whose list is defined in I.

IV. - The depositary, or the person named by the rules of the professional private equity investment fund, shall ensure that the subscribers or purchasers meet the eligibility criteria and that they have received the information required under II and III. The depositary or the abovementioned person shall also ensure that the written acknowledgement referred to in the second paragraph of III exists. The depositary or the abovementioned person shall inform the AMF in the event of any breach of these provisions.

V. - This article shall apply to the conversion of an AIF that is not covered by this sub-section into a professional private equity investment fund.

Article 423-50

If a non-resident of France subscribes or purchases units or shares in professional private equity investment funds marketed in other countries, the investors for whom subscriptions and purchases of these AIFs are reserved and the conditions under which they may waive their rights to advice shall be governed by the law of the country in which the marketing takes place.

Article 423-51

The provisions of the first, third, fourth and fifth paragraphs of Article 422-81 shall apply.

The professional private equity investment fund rules may stipulate that the fund publishes its net asset value only twice a year at least.

Article 423-52

The professional private equity investment fund shall produce documents in compliance with the provisions set out in an instruction and with a frequency of at least once a year to be established by the professional private equity investment fund rules.

The documents shall be provided immediately to any subscriber or holder asking for them.

Article 423-53

The documents sent to the AMF under the provisions of Articles 423-16, 423-40, 423-42, 423-43, 423-44 and 423-47 shall be sent for reporting purposes only. Acceptance by the AMF shall not imply any judgment about their content or the transactions they report.

Article 423-54

The professional private equity investment fund for which subscription or acquisition is not exclusively reserved to professional clients within the meaning of Article L. 533-16 of the Monetary and Financial Code may prepare a key information document for investor. In such case, Articles 422-67 to 422-69, 422-86 to 422-89 are applicable.

CHAPTER IV - ASSET MANAGEMENT FUNDS

Article 424-1

The provisions of Chapter I and Section 1 of Chapter II of this title apply to employee investment undertakings governed by Articles L. 214-164 and L. 214-165 of the Monetary and Financial Code and Article L. 3332-16 of the Labour Code, and to SICAVs for employee shareholders governed by Article L. 214-166 of the Monetary and Financial Code, except for paragraphs 2 to 4 of point I and point II of Article 422-7, paragraphs 2 to 4 of point I and point II of Article 422-11.

The provisions of the first and second paragraphs of Article 422-41, Articles 422-22, 422-42 to 422-47 and 422-83 and the first paragraph of I and the first paragraph of II of Article 422-101 do not apply to asset management funds.

For the purposes of Article 422-75, IV, 1, f, the reference to "daily valuation" shall be replaced by the reference to "at least weekly valuation" and the term "daily" shall be replaced by the term "on each net asset value".

These funds are also subject to the following provisions.

SECTION 1 - AUTHORISATION

Article 424-2

I.- Authorisation of a SICAV for employee shareholders or an employee investment undertaking is subject to prior filing of an application with the AMF that contains the elements stipulated in an AMF Instruction.

Silence on the part of the AMF for a period of one month from the day the AMF acknowledges receipt of the request shall be deemed authorisation of the request. If the AMF asks for further information that requires the asset management company to submit a supplementary information sheet, the AMF will serve written notice stipulating that the information requested must arrive within sixty days. If it fails to receive the information within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received all of the information requested. The acknowledgement of receipt stipulates a new authorisation waiting time, which cannot be longer than the one stipulated in the second paragraph.

II. - The waiting period referred to in I is reduced to eight working days after the AMF issues an acknowledgement of receipt of the authorisation application if the AIF applying for authorisation is comparable to an AIF that has already been authorised by the AMF. The AMF assesses the comparability of the AIF applying for authorisation, called the "comparable AIF", and the AIF previously authorised by the AMF, called the "reference AIF", with respect to the following :

- 1° The reference AIF and the comparable AIF are managed by the same asset management company or the same delegated investment manager, or by investment management companies or delegated investment managers belonging to the same corporate group, and subject to the AMF's assessment of the information supplied by the management company of the comparable AIF in accordance with the requirements stipulated in an AMF instruction;
- 2° The reference AIF has been authorised by the AMF and established less than eighteen months before the date of the AMF's receipt of the authorisation application for the comparable AIF. At the reasoned request of the management company of the comparable AIF, the AMF may accept a reference AIF that has been authorised and established for more than eighteen months at the date of receipt of the authorisation application for the comparable AIF;
- 3° The reference AIF has not undergone any changes other than those referred to in an AMF Instruction. At the reasoned request of the management company of the comparable AIF, the AMF may allow an AIF that has undergone changes other than those referred to in the Instruction to be a reference AIF;
- 4° Subscribers to the comparable AIF shall meet the requirements for subscribing or purchasing the reference AIF.
- 5° The investment strategy, risk profile, operating rules and fund rules of the comparable AIF shall be similar to those of the reference AIF; if anything in the articles of association of the comparable AIF is different from that of the reference AIF, it shall be clearly identified in the authorisation application for the comparable AIF in accordance with the requirements set out in an AMF instruction.

The authorisation application of the comparable AIF shall be filed electronically.

If the AMF asks for further information that requires submission of a supplementary information sheet, the AMF will serve such notice stipulating that the information requested must arrive within sixty days. If it fails to receive the information within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received all of the information requested. The acknowledgement of receipt stipulates a new authorisation waiting time of eight working days or less.

If the comparable AIF or the reference AIF does not comply with the requirements referred to in this Article, the AMF notifies the applicant, stipulating that the supplementary information required to compile an authorisation application under the procedures described in I must be received within sixty days. If it fails to receive the information within this period, the authorisation application is deemed to be rejected. When all of the supplementary information has been received, the AMF issues a written acknowledgement of receipt and examines the authorisation application for the AIF under the conditions and procedures referred to in I. The acknowledgement of receipt stipulates a new authorisation waiting time of one month or less.

SECTION 2 - FORMATION

Article 424-3

The period for subscribing shares in a SICAV for employee shareholders or units in an employee investment undertaking shall start within twelve months of the date on which the SICAV or the fund is authorised. Failing this, the authorisation is deemed to be null and void, unless the AMF explicitly grants an exception.

Subscriptions and purchases of shares in a SICAV for employee shareholders or units in an employee investment undertaking shall be restricted to the employees of the corporate group as defined in the second paragraph of Article L. 3344-1 of the Labour Code and, where applicable, to the persons stipulated in the second paragraph of Article L. 3332-2 of the Labour Code and for employees taking part in a share buyback, as defined in Article L. 3332-16 of the Labour Code.

The minimum capital or the minimum assets required to constitute a SICAV for employee shareholders may be contributed by other investors than the ones cited in the preceding paragraph, provided that these investors undertake to request the redemption of their shares as soon as subscriptions are accepted from the abovementioned employees and, where applicable, from the persons stipulated in the second paragraph of Article L. 3332-2 of the Labour Code.

SECTION 3 - OPERATING RULES

Article 424-4

An employee investment undertaking or a SICAV for employee shareholders may merge only with another employee investment undertaking or SICAV for employee shareholders.

Article 424-5

Any plans for mergers, mergers-demergers, demergers and takeovers involving one or more asset management funds or one or more sub-funds in an AIF shall be decided by the supervisory board of the employee investment undertaking or the board of directors or the executive board of the SICAV for employee shareholders. The plans are subject to the prior authorisation of the AMF. The merger or demerger shall be completed within three months of being authorised. Failing this, the authorisation is deemed to be null and void, unless the AMF explicitly grants an exception.

Article 424-6

If holders are not entitled to a whole number of units or shares as a result of the exchange ratio, the units or shares in the employee investment undertaking shall be divided so that the fractional units or shares can be reinvested.

Article 424-7

The net asset value shall be made available to the supervisory board of the employee investment undertaking or the board of directors of the SICAV for employee shareholders on the first working day following its calculation.

Article 424-8

If the mechanism ensuring liquidity of securities that are not traded on a regulated market is provided by an entity other than the ones referred to in the second to last paragraph of Article R. 214-214 of the Monetary and Financial Code, it may be provided by a natural person or legal entity that is separate from the asset management company, from the SICAV for employee shareholders and from the corporation whose securities are held by the employee investment undertaking or the SICAV for employee shareholders, provided that this person or entity undertakes to redeem the number of securities necessary to provide liquidity that is at least equivalent to that of an AIF that holds at least one-third of its assets in liquid securities. This undertaking shall be counter-guaranteed in compliance with the following procedures, which may be combined:

- 1° A performance guarantee from a credit institution with its registered office in an OECD Member State, an insurance company or an investment company with its registered office in a European Union Member State or a State party to the Agreement on the European Economic Area and that is authorised to provide the service cited in point 1 of Article L. 321-2 of the Monetary and Financial Code and which has capital, as defined in Directive 2000/12/EC of 20 March 2000, of 3.8 million euros or more;
- 2° A line of credit granted by a credit institution with its registered office in an OECD Member State for the purpose of fulfilling the guarantee defined in this Article;
- 3° A portfolio of liquid securities, as defined in Article R. 214-214 of the Monetary and Financial Code, pledged to the management company of the employee investment undertaking or the SICAV for employee shareholders.

If the company is open-ended, the mechanism for guaranteeing the liquidity of the securities provided for in the last paragraph of Article R. 214-214 of the Monetary and Financial Code may be provided by the company under the forms defined in points 1°, 2° and 3°.

Article 424-9

The price at which the guarantor redeems units or shares is set by the employee investment undertaking rules or the articles of association of the SICAV for employee shareholders.

An AMF instruction stipulates the clauses that shall be included in the liquidity guarantee contract.

Article 424-10

The annual reports of the supervisory boards of the employee investment undertakings shall give an account of the performance of the tasks incumbent upon them under Articles L. 214-164 and L. 214-165 of the Monetary and Financial Code.

The annual reports of the boards of directors of SICAVs for employee shareholders shall give an account of the performance of the tasks incumbent upon them under Article L. 214-166 of the Monetary and Financial Code.

SECTION 4 - CALCULATING AGGREGATE RISK

Article 424-11

By way of derogation to the provisions of II of Article 422-51, the aggregate risk exposure of an employee investment undertaking is the potential losses of the fund as evaluated at any time.

SECTION 5 - PUBLIC INFORMATION

Article 424-12

The fees paid by an employee investment undertaking or a SICAV for employee shareholders, as described in 2° of Article 422-72, are supplemented, where applicable, by a list of fees related to the operations of the employee investment undertaking or the SICAV for employee shareholders that are paid by the company.

Article 424-13

The prospectus of the employee investment undertakings or SICAVs for employee shareholders consists of the fund rules or the articles of association. An AMF instruction stipulates the contents of these documents and, in particular, the information about fees.

Article 424-14

An AMF instruction stipulates which information documents the employee investment undertaking or SICAV for employee shareholders shall make available to holders relating to the AIF or UCITS in which it has invested more than 50 per cent of its assets.

If such an AIF or UCITS invests in units or shares of other AIFs or CISs, the key investor information document shall stipulate, as appropriate, whether the employee investment undertaking or the SICAV for employee shareholders has invested more than 50 per cent of its assets in units or shares of a single AIF or UCITS and give the names of such AIFs or CISs.

Article 424-15

Employee investment undertakings and SICAVs for employee shareholders shall publish their net asset value at least once a month, with the exception of employee investment undertakings governed by the fifth and sixth paragraphs of Article L. 3332-17 of the Labour Code, which publish their net asset value at least once a year, bearing in mind that it shall not be calculated more than once a quarter, and employee investment undertakings governed by Article L. 3332-16 of the Labour Code, which publish their net asset value at least once a year.

CHAPTER V - SECURITISATION VEHICLES

SECTION 1 - PROVISIONS COMMON TO SECURITISATION VEHICLES

Article 425-1

Unless otherwise indicated, Chapter I of this title shall apply to securitisation vehicles.

Article 425-1-1

Securitisation vehicles governed by Articles L. 214-168 to L. 214-189 of the Monetary and Financial Code are subject to this chapter. An instruction specifies the conditions for applying this article.

Article 425-2

Financial securities issued by a securitisation vehicle through a public offer or admitted to trading on a regulated market are covered by the provisions of Title I of Book II, subject to the following provisions.

Article 425-3

Financial securities of securitisation vehicles come under the provisions of Article L. 621-8 of the Monetary and Financial Code.

Article 425-4

Where the securitisation vehicle is formed as a securitisation common fund, the draft prospectus referred to in Article 212-1 is drawn up jointly by the management company and the depositary. Where the securitisation vehicle includes sub-funds, a prospectus is prepared for each issuer and financial sub-fund.

Article 425-5

Pursuant to the provisions of Article 212-14, where the securitisation vehicle is formed as a securitisation common fund, the management company and the depositary assume responsibility for the prospectus.

Article 425-6

Where the securitisation vehicle is formed as a securitisation common fund, the completion letter drawn up by the statutory auditors pursuant to Article 212-15 is delivered to the management company and to the depositary.

TITLE V - PRODUCTION AND DISSEMINATION OF INVESTMENT RECOMMENDATIONS

CHAPTER I - SCOPE

Article 751-1

The provisions of this Article apply to all persons who conduct and publish research as part of their business or who produce and disseminate other information recommending or suggesting an investment strategy with regard to emission allowances aimed at distribution channels or the public (hereinafter "investment recommendations").

CHAPTER II - IDENTIFICATION OF PRODUCERS AND PRESENTATION STANDARDS FOR INVESTMENT RECOMMENDATIONS

Article 752-1

Investment recommendations are clearly identified as such.

They are prepared honestly, fairly and impartially.

They are presented clearly and precisely.

Investment recommendations indicate explicitly and prominently the identity of the person responsible for producing them. If they are disseminated by third parties, such third parties mention their own identities in the dissemination media.

Investment recommendations or dissemination media also mention the name of the competent authority with jurisdiction over each of these persons, where appropriate.

The name and position of the individual who prepared the investment recommendation are included in the recommendation.

Investment recommendations are disseminated promptly to ensure their newsworthiness.

Article 752-2

All persons mentioned in Article 751-1 make their best efforts to ensure that:

- 1° Facts referred to in the investment recommendations are clearly distinguished from interpretations, estimates, opinions and other kinds of non-factual information.
- 2° All sources are reliable. If this is not the case, the investment recommendation states so clearly.
- 3° All projections, forecasts and price targets are clearly indicated as such, and the principal assumptions made in order to produce and use them are indicated.
- 4° All important sources for investment recommendations are disclosed;
- 5° All bases or methods used to value an emission allowance are summarised in an appropriate manner;
- 6° The meaning of any recommendation made, such as "buy", "sell" or "hold", as well as any time horizon associated with such recommendation, is adequately explained, and any appropriate risk warning (including a sensitivity analysis of the assumptions used) is indicated;
- 7° The expected frequency of updates to investment recommendations is disclosed;
- 8° The date on which the investment recommendation was first released for dissemination is clearly and prominently indicated, as are the date and time of day of any actual price mentioned for an emission allowance.
- 9° Where an investment recommendation differs from a recommendation by the same person regarding the same emission allowance issued during the previous twelve months, this change and the date of the earlier recommendation are indicated clearly and prominently.

Article 752-3

The investment recommendation discloses any relations and circumstances concerning the person disseminating the recommendation and the person who prepared it that one can reasonably believe likely to impair the objectivity of the recommendation, especially where one of these persons or any person involved in preparing the recommendation has a significant financial interest associated with the emission allowance concerned by the recommendation.

Article 752-4

Persons disseminating investment recommendations establish a procedure adapting the provisions of Articles 752-1 to 752-3 so that they are not disproportionate when applied to oral investment recommendations.