GENERAL REGULATION OF THE *AUTORITÉ DES MARCHÉS FINANCIERS*

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BOOK I - THE *AUTORITÉ DES MARCHÉS FINANCIERS*

TITLE I - FUNCTIONING OF THE *AUTORITÉ DES MARCHÉS FINANCIERS*: ETHICAL RULES AND REMUNERATION ARRANGEMENTS FOR MEMBERS AND EXPERTS

CHAPTER 1 - ETHICAL RULES FOR MEMBERS OF THE *AUTORITÉ DES MARCHÉS FINANCIERS*

Article 111-1

When they take office, members of the *Autorité des Marchés Financiers* ("AMF") shall inform the AMF chairman of:

1° any functions in an economic or financial activity that they have held during the previous two years or that they continue to hold;

2° any executive office in a body corporate that they have held during the previous two years or that they continue to hold.

They shall also provide the chairman with a list of interests that they have held during the previous two years or that they continue to hold, in particular any financial instruments admitted to trading on a regulated market or a multilateral trading facility and any greenhouse gas emission allowances, as defined in Article L. 229-15 of the Environmental Code and other units mentioned in Chapter IX of Title II of Book II of the said code (hereinafter "emission allowances") admitted to trading on a regulated market.

Article 111-2

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

Before 15 February each year, members shall send the chairman a list of their interests as at 31 December of the previous year.

Article 111-3

Having regard to members of the Enforcement Committee, the chairman of the AMF shall forward the information provided for in the two above articles to the chairman of that Committee.

Article 111-4

At the written request of an AMF member, the AMF chairman shall inform him of any function or executive office held by another member.

Article 111-5

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

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

Article 111-5-1

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

Article 111-6

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

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

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

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

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

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

If, prior to his appointment, a Board member holds an interest in concert with other investors in a company whose financial securities are admitted to trading on a regulated market or a multilateral trading facility, he may keep his financial instruments while he is in office. If he has to make exceptional disposals or purchases as a result of the strategy of such other investors, he must ascertain from the chairman that the AMF does not hold inside information about the company in question. The chairman informs the interested party whether the planned transaction can take place on the scheduled date.

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

Article 111-7

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

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

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

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

Article 111-8

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

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

Article 111-9

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

CHAPTER 2 - ETHICAL RULES FOR EXPERTS APPOINTED TO CONSULTATIVE COMMITTEES

Article 112-1

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

1° any function they hold in an economic or financial activity;

2° any executive office they hold in a body corporate.

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

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

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

CHAPTER 3 - EMOLUMENTS AND REMUNERATION

Article 113-1

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

1° the amount of the emoluments payable to AMF members;

2° an opinion concerning the remuneration envisaged by the AMF chairman for the Secretary General.

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

CHAPTER 1 - REQUEST FOR RULING

Article 121-1

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

Article 121-2

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

Article 121-3

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

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

Article 121-4

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

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

Article 121-5

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

CHAPTER 2 - EXAMINATION OF THE REQUEST

Article 122-1

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

Article 122-2

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

Article 122-3

A ruling is valid solely in respect of the petitioner.

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

CHAPTER 3 - PUBLICATION OF THE RULING

Article 123-1

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

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

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

Article 131-1

Pursuant to Article L. 621-18-1 of the Monetary and Financial Code, the AMF can certify standard agreements for transactions in financial instruments, at the reasoned request of one or more investment services providers or a trade association of investment service providers. To that end, it ensures that the provisions of the standard agreement in question are consistent with this General Regulation.

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

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

Article 142-1

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

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

Article 143-1

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

Article 143-2

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

Article 143-3

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

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

Persons subject to inspection shall cooperate diligently and honestly.

Article 143-4

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

Article 143-5

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

Article 143-6

Having due regard for the conclusions of an inspection report and for any observations that may be submitted, the inspected entity or body corporate is informed by registered letter with return receipt or by hand delivery against receipt of the measures it is required to put in place. The entity or body is requested to forward the report and the aforementioned letter to its board of directors, or executive board and supervisory board, or the equivalent decision-making body, as well as to the statutory auditors.

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

CHAPTER 4 - INVESTIGATIONS

Article 144-1

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

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

Article 144-2

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

Article 144-2-1

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

Article 144-3

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

Article 144-4

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

TITLE V – THE ESTABLISHMENT OF PROCEDURES TO REPORT THE FAILINGS REFERRED TO IN ARTICLE L. 634-1 OF THE MONETARY AND FINANCIAL CODE

Article 145-1

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

Article 145-2

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

Article 145-3

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

Article 145-4

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

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

BOOK II - ISSUERS AND FINANCIAL DISCLOSURE

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

CHAPTER I - SCOPE

Article 211-1

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

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

Article 211-2

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

1° The total amount in the Union is less than EUR 100,000 or the foreign currency equivalent thereof;

2° The total amount in the Union is between EUR 100,000 and EUR 5,000,000 or the foreign currency equivalent thereof and the transaction concerns financial securities accounting for no more than 50% of the capital of the issuer. For financial securities for which admission to trading on a multilateral trading facility within the meaning of Article 524-1 is sought, the maximum total amount in the Union may be lowered to EUR 2,500,000 at the request of the market operator managing it;

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

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

II. - The total amount of the offer referred to in points I, 1 and 2 and the amount referred to in Article L. 411-2 I bis of the Monetary and Financial Code are calculated over a twelve-month period from the date of the first offer.

Article 211-3

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

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

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

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

The date of the movements recorded by the issuing entity is the date specified by the central depository referenced in the first paragraph, on which it records the sheet.

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

SECTION 1 - PROSPECTUS

Article 212-1

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

Sub-Section 1 - Competent authority

Article 212-2

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

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

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

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

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

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

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

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

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

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

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

Article 212-3

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

Sub-Section 2 - Exemptions

Article 212-4

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

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

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

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

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

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

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

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

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

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

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

Article 212-5

The obligation to publish a prospectus does not apply when the following categories of financial securities are admitted to trading on a regulated market:

1° Shares representing, over a period of 12 months, less than 10% (ten per cent) of the number of shares of the same class already admitted to trading on the same regulated market;

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

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

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

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

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

7° Shares resulting from the conversion or exchange of other financial securities or from the exercise of rights conferred by other financial securities, provided that these shares are of the same class as those already admitted to trading on a regulated market.

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

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

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

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

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

e) The person applying for admission prepares a summary note in French that is published and circulated in accordance with Article 212-27. The French translation of the summary note is not needed if the admission concerns the compartment referred to in Article 516-18 or when the prospectus is drafted in a language other than French that is usual for financial matters in accordance with Article 212-12. The summary must also state where the most recent prospectus can be obtained and where the financial information published by the issuer pursuant to d is available.

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

SECTION 2 - FILING, APPROVAL AND CIRCULATION OF PROSPECTUSES

Sub-section 1 - Filing and approval of the prospectus

PARAGRAPH 1 - FILING

Article 212-6

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

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

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

PARAGRAPH 2 - PROSPECTUS CONTENT

Article 212-7

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

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

The prospectus shall be drawn up in accordance with one of the formats and modules in Regulation (EC) 809/2004 of 29 April 2004 or one of the combinations provided for the different categories of financial securities. The prospectus shall contain the information specified in the Annexes to the aforementioned Regulation, depending on the type of issuer and the category of financial securities concerned.

Article 212-7-1

Within the meaning of Article 212-7:

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

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

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

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

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

Article 212-8

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

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

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

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

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

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

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

Article 212-8-1

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

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

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

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

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

4° The procedure for admission to trading;

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

Article 212-9

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

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

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

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

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

Article 212-10

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

If there has been a material change or recent development which could affect investors' assessments since the approval of the latest updated registration document or any supplemental note to the prospectus that has been prepared in accordance with Article 212-25, the securities note shall provide information that would normally be provided in the registration document.

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

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

Article 212-11

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

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

PARAGRAPH 3 - LANGUAGE USED FOR THE PROSPECTUS

Article 212-12

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

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

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

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

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

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

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

II. - Where admission to trading on a regulated market is planned solely in France or in one or more other Member States of the European Union or States party to the EEA agreement, including France, the prospectus approved by the AMF shall be drawn up in French or in another language customary in the sphere of finance. In the latter case, the summary must be translated into French except when applying for admission to trading on the compartment referred to Article 516-18.

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

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

IV. - Where the AMF is not the competent authority to approve the prospectus and where a public offer or admission to trading on a regulated market is planned solely in France or in one or more other Member States of the European Union or States party to the EEA agreement, including France, the prospectus shall be drawn up and published in French or in another language customary in the sphere of finance. In the latter case, the summary must be translated into French except when applying for admission to trading on the compartment referred to Article 516-18.

PARAGRAPH 4 - REGISTRATION DOCUMENT

Article 212-13

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PARAGRAPH 5 - RESPONSIBILITY ATTACHING TO PARTICIPANTS: ISSUERS, STATUTORY AUDITORS AND INVESTMENT SERVICES PROVIDERS

Article 212-14

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

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

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

The provisions of the third paragraph of this article shall not apply to prospectuses prepared for a public offering or admission of debt securities to trading on a regulated market, provided that the securities do not give holders access to equity, or for admission of financial securities to the compartment referred to in Article 516-18.

Article 212-15

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

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

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

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

The issuer shall forward a copy of the completion letter to the AMF before the AMF issues its approval or before the registration document or the updates and corrections thereto are filed or registered. If the letter contains observations, the AMF shall take appropriate action when scrutinising the prospectus.

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

III. - The provisions of Section II shall not apply to prospectuses prepared for a public offering or admission of debt securities to trading on a regulated market, provided that the securities do not give holders access to equity, or for admission of financial securities to the compartment referred to in Article 516-18.

Article 212-16

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

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

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

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

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

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

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

IV. - This article does not apply to prospectuses prepared for admission of financial instruments to the compartment referred to Article 516-18.

PARAGRAPH 6 - ADAPTING THE CONTENTS OF THE PROSPECTUS

Article 212-17

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

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

2° The maximum offer price.

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

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

Article 212-18

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

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

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

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

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

Article 212-19

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

Article 212-19 *bis*

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

PARAGRAPH 7 - CONDITIONS FOR ISSUANCE OF APPROVAL

Subparagraph 1 – General provisions

Article 212-20

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

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

Article 212-21

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 212-22

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

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

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

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

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

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

Article 212-23

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

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

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

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

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

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

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

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

PARAGRAPH 8 - EXISTENCE OF A RECENT PROSPECTUS

Article 212-24

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

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

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

PARAGRAPH 9 - SUPPLEMENT TO THE PROSPECTUS

Article 212-25

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

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

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

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

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

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

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

Sub-section 2 - Dissemination of the prospectus, advertisements

PARAGRAPH 1 - DISSEMINATION OF THE PROSPECTUS

Article 212-26

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

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

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

Article 212-27

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

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

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

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

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

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

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

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

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

Article 212-27-1

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

PARAGRAPH 2 – ADVERTISEMENTS AND INFORMATION DISSEMINATED FOR NON-ADVERTISING PURPOSES

Article 212-28

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

Such advertisements shall:

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

2° Be clearly recognisable as advertisements;

3° Contain no false or misleading statements;

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

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

6° Where applicable and at the request of the AMF, contain a warning about certain exceptional characteristics of the issuer or the guarantors, if any, or the securities being offered to the public or admitted to trading on a regulated market.

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

II. – Where the public offer or request for admission to a regulated market has not given rise to the production of a prospectus in en application des articles 212-4 et 212-5, any advertising material shall contain the warning mentioned in Article 211-3 (1°).

Article 212-29

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

Article 212-29-1

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

Article 212-30

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

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

SECTION 3 - SPECIAL CASES

PARAGRAPH 1 - BASE PROSPECTUS

Article 212-31

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

Article 212-32

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

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

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

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

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

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

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

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

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

Article 212-33

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

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

PARAGRAPH 2 - MERGER, DEMERGER, PARTIAL MERGER

Article 212-34

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

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

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

4° Documents pertaining to a merger, demerger or partial merger are made available free of charge to any person who so requests for viewing at the registered office of the issuer and at the offices of the financial institutions serving as paying agents for the issuer's securities. They shall also be made available on the issuer's website. The electronic version of these documents shall comply with the provisions of delegated regulation (EU) 2016/301 of 30 November 2015 relating to the approval and publication of the prospectus and dissemination of advertisements.

PARAGRAPH 3 - ISSUERS HAVING THEIR REGISTERED OFFICE OUTSIDE THE EUROPEAN ECONOMIC AREA

Article 212-36

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

Article 212-37

[Removed by the decree of 25 August 2016]

Article 212-38

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

PARAGRAPH 4 – Public offers unrelated to financial securities

Article 212-38-1

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

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

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

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

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

Article 212-38-2

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

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

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

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

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

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

Article 212-39

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

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

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

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

Article 212-40

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

Article 212-41

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

Article 212-42

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

CHAPTER III - RIGHT OF THE AMF TO SUSPEND OR PROHIBIT A PUBLIC OFFER OR ADMISSION OF SECURITIES TO TRADING ON A REGULATED MARKET AND TO BE INFORMED PRIOR TO SUCH ADMISSION

Article 213-1

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

Article 213-2

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

1° It has reasonable grounds to suspect that a public offer would contravene applicable laws and regulations;
2° It observes that a proposed admission to trading on a regulated market would contravene applicable laws and regulations.

Article 213-3

[Removed by the decree of 14 September 2016]

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

Article 214-1

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

1° Receive any and all correspondence from the AMF;

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

This article shall not apply to issuers whose securities are admitted to trading in the compartment referred to Article 516-18.

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

Article 215-1

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

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

CHAPTER VI - SOUNDING OUT THE MARKET FOR FINANCIAL OFFERINGS

Article 216-1

[Removed by the decree of 14 September 2016]

CHAPTER VII - OFFERS MADE VIA A WEBSITE AND NOT SUBJECT TO A PROSPECTUS APPROVED BY THE AMF

Article 217-1

In the case of offers made via a website on the terms set out in Article 325-32 and which are not subject to a prospectus approved by the AMF, the issuer shall provide, via said website and prior to any subscription:

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

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

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

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

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

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

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

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

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

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

TITLE II - PERIODIC AND ONGOING DISCLOSURE OBLIGATIONS

CHAPTER I - COMMON PROVISIONS AND DISSEMINATION OF REGULATED INFORMATION

Article 221-1

For the purposes of this title:

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

a) The annual financial report referred to in Article 222-3;

b) The half-yearly financial report referred to in Article 222-4;

c) The report on payments to governments, provided for in Article L. 225-102-3 of the Commercial Code;

d) The reports referred to in Article 222-9 concerning the conditions for preparing and organising the work of the board of directors or the supervisory board and the internal control and risk management procedures put in place by the issuer;

e) *[Removed by the decree of 27 February 2017];*

f) Information on the total number of voting rights and the number of shares making up the share capital referred to in Article 223-16;

g) The description of buyback programmes referred to in Article 241-2;

h) The news release setting out the arrangements for supplying the prospectus referred to in Article 212-27;

i) The information published pursuant to Article 17 of the market abuse regulation (Regulation (EU) No. 596/2014);

j) A news release specifying how the information referred to in Article R. 225-83 of the Commercial Code is being made available or may be consulted;

k) The information published pursuant to Article 223-21.

l) The statement concerning the competent authority pursuant to Article 222-1;

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

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

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

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

Article 221-2

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

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

Article 221-3

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

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

Article 221-4

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

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

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

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

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

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

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

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

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

2° Details of the security measures taken;

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

4° The means by which the information was transmitted;

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

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

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

VI. - The issuer shall also make a financial disclosure through the print media, at a frequency and in a presentation format that it considers appropriate given the type of financial securities issued, its size and shareholder base, and the circumstances in which its financial securities were admitted to trading in the compartment referred to Article 516-18. This disclosure must not be misleading and must be consistent with the information referred to in paragraph I of Article 221-3.

Article 221-5

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

Article 221-6

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

CHAPTER II - PERIODIC INFORMATION

SECTION 1 - FINANCIAL AND ACCOUNTING INFORMATION

Sub-section 1 - General provisions

Article 222-1

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

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

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

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

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

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

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

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

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

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

Sub-section 2 - Annual financial reports

Article 222-3

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

1° The annual accounts;

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

3° A management report containing at least the information referred to in Articles L. 225-100, L. 225-100-3 and the second sub-paragraph of Article L. 225-211 of the Commercial Code and, if the issuer is required to prepare consolidated accounts, in Article L. 225-100-2 of that Code;

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

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

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

Sub-section 3 - Half-yearly financial reports

Article 222-4

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

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

2° An interim management report;

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

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

Article 222-5

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

1° Balance sheet;

2° Income statement;

3° Statement of changes in equity;

4° Cash flow statement;

5° Accounting policies and explanatory notes.

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

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

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

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

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

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

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

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

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

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

Article 222-6

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

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

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

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

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

SECTION 2 - OTHER INFORMATION

Article 222-8

[Removed by the decree of 27 February 2017]

Article 222-9

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

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

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

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

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

Article 222-10

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

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

Article 222-11

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

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

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

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

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

Article 222-12

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

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

2° Is required to provide consolidated financial statements including:

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

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

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

Article 222-13

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

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

The individual accounts must be audited independently.

Article 222-14

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

1° A review of the period covered;

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

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

Article 222-15

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

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

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

CHAPTER III - ONGOING DISCLOSURE

SECTION 1 - OBLIGATION TO INFORM THE PUBLIC

Article 223-1 A

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

Article 223-1

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

Article 223-2

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

Article 223-3

[Removed by the decree of 14 September 2016]

Article 223-4

[Removed by the decree of 14 September 2016]

Article 223-5

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

Article 223-6

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

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

Article 223-7

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

Article 223-8

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

Article 223-9

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

Article 223-10

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

Article 223-10-1

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

Notwithstanding the provisions of the first paragraph, when the transaction involves capital securities submitted for the first time to trading on a regulated market or organised multilateral trading facility, the financial analysts appointed by member institutions of the syndicate in charge of performing the transaction, or by the group to which these institutions belong, may receive information prior to its public dissemination subject to compliance with the provisions of article 315-15.

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

Sub-section 1 - Major shareholdings

PARAGRAPH 1 - COMMON PROVISIONS

Article 223-11

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

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

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

1° Bonds that are exchangeable or redeemable in shares;

2° Futures and forward contracts;

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

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

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

This applies in particular to:

1° Bonds that are exchangeable or redeemable in shares;

2° Futures and forward contracts;

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

4° Warrants;

5° Securities repurchase agreements;

6° Securities financing agreements;

7° Contracts for difference;

8° Equity swaps;

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

- the shares represent 1% or more of the same class of shares issued by the issuer;
- the shares represent 20% or more of the total value of the securities in the basket or index.

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

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

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

- interest rate;
- dividend payments;
- time to maturity;
- volatility;
- price of underlying share.

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

- that the model used covers the complexity and risk of each financial instrument;
- that the same model is used in a consistent manner for the calculation of the number of voting rights to be taken into account by the reporting person.

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

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

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

Article 223-11-1

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

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

Article 223-12

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

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

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

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

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

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

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

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

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

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

For the purposes of this paragraph:

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

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

Article 223-12-1

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

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

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

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

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

Article 223-13

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

1° Acquired solely for the clearing, settlement or delivery of financial instruments under the short-term settlement cycle lasting no more than three trading days after the transaction;

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

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

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

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

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

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

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

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

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

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

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

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

Article 223-14

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

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

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

1° The identity of the reporting person;

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

3° The date on which the threshold was breached;

4° The reason why the threshold was breached;

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

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

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

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

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

III. -The notification shall also indicate:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 223-15

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

PARAGRAPH 2 - PROVISIONS APPLICABLE TO ORGANISED MULTILATERAL TRADING FACILITIES

Article 223-15-1

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

Article 223-15-2

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

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

Article 223-16

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

Article 223-16-1

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

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

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

Article 223-17

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

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

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

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

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

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

6° The operations for carrying out that strategy:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 3 - SHAREHOLDER AGREEMENTS

Article 223-18

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

SECTION 4 - OTHER INFORMATION

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

Article 223-19

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

Article 223-20

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

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

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

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

Sub-section 2 - Other information

Article 223-21

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

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

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

SECTION 5 - TRANSACTIONS IN THE COMPANY'S SECURITIES BY OFFICERS AND DIRECTORS AND PERSONS REFERRED TO IN ARTICLE L. 621-18-2 OF THE MONETARY AND FINANCIAL CODE

Article 223-22 A

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

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

Article 223-22

[Removed by the decree of 14 September 2016]

Article 223-23

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

Article 223-24

[Removed by the decree of 14 September 2016]

Article 223-25

[Removed by the decree of 14 September 2016]

Article 223-26

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

SECTION 6 - LISTS OF INSIDERS

Article 223-27

[Removed by the decree of 14 September 2016]

Article 223-28

[Removed by the decree of 14 September 2016]

Article 223-29

[Removed by the decree of 14 September 2016]

Article 223-30

[Removed by the decree of 14 September 2016]

Article 223-31

[Removed by the decree of 14 September 2016]

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

Article 223-32

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

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

Article 223-33

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

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

The AMF may request any information it deems necessary.

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

Article 223-34

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

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

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

Article 223-35

If the persons mentioned in Article 223-32 indicate that they do not intend to file a draft offer, or if they are deemed not to have such an intention pursuant to the final paragraph of Article 223-33, they may not file a draft offer for a period of six months starting from when they made their statement or from the expiry of the deadline mentioned in the final paragraph of Article 223-33, unless they provide evidence of major changes in the environment, situation or shareholding structure of the persons concerned, including the issuer itself.

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

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

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

Article 223-36

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

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

SECTION 9 - SHORT POSITIONS REPORTING

Article 223-37

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

SECTION 10 - DISCLOSURE OF SECURITIES FINANCING TRANSACTIONS INVOLVING EQUITY SECURITIES

Article 223-38

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

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

TITLE III - TAKEOVER BIDS

CHAPTER I – GENERAL RULES AND COMMON PROVISIONS

SECTION 1 – SCOPE, DEFINITIONS AND GENERAL PRINCIPLES

Sub-section 1 - Scope

Article 231-1

This title applies to:

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

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

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

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

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

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

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

Sub-section 2 - Definitions

Article 231-2

For the purposes of this Title:

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

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

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

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

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

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

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

Sub-section 3 - General principles

Article 231-3

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

Article 231-4

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

Article 231-5

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

Article 231-6

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

Article 231-7

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

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

SECTION 2 - NATURE OF THE OFFER AND CONDITIONS PRECEDENT

Article 231-8

An offer may consist of:

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

2° an alternative offer;

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

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

If, in the twelve months before the offer is filed, the offeror, acting alone or in concert, has purchased, for cash, securities giving it more than 5% of the shares or voting rights of the target company, the offer must include a cash option.

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

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

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

Article 231-9

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

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

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

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

c) there are one or several competing offers;

d) provisions of law, regulation or bylaw prevent any majority control being acquired.

The AMF shall rule on the basis of the principles set forth in Article 231-3.

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

Article 231-10

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

Article 231-11

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

An offeror that seeks to assert such provisions shall provide the AMF with a copy of the notices to the authorities concerned or any document attesting to the steps taken to inform those authorities and shall keep the AMF informed of the progress of the procedure.

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

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

Article 231-12

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

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

SECTION 3 - FILING OF THE DRAFT OFFER, THE DRAFT OFFER DOCUMENTAND THE DRAFT REPLY DOCUMENT

Article 231-13

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

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

II. - This letter shall stipulate:

1° The aims and intentions of the offeror;

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

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

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

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

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

6° In the cases provided for in Article L. 2323-23-1 of the Labour Code, if the procedure to inform and consult the works council of the target company, referred to in Article L. 2323-23 of the Labour Code began to the announcement of the offer.

III. - The letter shall be accompanied by:

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

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

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

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

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

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

Article 231-14

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

Article 231-15

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

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

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

SECTION 4 - DISCLOSURES TO SHAREHOLDERS AND THE PUBLIC

Article 231-16

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

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

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

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

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

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

Article 231-17

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

Where applicable, the news release shall mention the findings of the report by the independent appraiser appointed pursuant to Article 261-1 and the findings of the company works council opinion referred to in Article L. 2323-23 of the Labour Code. If the news release is published before the appraiser submits his report or the works council of the target company submits the opinion referred to in Article L. 2323-23 of the Labour Code, the target company shall issue another release when the report or the opinion is published, mentioning the appraiser's findings, the reasoned opinion of the governing bodies referred to in the first paragraph and the findings of the works council opinion.

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

The AMF may request any disclosure that it deems necessary.

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

Article 231-18

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

1° The identity of the offeror;

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

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

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

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

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

e) The planned timetable for the offer;

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

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

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

3° Its intentions for at least the coming twelve months with regard to the industrial and financial strategy of the companies concerned, where applicable, its specific commitments and intentions formalised within the framework of the procedure to inform and consult the works council of the target company, referred to in Article L. 2323-23 of the Labour Code, and continued public trading on a regulated market of the equity securities or securities giving access to the capital of the target company;

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

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

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

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

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

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

10° Procedures for making available the information mentioned in Article 231-28.

11° The specific procedures by which the financial instruments of the target company will be acquired and, where applicable, the identity of the investment services provider appointed to acquire them on behalf of the offeror.

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

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

Article 231-19

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

1° The agreements mentioned in Article 231-5;

2° The information mentioned in Article L. 225-100-3 of the Commercial Code, updated where applicable as at the date of the offer, to the best of the company's knowledge;

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

3° bis In the cases provided for in Articles L. 2323-21 to L. 2323-26-1 A of the Labour Code, the opinion of the works council of the target company and, where applicable, the chartered accountant's report prepared on behalf of the works council pursuant to the provisions of Article L. 2323-22-1 of the Labour Code;

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

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

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

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

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

SECTION 6 - REVIEW OF THE DRAFT OFFER BY THE AMF

Article 231-20

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

II. - In the cases provided for in Article 261-1 and for offers under the terms of Articles L. 2323-21 to L. 2323-26-1 A of the Labour Code, the statement of compliance shall be issued no earlier than five trading days after the target company has filed its draft reply document.

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

Article 231-21

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

1° The aims and intentions of the offeror.

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

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

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

4° The information in the draft offer document;

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

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

Article 231-22

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

Article 231-23

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

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

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

Article 231-24

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

Article 231-25

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

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

Article 231-26

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

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

3° For offers in which the works council must be informed and consulted pursuant to the provisions of Articles L. 2323-21 to L. 2323-26-1 A of the Labour Code, the target company shall file a draft reply document by the date of the later of the following two events:

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

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

In any event, the draft reply document may not be filed before the opinion of the works council of the target company or the date on which the works council is deemed to have been consulted as provided by Article L. 2323-23 of the Labour Code.

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

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

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

SECTION 7 - DISTRIBUTION OF THE OFFER AND REPLY DOCUMENTS

Article 231-27

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

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

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

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

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

In all cases, a copy of the document must be sent free of charge to any person who requests it, and an electronic version of the offer document must be sent to the AMF for posting on its website

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

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

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

In all cases, a copy of the reply document must be sent free of charge to any person who requests it, and an electronic version must be sent to the AMF for posting on its website.

4° The approved offer and reply documents published and made available to the public shall always be identical to the original versions approved by the AMF.

SECTION 8 - OTHER INFORMATION

Article 231-28

I.- Disclosures about the legal, financial, accounting and other characteristics of the offeror and the target company, which must meet the content requirements specified in an AMF instruction, shall be filed with the AMF and made available to the public no later than the day before the offer opens, in accordance with the procedures referred to in Points 2° and 3° of Article 231-27.

The reports by the statutory auditors of the offeror and the target company must also be filed with the AMF under the same conditions.

II. - Foreign offerors shall appoint, with the assent of the AMF, a statutory auditor that verifies the translation of the financial statements and notes as well as the relevance of any supplements and adaptations thereto. The statutory auditor shall send a letter to the offeror when it completes its work on the translation of these elements and shall state its observations, if any. The offeror shall forward a copy of the completion letter to the AMF. These provisions shall also apply to foreign target companies.

III. - For the waiver provided for in Point 2° of Article 212-4 and Point 3° of Article 212-5 to be effective, the statutory auditors shall declare that any forward-looking information, whether estimated or pro forma, has been properly prepared in accordance with the indicated basis and that the accounting basis is consistent with the offeror's accounting policies.

The offeror's statutory auditors shall examine all the information from the offeror referred to in Part I and, where such is the case, the updates or corrections thereto. This overall examination and any special verifications shall be carried out in accordance with a standard issued by the national institute of statutory auditors (*Compagnie Nationale des Commissaires aux Comptes*).

They shall draw up a completion letter for their work, in which they inform the offeror about any reports issued. Upon completion of their overall examination and any special verifications that may have been made in accordance with the aforementioned professional standard, they shall state their observations, if any.

The offeror shall forward a copy of the completion letter to the AMF.

IV. - No later than the day before the offer opens, the offeror, the target company and at least one of the sponsoring institutions shall file a declaration certifying that all the information required under this article has been filed and has or will be disseminated within the timeframe stipulated in paragraph I.

Article 231-29

If the AMF finds an omission or a material inaccuracy in the content of the information mentioned in Article 231-28, it shall inform the offeror or the target company, as appropriate, of this fact. The offeror or target company is then required to amend the information and file the corrections with the AMF.

Any omission or inaccuracy, with regard to this General Regulation or to AMF instructions, that could manifestly distort an investor's assessment of the proposed transaction shall be considered as material.

These corrections shall be made available to the public as soon as possible, in accordance with Points 2° and 3° of Article 231-27.

Article 231-30

The AMF may postpone the closing date of the offer to give holders of securities at least five trading days to respond following publication of the information mentioned in Article 231-29.

SECTION 9 - OFFER TIMETABLE

Article 231-31

The offer timetable is set based on the distribution date of the joint offer document of the offeror and the target company or the reply document of the target company.

Article 231-32

The offer opens on the trading day after the latest of the following events:

1° Distribution of the approved offer document prepared by the offeror (where applicable, jointly with the target company) or, in the cases provided for by Article 261-1, distribution of the reply document prepared by the target company;

2° Distribution of the information mentioned in Article 231-28;

3° Where applicable, receipt by the AMF of any prior authorisations required by law.

The AMF publishes the opening and closing dates of the offer and the release date of the outcome of the offer.

Article 231-33

Persons wishing to tender their securities to the offer must send their orders to an authorised provider during the offer period.

Article 231-34

At any time during the offer period, the AMF may postpone the closing date of the offer.

Article 231-35

The AMF publishes the results of the tender offer, which are transmitted to it by the market operator concerned or by the sponsoring institution, as the case may be.

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

Article 231-36

The parties concerned by the offer, their officers and directors and their advisers shall demonstrate particular vigilance in their statements.

Any advertisement, regardless of its form and method of dissemination, shall be communicated to the AMF before being disseminated.

Such advertisements shall:

1° State that an offer document or reply document has been or will be published and indicate where investors are or will be able to obtain it;

2° Be clearly recognisable as advertisements;

3° Contain no information that could mislead the public or discredit the offeror or the target company;

4° Be consistent with the information contained in the news releases, the offer document and the reply document;

5° Where applicable and at the request of the AMF, contain a warning about certain exceptional characteristics of the offeror, the target company, or the financial instruments concerned by the offer.

The provisions of this article shall also apply during the pre-offer period.

Article 231-37

Any additional information not included in the offer document approved by the AMF must be made public in a news release. The author of the release shall ensure that it is distributed in accordance with Article 221-3.

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

Sub-section 1 - Trading by the offeror and persons acting in concert with it

Article 231-38

I. - The restrictions on trading in the securities concerned by a public offer do not apply to acquisitions resulting from a voluntary agreement entered into after the beginning of the offer period or the pre-offer period, as applicable.

II. - During the pre-offer period, the offeror and persons acting in concert with it shall not acquire any of the securities of the target company.

III. - During the offer period, the offeror and persons acting in concert with it may not acquire any securities of the target company if the offer is subject to one of the conditions mentioned in Articles 231-10 and 231-11.

IV. - Without prejudice to the provisions of Article 231-41 and of III of this article, the offeror and persons acting in concert with it may acquire the securities of the target company after the start of the offer period and until the opening of the offer.

In the case of a public offer under the terms of Chapter II of this title, such acquisitions shall be made without making the offeror, either alone or in concert, cross the thresholds set out in Articles 234-2 and 234-5.

In the case of a public offer under the terms of Chapters III and VI of this title, such acquisitions shall be limited to 30% of the existing securities targeted by the offer, for each category of shares targeted.

V. - Without prejudice to the provisions of Article 231-41 and of III of this article, the offeror and persons acting in concert with it may acquire the securities of the target company from the opening of the offer until the publication of the outcome.

In the case of a public offer under the terms of Chapter II of this title, such acquisitions shall be made without making the offeror, either alone or in concert, cross the thresholds set out in Articles 234-2 and 234-5.

During the reopening of the offer, the offeror may carry out its offer by acquiring the securities targeted, if the offer is fully settled in cash and provided that at the close of the initial offer period it holds more than 50% of the share capital and voting rights of the target company.

VI - From the closing of the offer until the publication of the outcome, the offeror and the persons acting in concert with it may not sell any securities of the target company.

Article 231-39

I. - In the case of a public offer under the terms of Chapter II of this title, if the offeror and the persons acting in concert with it proceed to acquire securities of the target company, any acquisition made at a price higher than the offer price shall automatically cause this price to be raised to at least 102% of the stipulated price and, beyond that, to the price actually paid, regardless of the quantities of securities acquired, and regardless of the price at which they were acquired, and the offeror shall not be able to amend the other terms of the offer.

After the deadline set out in Article 232-6 for submitting an improved offer and until the publication of the outcome of the offer, the offeror and the persons acting in concert with it may not acquire securities of the target company at a price higher than the offer price.

II. - In the case of a public offer under the terms of Chapters III and VI of this title, or the case of the reopening of a public offer under the terms of Chapter II, any trading in the securities of the target company by the offeror and the persons acting in concert with it shall be carried out:

1° Based on an order drawn up at the offer price, in the case of a market acquisition, or at the offer price and only at that price, in the case of an off-market acquisition, from the beginning of the offer period until the opening of the offer;

2° At the offer price and only at that price, from the opening of the offer until the publication of the outcome.

Sub-section 2 - Trading by the target company and persons acting in concert with it

Article 231-40

I. - During the offer period, the target company, when it is applying the provisions of Article L. 233-33 I or II of the Commercial Code and such provisions are not ruled out pursuant to Article L. 233-33 III of the same Code, and the persons acting in concert with it may not trade in the company's equity securities or securities providing access to the company's equity or financial instruments linked to these securities.

II. - If an offer falls under the terms of Chapter II of this title and is fully settled in cash, the target company when it is applying the provisions of Article L. 233-33 I or II of the Commercial Code may continue to execute a share buy-back programme during the offer period, provided that the general meeting resolution that authorised the programme expressly provided for it and, if it is a measure that may cause the offer to fail, provided that its implementation is subject to approval or confirmation by the general meeting.

III. - The provisions of this article also apply during the pre-offer period.

Sub-section 3 - Trading by persons concerned by a public exchange offer or a public cash and exchange offer

Article 231-41

If all or part of the offer is to be settled in securities, the persons concerned by the offer may not, during the offer period, trade in:

1° The equity securities or securities giving access to the equity of the target company or financial instruments linked to these securities;
2° The equity securities or securities giving access to the equity of the company issuing the securities offered in exchange or financial instruments linked to these securities.

However, a company issuing the equity securities to pay for a public offer may continue to trade in its own securities as part of a share buy-back programme implemented in accordance with the provisions of Article L. 225-209 of the Commercial Code and of Regulation (EC) 2273/2003 of the European Commission of 22 December 2003, or of an equivalent foreign regulation.

The provisions of this article shall also apply during the pre-offer period.

Sub-section 4 - Trading by the service providers concerned

Article 231-42

The provisions of Articles 231-38 to 231-41 shall apply to proprietary trading by any services provider concerned as well as by any company belonging to the same group.

The service providers concerned shall monitor compliance with these restrictions on a daily basis. They shall make the results of their diligence and oversight available to the AMF. In particular, they shall answer any question from the AMF about the trades that they make during an offer period and they shall be capable of demonstrating that they comply with the provisions of this title.

The provisions of this article shall also apply during the pre-offer period.

Article 231-43

I. - By way of derogation from the provisions of the first paragraph of Article 231-42, the services provider concerned and any company belonging to the same group are authorised to trade in the securities concerned by the offer or derivatives linked to these securities in transactions for their own account or on behalf of their group under the following conditions:

1° The trading involves staff members with resources, objectives and responsibilities that are distinct from those involved in the offer and that they are separated by an "information barrier";

2° The trading is in line with usual practices with regard to risk hedging linked to customer transactions or market making;

3° The positions and changes in liabilities resulting from proprietary trading do not deviate significantly from the usual pattern;

4° The service provider has taken all necessary steps to make a prior assessment of the effects of any proprietary trading to avoid influencing the outcome of the offer and unduly influencing the prices of the securities concerned;

5° The trading complies with the principles set out in Article 231-3.

II. - The service provider concerned shall adapt its internal procedures to the specific characteristics of each offer and to the features of the market for the securities of the target company and, where appropriate, the securities offered in exchange in order to ensure compliance with the provisions of this article. It shall set the requirements for proprietary trading in the financial instruments concerned, if it allows such trading.

III. - The provisions of this article shall also apply if the service provider concerned or a company in its group is the offeror or the target company in a public offer.

SECTION 12 - OVERSIGHT OF PUBLIC OFFERS

Article 231-44

The provisions of this section shall apply from the beginning of the pre-offer period until the end of the offer period.

The provisions of Sub-section 1 apply to any person or entity, including the persons concerned by the offer. Investment services providers are subject to the provisions of Sub-section 2.

The fractions of 1%, 2% and 5% referred to in this section are determined in accordance with the assimilation methods provided for by Article L. 233-9 of the Commercial Code, except those provided for in Point 3° of Section II of this article.

Sub-section 1 - General provisions

Article 231-45

The offeror shall immediately notify the AMF of the identity of the investment services provider(s) responsible for presenting the draft offer.

The persons concerned by the offer shall immediately notify the AMF of the identity of the investment services providers or institutions advising them.

Any changes in the information referred to in the preceding paragraphs shall be notified to the AMF immediately.

Article 231-46

I. - The following persons and entities must report daily to the AMF on the transactions they have carried out resulting in or likely to result in a transfer of ownership in the securities or voting rights targeted by the offer, including any transactions involving financial instruments or agreements that have a similar economic effect to that of owning said securities:

1° The persons concerned by the offer;

2° Persons or entities that hold on their own or in concert at least 5% of the share capital or voting rights in the target company;

3° Persons or entities that hold on their own or in concert at least 5% of the securities other than shares targeted by the offer;

4° Members of the Boards of Directors, Supervisory Boards or Executive Boards of the persons concerned by the offer;

5° Persons or entities that have on their own or in concert increased their holding to 1% or more of the equity of the target company, or 1% or more of the total securities other than shares targeted, since the beginning of the offer period or, where appropriate, the pre-offer period, for as long as they hold such a quantity of securities.

The transactions that must be declared include in particular:

1° The acquisition, sale, subscription, lending or borrowing of the securities targeted by the offer;

2° The acquisition or sale of any financial instrument or the conclusion of any agreement that has a similar economic effect to that of owning the securities targeted by the offer, regardless of how it is settled;

3° The exercise of the share allocation right attached to the said financial instruments or the execution of the said agreements.

II. - The reports must specify:

1° The identity of the person filing the report and the person or entity that controls it within the meaning of the relevant provisions;

2° The trade date;

3° The trade execution venue;

4° The number of securities traded and the trade price;

5° The number of securities and voting rights held after the trade by the person reporting, acting alone or in concert.

The reports must be filed with the AMF by the next trading day using the form defined in an AMF Instruction. The AMF shall be entitled to ask the reporting entity for any details or further information that it deems necessary.

III. - In the case of a public offer involving settlement in the securities of the offeror, trades in the securities of both the offeror and the target company must be reported under the same conditions and according to the same procedures.

A person or entity required to report transactions relating to one or other of the companies must report its transactions in the securities of both companies.

Article 231-47

Without prejudice to Articles L. 233-7 and following of the Commercial Code, any person or entity, with the exception of the offeror, that has increased its holding of shares on its own or in concert by 2% or more of the share capital of the target company or that has increased its holding of shares if it holds over 5% of the share capital and voting rights, since the beginning of the offer period or, as appropriate, the beginning of the pre-offer period, shall be required to report the objectives that it intends to pursue with regard to the ongoing offer to the AMF immediately.

The provisions of the first paragraph shall also apply to securities other than shares targeted by the offer.

The report shall stipulate:

1° whether the person or entity having increased its interest is acting alone or in concert;

2° the objectives of this person or entity with regard to the offer, especially if it intends to continue making acquisitions and, if the offer has been filed, whether it intends to contribute the securities acquired to the offer.

The AMF shall be entitled to ask the reporting entity for any details or further information that it deems necessary.

Article 231-48

The AMF shall publish the reports filed with it under the terms of Articles 231-46 and 231-47.

Exceptionally, the AMF may adapt the format of the publication of the declarations made to it pursuant to Articles 231-46 and 231-47 if the declarant proves that the publication may cause it harm, particularly in the sense that it would give rise to a market risk.

Sub-section 2 - Special provisions for investment services providers

Article 231-49

Any investment services provider or custody account keeper involved in transmitting orders shall draw the attention of customers that cross one of the thresholds set in Articles 231-46 and 231-47 to the reporting requirements applying to them.

PARAGRAPH 1 - PROVISIONS APPLYING TO THE SERVICE PROVIDERS CONCERNED

Article 231-50

Without prejudice to the provisions of Article L. 621-18-4 of the Monetary and Financial Code, if the financial instruments of the offeror are not admitted for trading on a regulated market, the service providers concerned shall draw up and keep an up-to-date list of the persons that have been given access to inside information relating to the offer.

The list shall include:

1° The name or business name of each of the persons;

2° The reason for their appearing on the list;

3° The date of their inclusion on the list.

Article 231-51

I. - The service providers concerned shall report their position in the securities targeted by the offer to the AMF on a daily basis if they have increased their holding to 1% or more of the share capital of the target company, or 1% or more of the total securities other than shares targeted, since the beginning of the offer period, or the beginning of the pre-offer period, where appropriate, for as long as they hold that quantity of securities.

II. - The reports must specify:

1° The identity of the person filing the report and the person or entity that controls it within the meaning of the relevant provisions;

2° The number of securities held by the person reporting;

3° The number of securities that the service provider concerned shall hold under the terms of any financial instrument or agreement that has a similar economic effect to that of owning the securities targeted by the offer.

The reports must be filed with the AMF by the next trading day using the form defined in an AMF Instruction. The AMF shall be entitled to ask the reporting entity for any details or further information that it deems necessary.

PARAGRAPH 2 - PROVISIONS APPLYING TO OTHER INVESTMENT SERVICES PROVIDERS

Article 231-52

The provisions of Articles 231-46 to 231-48 shall apply to investment services providers other than the service providers concerned, unless:

1° Their trading is in line with usual practices with regard to arbitrage or hedging of risks associated with customer transactions or market making;

2° The positions and changes in liabilities resulting from proprietary trading do not deviate significantly from the usual pattern.

In the cases referred to in 1° and 2° above, the provisions of Article 231-51 shall apply.

The criteria set forth in this article are assumed not to be met once the investment services provider comes to hold more than 5% of the capital or voting rights of the target company.

SECTION 14 - SUSPENDING THE EFFECTS OF RESTRICTIONS ON THE EXERCISE OF VOTING RIGHTS AND EXTRAORDINARY POWERS TO APPOINT AND DISMISS DIRECTORS, MEMBERS OF THE SUPERVISORY BOARD, MEMBERS OF THE MANAGEMENT BOARD, CHIEF EXECUTIVE OFFICERS AND DEPUTY CHIEF EXECUTIVE OFFICERS

Article 231-54

The effects of statutory restrictions on the number of votes held by individual shareholders at general meetings, mentioned in the first paragraph of Article L. 225-125 of the Commercial Code, shall be suspended during the first general meeting following the close of the offer where the offeror, acting alone or in concert, has acquired more than two-thirds of the shares or voting rights of the target company.

Article 231-55

Where provided for by the articles of association, the effects of statutory restrictions on the exercise of voting rights attached to the equities of the company, and the effects of clauses in agreements concluded after 21 April 2004 providing for restrictions on the exercise of voting rights attached to the equities of the company, shall be suspended during the first general meeting following the close of the offer where the offeror, acting alone or in concert, has acquired more than one-half of the shares or voting rights of the target company.

Article 231-56

Where provided for by the articles of association, the extraordinary powers held by certain shareholders to appoint and dismiss directors, members of the Supervisory Board, members of the Management Board, Chief Executive Officers and Deputy Chief Executive Officers shall be suspended during the first general meeting following the close of the offer where the offeror, acting alone or in concert, has acquired more than one-half of the shares or voting rights of the target company.

CHAPTER II – STANDARD PROCEDURE

SECTION 1 – GENERAL PROVISIONS

Article 232-1

Where the offeror, acting alone or in concert, holds less than one-half of the shares or voting rights of the target company, only the standard offer procedure shall apply.

Article 232-2

The term of the offer is twenty-five trading days. If the draft reply document is filed after the compliance ruling is published, the period starting on the day after the dissemination of reply document and ending with the closing of the offer shall be twenty-five trading days, without exceeding thirty-five trading days from the opening of the offer.

Exceptionally, when the offeror asserts the provisions of Article 231-11, the closing date and timetable of the offer are set after the AMF has received the documents supporting the authorization by the competition authorities mentioned in the first point of Article 231-11.

In agreement with the AMF, the market operator concerned announces the conditions and deadlines for account-keeping institutions to deposit securities tendered to the offer and for delivery and settlement in securities or cash, as well as the date on which the outcome of the offer will be available.

Orders of persons wishing to tender their securities to the offer may be cancelled at any time up to and including the closing date of the offer.

Article 232-3

In principle, the outcome of the offer is published no later than nine trading days after the closing date.

If the AMF determines that the offer has succeeded, the market operator announces the terms of settlement and delivery for the securities acquired by the offeror. If the AMF determines that the offer has not succeeded, the market operator announces the date on which the target securities will be returned to the account-keeping institutions.

If the offer is subject to an acceptance threshold or a withdrawal threshold, the AMF publishes a provisional result as soon as the market operator notifies it of the total number of securities tendered for centralisation by authorised intermediaries.

Article 232-4

Unless it is unsuccessful, any offer made following the normal procedure shall be re-opened within ten trading days of publication of the final outcome.

The guarantee of the irrevocability of the offeror's commitments referred to in Article 231-13, shall also concern the re-opening of the offer.

The AMF shall publish the timetable for the re-opened offer, which must last ten or more trading days.

However, if the offeror proceeds directly to a squeeze-out in accordance with Articles 237-14 et seq., the initial offer need not be re-opened, on condition that a squeeze-out was mentioned in the offeror's statement of intentions and that it is filed no later than ten trading days after publication of the outcome of the offer.

SECTION 2 - COMPETING AND IMPROVED OFFERS

Article 232-5

At any time after the opening of the offer but no later than five trading days before it closes, a competing proposed offer on the securities of the target company or one of the target companies may be filed with the AMF.

Article 232-6

An offeror may improve upon the terms of its original offer or the most recent competing offer until no later than five trading days before the offer closes.

Article 232-7

To be declared compliant, a competing public cash offer or an improved cash offer must be at least 2% higher than the price stated in the public cash offer or the previous improved cash offer.

In all other cases, the AMF declares compliant any competing draft offer or improved offer which, assessed in the light of Articles 231-21 and 231-22, significantly improves upon the terms offered to holders of the target securities.

However, a competing or improved offer may be declared compliant if, without modifying the terms of its previous offer, the offeror removes or lowers the acceptance threshold below which the offer will not be declared successful.

Article 232-8

Where the AMF declares an improved offer to be compliant, it determines whether to postpone the closing date of the offer(s) and to void orders tendering securities to the earlier offer(s).

Article 232-9

Except when the terms of its offer are raised automatically, an offeror that raises its preceding offer must prepare an additional document to supplement the offer document submitted for AMF review in accordance with Article 231-20.

This supplemental document specifies how the terms of the new offer are improved relative to those of the preceding offer, indicating the changes of the various items required by Article 231-18.

The opinion and reasons therefor of the Board of Directors or Supervisory Board or, in the case of a foreign company, the competent governing body of the target company, including the information specified in Article 231-19, are communicated to the AMF. This information is made public as specified in Article 231-37.

Article 232-10

A competing offer is opened in accordance with the provisions of Article 231-32. Where the AMF determines the timetable for the competing offer, it aligns the closing dates of all competing bids on the furthermost date, without prejudice to the provisions of Article 231-34.

Where a competing offer is opened, all orders to tender securities to the earlier offer shall be null and void.

Article 232-11

The offeror may withdraw its offer within five trading days of publication of the timetable for a competing offer or improved competing offer. If it does so, it must inform the AMF of its decision, which is made public.

The offeror may also withdraw an offer if it is frustrated or if the target company adopts measures that modify its substance, either during the offer or in the event that the offer is successful, or if the measures taken by the company make the offer more costly for the offeror.

Article 232-12

When a period of more than ten weeks has elapsed since the public announcement of the opening of an offer, the AMF may, with a view to expediting comparison of competing offers and with due observance of the order of their filing, set deadlines for filing each successive improved offer.

The AMF announces its decision and specifies the implementation procedures. The deadline may not be less than three trading days from the publication of the AMF's decision on each improved offer.

Article 232-13

When a period of more than ten weeks has elapsed since the opening of an offer, the AMF may, with a view to hastening the outcome of the outstanding offers, decide to use a cut-off bid procedure.

The AMF sets a date by which each of the offerors must either inform the AMF that its offer is maintained on the same terms or file a final improved offer.

Where applicable, the AMF rules on the compliance of the improved offer(s) and sets the final offer closing date.

In such case, notwithstanding Article 232-6, no improved offer may be filed unless a new competing offer has been filed, declared compliant and opened.

CHAPTER III - SIMPLIFIED PROCEDURE

Article 233-1

The simplified offer procedure may be used in the following cases:

1° an offer by a shareholder that already holds directly or indirectly, alone or in concert within the meaning of Article L. 233-10 of the Commercial Code, one-half or more of the target company's equity and voting rights;

2° an offer by a shareholder that, following an acquisition, holds directly or indirectly, alone or in concert within the meaning of Article L. 233-10 of the Commercial Code, one-half or more of the target company's equity and voting rights;

3° an offer for no more than 10% of the voting equity securities or voting rights of the target company, taking into account the voting equity securities and voting rights that the offeror already holds, directly or indirectly;

4° an offer by a person, acting alone or in concert within the meaning of Article L. 233-10 of the Commercial Code, for preference shares, investment certificates or voting rights certificates;

5° an offer by a company to buy back its own shares, pursuant to Article 225-207 of the Commercial Code;

6° an offer by a company to buy back its own shares, pursuant to Article 225-209 of the Commercial Code;

7° an offer by the issuing company for securities giving access to its equity;

8° an offer by the issuing company to exchange debt securities that do not give access to capital for equity securities or securities that do give access to its capital.

Article 233-2

The simplified public cash offer shall be carried out by purchasing securities on the terms and following the procedures stipulated at the opening of the offer.

In the case of a limited offer referred to in points 3°, 5° and 6° of Article 233-1 and in Articles 233-4 and 233-5, or in the case of simplified exchange offer, or if the circumstances and the procedures of the transaction warrant it, the offer shall be centralised by the market undertaking concerned or by the sponsor institution under the supervision of the market undertaking.

The offer period for a simplified offer may be limited to ten trading days in the case of a cash offer and to fifteen trading days in other cases, with the exception of a buyback offer pursuant to Article L. 225-207 of the Commercial Code.

Article 233-3

In the case of a cash offer under the terms of Point 1° of Article 233-1 and subject to the provisions of Articles 231-21 and 231-22, the price stipulated by the offeror may not, unless the AMF gives its consent, be lower than the price determined by calculating the average stock market prices, weighted by trading volume for sixty trading days prior to the publication of the notice referred to in the first paragraph of Articles 223-34 or, failing that, prior to publication of the notice of filing of the draft offer referred to in Article 231-14.

For the purposes of this calculation, the prices and volumes used shall be the ones on the regulated market where the shares of the target company are most liquid.

Article 233-4

In the case of an offer for investment certificates or voting rights certificates, the offeror may limit itself to acquiring a quantity of voting rights certificates or investment certificates equivalent to the number of such investment certificates or voting rights certificates, respectively, that it already holds.

Article 233-5

If the person making a simplified offer has been authorised to reserve the right to scale down the sale or exchange orders made in response to its offer, the scaling-down is done on a proportional basis, subject to any necessary adjustments.

Orders made in response to a buyback offer filed pursuant to Point 5° of Article 233-1 are scaled down in accordance with the provisions of the Commercial Code.

In such cases, the offeror may not trade in the securities concerned.

CHAPTER IV - MANDATORY FILING OF A DRAFT OFFER

Article 234-1

For the purposes of this Chapter, equity securities shall mean voting securities if a company's equity capital consists partly of non-voting securities.

The fractions of capital or voting rights referred to in this Chapter are determined in accordance with the threshold calculation methods set by Articles L. 233-7 and L. 233-9 of the Commercial Code.

The agreements and instruments referred to in Points 4° and 4° bis of Section I of Article L. 233-9 of the Commercial Code are not taken into account when determining the fractions of capital or voting rights referred to in this Chapter

The financial instruments to be taken into account pursuant to point 4° of section I of Article L. 233-9 of the Commercial Code are:

1° Bonds exchangeable for shares;

2° Futures;

3° Options, whether exercisable immediately or at a future date, regardless of the level of the share price relative to the exercise price of the option; where the option can be exercised only on condition that the share price reaches a level specified in the contract, it is counted as a share once that level is reached.

The agreements to be taken into account are those referred to in point 4° of section I of Article L. 233-9 of the Commercial Code; where the agreement can be exercised only on condition that the share price reaches a level specified in the contract, the shares covered by the agreement are counted once that level is reached.

Article 234-2

Where a natural or legal person, acting alone or in concert within the meaning of Article 233-10 of the Commercial Code, comes to hold more than 30% of a company's equity securities or voting rights, such person is required, on its own initiative, to inform the AMF immediately thereof and to file a proposed offer for all the company's equity securities, as well as any securities giving access to its capital or voting rights, on terms that can be declared compliant by the AMF.

The provisions of Chapter I and, as appropriate, Chapters II or III of this Title are applicable to mandatory tender offers.

Natural or legal persons acting alone or in concert within the meaning of Article 233-10 of the Commercial Code are subject to the requirements of the first paragraph when, as a result of a merger or an asset contribution, they come to hold more than 30% of a company's capital or voting rights.

Article 234-3

Where an offer under the terms of this chapter has become null and void pursuant to Article 231-9 I, the offeror is deprived of the voting rights attached to the shares it holds in the target company on the terms set out in Part II of Article L. 433-1-2 of the Monetary and Financial Code.

Article 234-4

The AMF may authorise, under terms that are made public, a temporary breach of the thresholds referred to in Articles 234-2 and 234-5 if the breach results from a transaction that is not intended to gain or increase control of the company, within the meaning of Article L. 233-2 of the Commercial Code, and if it lasts no longer than six months. The person(s) concerned shall undertake not to exercise the corresponding voting rights during the period of resale of the securities.

Article 234-5

The provisions of Article 234-2 apply to natural or legal persons, acting alone or in concert, who directly or indirectly hold between 30% and one-half of the total number of equity securities or voting rights of a company and who, within a period of less than twelve consecutive months, increase such holding by at least 1% of the company's total equity securities or voting rights.

The provisions of Article 234-2 apply to natural or legal persons, acting alone or in concert, who directly or indirectly hold between 30% and one-half of the total number of equity securities or voting rights of a company, whose offer has become null and void pursuant to Article 231-9 I and who increase this holding in the share capital or voting rights.

Persons who, alone or in concert, hold directly or indirectly between 30% and one-half of a company's capital or voting rights must keep the AMF informed of any change in such holdings. The AMF shall make these disclosures public.

Article 234-6

When a proposed offer is filed pursuant to Articles 234-2 and 234-5, the proposed price must be at least equivalent to the highest price paid by the offeror, acting alone or in concert within the meaning of Article 233-10 of the Commercial Code, in the twelve-month period preceding the event that gave rise to the obligation to file a proposed offer.

The AMF may request or authorise a price modification if this is warranted by a manifest change in the characteristics of the target company or in the market for its securities, and notably in the following cases:

1° if events liable to materially alter the value of the securities concerned occurred in the twelve-month period before the draft offer was filed;

2° if the target company is in recognised financial difficulty;

3° if the price mentioned in the first paragraph results from a transaction that includes related items involving the offeror, acting alone or in concert, and the seller of the securities acquired by the offeror over the last twelve months.

In these cases, or in the absence of transactions by the offeror, acting alone or in concert, in the securities of the target company over the twelve-month period referred to in the first paragraph, the price is determined based on generally accepted objective valuation criteria, the characteristics of the target company and the market for its securities.

Article 234-7

The AMF may determine that there is no requirement to file a proposed offer if the thresholds referred to in Articles 234-2 and 234-5 are breached by one or more persons as a result of their having declared themselves to be acting in concert with:

1° one or more shareholders who already held, alone or in concert, the majority of a company's equity or voting rights, provided such shareholders remain predominant;

2° One or more shareholders that already held, alone or in concert, between 30% and one-half of a company's equity or voting rights, provided that such shareholders maintain a larger holding and that, upon the formation of this concert party, they do not exceed one of the thresholds referred to in Articles 234-2 and 234-5.

Where more than 30% of the capital or voting rights of a company whose equity securities are admitted to trading on a regulated market in a Member State of the European Union or a State party to the EEA agreement, including France, is held by another company and constitutes one of its essential assets, the AMF may determine that a proposed public offer need not be filed when a group of persons acting in concert acquires control of that other company, within the meaning of laws and regulations applicable to it, provided that one or more members of the concert party already had such control and remain predominant.

In all the above cases, as long as the balance of shareholdings within a concert party is not altered significantly relative to the situation at the time of the initial declaration, there is no need to make a public offer.

Article 234-8

The AMF may waive the mandatory filing of a tender offer if the person(s) concerned demonstrate to it that one of the conditions listed in Article 234-9 is met.

The AMF rules after examining the circumstances in which the threshold(s) have been or will be breached, the structure of ownership of the equity and voting rights and, where applicable, the conditions on which the transaction has been or will be approved by a general meeting of the target company's shareholders.

Article 234-9

The cases in which the AMF may grant a waiver are as follows:

1° Transmission by way of gift between natural persons, or distribution of assets by a legal person in proportion to the rights of its members.

2° Subscription to a capital increase by a company in recognised financial difficulty, subject to the approval of a general meeting of its shareholders.

3° Merger or asset contribution subject to the approval of a general meeting of shareholders.

4° Merger or asset contribution subject to the approval of a general meeting of shareholders, combined with an agreement between shareholders of the companies concerned establishing a concert party.

5° Reduction in the total number of equity securities or voting rights in the target company.

6° Holding of a majority of the company's voting rights by the applicant or by a third party, acting alone or in concert.

6° bis Holding of a majority of the company's share capital by the applicant or by a third party, acting alone or in concert, further to an offer made following the normal procedure referred to in Chapter II of this Title.

7° Resale or other comparable disposal of equity securities or voting rights between companies or persons belonging to the same group.

8° Without prejudice to section III of Article L. 433-3 of the Monetary and Financial Code, acquisition of control, within the meaning of applicable laws and regulations, of a company which directly or indirectly holds more than 30% of the capital or voting rights of another company whose equity securities are admitted to trading on a regulated market in a Member State of the European Union or a State party to the EEA agreement, including France, and which does not constitute an essential asset of the company over which control has been acquired.

9° Merger or contribution of a company which directly or indirectly holds more than 30% of the capital or voting rights of a company under French law whose equity securities are admitted to trading on a regulated market in a Member State of the European Union or a State party to the EEA agreement, including France, and which does not constitute an essential asset of the merged or contributed company.

10° Allocation of double voting rights between 3 April 2014 and 31 December 2018 under the conditions set out in Article 7, V of Act 2014-384 of 29 March 2014, as amended by Article 194 of Act 2015-990 of 6 August 2015.

Article 234-10

In the case of transactions subject to the approval of the target company's shareholders, the AMF may rule on a waiver application before a general meeting is held, provided it has precise information about the intended transaction.

In the other cases mentioned in Article 234-9 and in the situations referred to in Articles 234-4 and 234-7, the AMF may make its ruling before the relevant transaction is carried out, based on the nature, circumstances and timetable of the transaction as well as the supporting documents provided by the person(s) concerned.

The AMF is to be kept informed of the course of events and, if the transaction is not carried out according to the initial terms, may declare its previous decision to be null and void.

Where it grants a waiver or determines that there is no requirement to file an offer, the AMF publishes its decision on its website and discloses any commitments made by the applicant(s).

Article 234-11

For the application of the provisions of this chapter, the one-third threshold that applied before 1 February 2011 to holdings of capital and voting rights shall apply in place of the 30% threshold to any person, acting alone or in concert within the meaning of Article L. 233-10 of the Commercial Code, who on 1 January 2010 directly or indirectly held between 30% and one-third of the capital or voting rights, and shall continue to apply as long as the holding remains between these two thresholds.

The same applies to any person, acting alone or in concert within the meaning of Article L. 233-10 of the Commercial Code, who, after 1 January 2010, directly or indirectly held between 30% and one-third of the capital or voting rights as a result of a binding commitment entered into before 1 January 2010, and shall continue to apply as long as the holding remains between these two thresholds.

Persons acting alone or in concert within the meaning of Article L. 233-10 of the Commercial Code who on 1 February 2011 directly or indirectly held between 30% and one-third of the capital or voting rights and who are not covered by the foregoing paragraphs must reduce their holding below 30% of the capital and voting rights before 1 February 2012. If they fail to do so, they will be subject to the provisions of Articles 234-1 to 234-10.

All natural or legal persons concerned by these provisions shall report their holdings of capital and voting rights to the AMF without delay. The AMF publishes the list of persons who have made such declarations.

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

Article 235-1

Without prejudice to the provisions of Article 231-1 (4°), the provisions of this chapter apply exclusively to companies whose equity securities are admitted to trading on an organised multilateral trading facility within the meaning of Article 524-1.

Article 235-2

The provisions of Articles 234-5, 234-7 (2°), 234-7, paragraph 4, and 234-11 are not applicable.

The provisions of Chapter IV, with the exception of those mentioned above, apply with a threshold of 50% instead of 30%.

The provisions of Articles 236-5 and 236-6 are not applicable.

Article 235-3

In addition to the cases referred to in Article 234-9, the AMF may also grant a waiver from the obligation to file a draft public offer in the following cases:

1° Subscription to a reserved capital increase, subject to the approval of the general meeting of shareholders;

2° Exercise of the share allocation right attached to securities giving access to the share capital if the reserved issue of such securities has previously been subjected to the approval of the general meeting of shareholders.

CHAPTER VI - BUYOUT OFFERS WITH SQUEEZE-OUT

Article 236-1

Where the majority shareholder(s) hold, in concert within the meaning of Article 233-10 of the Commercial Code, 95 % or more of the voting rights of a company whose shares are or were admitted to trading on a regulated market in a Member State of the European Union or in a State party to the EEA Agreement, including France, any holder of voting equity securities who is not part of the majority group may apply to the AMF to require the majority shareholder(s) to file a draft buyout offer.

Once the AMF has made the necessary verifications, it rules on such application in the light of, inter alia, the state of the market for the securities concerned and the information provided by the applicant.

If the AMF declares the application to be acceptable, it notifies the majority shareholder(s), which must then file a draft buyout offer, within a time limit set by the AMF and drawn up in terms that can be deemed compliant by it.

Article 236-2

Where the majority shareholder(s) hold, in concert within the meaning of Article 233-10 of the Commercial Code, 95% or more of the voting rights of a company whose investment certificates and, if applicable, voting rights certificates, are or were admitted to trading on a regulated market in a Member State of the European Union or in a State party to the EEA Agreement, including France, any holder of such certificates who is not part of the majority group may apply to the AMF to require the majority shareholder(s) to file a buyout offer for those securities.

Once it has made the necessary verifications, the AMF rules on such application in the light of, inter alia, the state of the market for the securities concerned and the information provided by the applicant.

If the AMF declares the application to be acceptable, it notifies the majority shareholder(s), which must then file a draft buyout offer, within a time limit set by the AMF and drawn up in terms that can be deemed compliant by it.

Article 236-3

The majority shareholder(s) holding, in concert within the meaning of Article 233-10 of the Commercial Code, 95% or more of the voting rights of a company whose shares are or were admitted to trading on a regulated market in a Member State of the European Union or in a State party to the EEA Agreement, including France, may file with the AMF a draft buyout offer for the equity securities, and any other securities giving access to the capital or voting rights in the company, that they do not already hold.

Article 236-4

The majority shareholder(s) holding, in concert within the meaning of Article 233-10 of the Commercial Code, 95 % or more of the voting rights of a company whose investment certificates and, if applicable, voting rights certificates are or were admitted to trading on a regulated market in a Member State of the European Union or in a State party to the EEA Agreement, including France, may file with the AMF a draft buyout offer for those securities.

Article 236-5

Where a public limited company (société anonyme) whose equity securities are admitted to trading on a regulated market is converted to a limited partnership with shares (société en commandite par actions), the person(s) that controlled it prior to conversion, or the active partners in the limited partnership with shares, are required to file a draft buyout offer once a resolution regarding the conversion has been adopted at a general meeting of shareholders. The draft offer cannot include a minimum acceptance condition and must be drawn up in terms that can be declared compliant by the AMF.

The offeror informs the AMF whether it reserves the right, depending on the result of the offer, to request that all equity securities and securities giving access to the capital and voting rights of the company be delisted from the regulated market on which they are traded.

Article 236-6

The natural or legal persons that control a company within the meaning of Article L. 233-3 of the Commercial Code must inform the AMF:

1° When they intend to ask an extraordinary general meeting of shareholders to approve one or more significant amendments to the company's articles or bylaws, in particular the provisions concerning the company's legal form or disposal and transfer of equity securities or the rights pertaining thereto;

2° When they decide in principle to proceed with the merger of that company into the company that controls it or with another company controlled by the latter; to sell or contribute all or most of the company's assets to another company; to reorient the company's business; or to suspend dividends for a period of several financial years.

The AMF evaluates the consequences of the proposed changes in the light of the rights and interests of the holders of the company's equity securities or voting rights and decides whether a buyout offer should be made.

The draft offer cannot include a minimum acceptance condition and must be drawn up in terms that can be declared compliant by the AMF.

Article 236-7

The public buyout offer shall be carried out by purchasing securities on the terms and following the procedures stipulated at the opening of the offer during ten or more trading days, or if the circumstances and the procedures of the transaction warrant it, the offer shall be centralised by the market undertaking concerned or by the sponsor institution under the supervision of the market undertaking.

If the public buyout offer includes a securities settled leg and a cash settled leg, with no reduction in orders, the offeror may acquire the securities targeted under the terms and conditions stipulated in the cash settled leg, in derogation to the provisions of Article 231-41.

CHAPTER VII - SQUEEZE-OUTS

SECTION 1 - SQUEEZE-OUT FOLLOWING A BUYOUT OFFER

Article 237-1

At the close of a buyout offer carried out in accordance with Articles 236-1, 236-2, 236-3 or 236-4, securities not tendered by minority shareholders or holders of investment certificates or voting rights certificates may be transferred to the majority shareholder or group, provided that they represent not more than 5% of the shares or voting rights, in return for compensation.

Similarly, securities that give or could give access to capital may be transferred to the majority shareholder or group, provided that the equity securities that could potentially be created, through conversion, subscription, exchange, redemption or any other means, from untendered securities that give or could give access to the company's capital, plus existing but untendered equity securities, do not represent more than 5% of all the equity securities that exist and that could be created.

Article 237-2

Where a buyout offer is filed, the offeror informs the AMF whether it reserves the right to apply for a compulsory buyout once the offer has closed and the result is known, or whether it requests that a compulsory buyout be implemented once the buyout offer has closed.

In support of its proposed buyout offer, the offeror provides the AMF with a valuation of the securities of the target company, carried out using the objective methods applied in cases of asset disposals, that takes into account the value of the company's assets, its past earnings, its market value, its subsidiaries, if any, and its business prospects, according to a weighting appropriate to each case.

The AMF examines the draft offer in accordance with the provisions of Articles 231-21 and 231-22.

Article 237-3

Where the AMF declares a proposed buyout offer followed by a squeeze-out to be acceptable, the majority shareholder or group shall place a notice informing the public of the squeeze-out procedure in a newspaper carrying legal notices published in the vicinity of its registered office.

Article 237-4

The offeror designates a custody account-keeper to take charge of centralising the compensation payments (hereinafter "the centraliser").

Article 237-5

The offeror requesting the squeeze-out deposits the amount corresponding to the compensation for securities not tendered to the public buyout offer in a reserved account with the centraliser.

Compensation is calculated net of all expenses.

Article 237-6

Unallocated funds are held by the centraliser for ten years and paid to *Caisse des Dépôts et Consignations* at the end of this period. These funds are at the disposal of the legal beneficiaries, but revert to the French State after thirty years.

Article 237-7

The centraliser, acting on behalf of the majority shareholder or group and throughout the entire period during which it holds the funds, places an annual notice in a newspaper of national circulation inviting former shareholders who have not been compensated to exercise their rights.

Where the centraliser has paid out all frozen funds corresponding to compensation payable to securities holders that did not respond to the public buyout offer, it places an appropriate announcement in a newspaper of national circulation. It is then no longer required to place the annual notice mentioned above.

Article 237-8

If, when filing the public buyout offer, the offeror reserved the right to proceed with a squeeze-out after the offer, it informs the AMF within ten trading days of the close of the offer whether it intends so to proceed or waives that right. The offeror's decision is made public by the AMF.

If the offeror decides to proceed with a squeeze-out, it informs the AMF of the price it proposes to pay as compensation. This price cannot be lower than that of the buyout offer, and it shall be higher when events liable to alter the value of the securities concerned have occurred after the offer was declared compliant.

The AMF shall make the mandatory buyout public and specify the terms for implementing it, including the date on which it becomes effective. The time between the decision and the execution of the buyout cannot be less than the time referred to in Article R. 621-44 of the Monetary and Financial Code. This decision shall result in the delisting of the relevant securities from the regulated market where they had been traded.

Custody account-keeping institutions transfer any securities not tendered to the buyout offer into the name of the majority shareholder or group, which pays the corresponding compensation into a reserved account opened for this purpose in accordance with the provisions of Article 237-9.

Article 237-9

Where the offeror has chosen to proceed with a squeeze-out in accordance with the provisions of Article 237-8, the freezing of funds and crediting of compensation to holders that have not tendered their securities to the public buyout offer takes place at the date on which the AMF's decision becomes enforceable.

Article 237-10

If, when filing the public buyout offer, the offeror applies to the AMF for a squeeze-out to be implemented as soon as the offer closes, regardless of result, the notice published by the market operator to announce the opening of the buyout offer stipulates the conditions applying to the squeeze-out procedure, and in particular the date on which it takes effect.

As soon as the public buyout offer closes, the securities securities concerned shall be delisted from the regulated market(s) on which they are traded and, where appropriate, from the multilateral trading facilities where they were traded. At the same date, the custody account-keeping institutions transfer any securities not tendered to the buyout offer into the name of the majority shareholder or group, which pays the corresponding compensation into a reserved account opened for this purpose in accordance with the provisions of Article 237-11.

Article 237-11

Where the offeror requested a squeeze-out at the time the proposed buyout offer was filed, the funds are frozen the day after the offer closes.

At the date the funds are frozen, the custody account-keeper credits the accounts of securities holders affected by the squeeze-out with the compensation that is due them.

Article 237-12

During the offer period of a public buyout offer prior to a squeeze-out, only the investment service provider(s) designated by the offeror are authorised to acquire the securities concerned on the offeror's behalf.

Persons seeking to acquire securities subject to a public buyout offer followed by a squeeze-out must obtain them solely from the investment service provider(s) designated by the offeror.

Article 237-13

The sole beneficiaries of the facility whereby the offeror covers brokerage commissions up to an amount set by it, including, where applicable, stamp duty, shall be those sellers whose securities were registered on their account prior to the opening of:

1° a simplified tender offer in which the offeror has explicitly declared its intention, if it obtains 95% of the voting rights of the target company, to request initiation of a public buyout offer followed by a squeeze-out; or

2° a public buyout offer followed by a squeeze-out.

To this end, and in connection with the simplified tender offer referred to in Point 1°, the market operator concerned puts in place a procedure for centralising orders placed in response to such offer.

Requests for refunds must be accompanied by documentary evidence of the sellers' rights.

SECTION 2 - SQUEEZE-OUT FOLLOWING ANY PUBLIC OFFER

Article 237-14

Without prejudice to the provisions of Article 237-1, following any public offer and within three months of the close of the offer, securities not tendered by minority shareholders may be transferred to the offeror, provided that they represent not more than 5% of the shares or voting rights, in return for compensation.

Similarly, securities that give or could give access to capital may be transferred to the offeror, provided that the equity securities that could potentially be created, through conversion, subscription, exchange, redemption or any other means, from untendered securities that give or could give access to the company's capital, plus existing but untendered equity securities, do not represent more than 5% of all the equity securities that exist and that could be created.

Implementation of the squeeze-out procedure provided for in this article is subject to the provisions of Articles 237-4 to 237-7 and to the following provisions.

Article 237-15

When it files the draft offer, the offeror informs the AMF whether it reserves the right, depending on the result of the offer, to implement a squeeze-out.

Article 237-16

I. - The AMF rules on whether the proposed squeeze-out is compliant, in accordance with Articles 231-21 and 231-22, except in one of the following two cases and provided that the squeeze-out includes the cash settlement proposed in the last offer:

1° The squeeze-out follows a public offer subject to the provisions of Chapter II;

2° The squeeze-out follows a public offer for which the AMF has the valuation mentioned in Part II of Article L. 433-4 of the Monetary and Financial Code and the report by the independent appraiser mentioned in Article 261-1.

II. - Where the AMF rules on whether the squeeze-out is compliant, the offeror provides, in support of its proposed squeeze-out, a valuation of the securities of the target company, carried out using the objective methods applied in cases of asset disposals, that takes into account the value of the company's assets, its past earnings, its market value, its subsidiaries, if any, and its business prospects, according to a weighting appropriate to each case.

Where a squeeze-out is to be implemented, the parties concerned must draw up a draft squeeze-out document in accordance with the conditions and procedures set out in Articles 231-16 to 231-20, except for the description of the offeror's intentions for the next twelve months. The squeeze-out document(s) are submitted to the AMF for approval in accordance with Articles 231-20 and 231-26 and made available to the public in accordance with Article 231-27.

Disclosures providing information on the legal, financial, accounting and other characteristics of the target company are filed with the AMF and made publicly available in accordance with the conditions and procedures set out in Articles 231-28 to 231-30. Content requirements for these disclosures are stipulated in an AMF instruction.

III. - Where the AMF does not rule on whether the squeeze-out is compliant, the offeror informs the AMF of its intention to implement the squeeze-out. The AMF publishes the implementation date for the squeeze-out. The offeror publishes a news release in accordance with Article 221-3 and is responsible for its distribution. Content requirements for these news releases are stipulated in an AMF instruction.

Article 237-17

Where the AMF declares a draft squeeze-out to be compliant or where the AMF does not rule on whether the squeeze-out is compliant when the majority shareholder or group informs the AMF of its intention to proceed with a squeeze-out, the shareholder or group shall place a notice informing the public of the squeeze-out in a newspaper carrying legal notices published in the vicinity of its registered office.

Article 237-18

The statement of compliance shall specify the date on which it becomes enforceable. The time period between the release and the enforcement of the statement cannot be less than the time period referred to in Article R. 621-44 of the Monetary and Financial Code.

The statement shall result in the delisting of the relevant securities from the regulated market where they are traded. The freezing of funds and crediting of compensation to holders that have not tendered their securities to the public offer takes place at the date on which the AMF's statement becomes enforceable.

Where the AMF does not rule on whether the squeeze-out is compliant, the provisions of the preceding paragraph shall apply as from implementation of the squeeze-out.

Custody account-keeping institutions transfer any securities not tendered to the last offer into the name of the majority shareholder or group, which pays the corresponding compensation into a reserved account opened for this purpose in accordance with the provisions of Article 237-5.

Article 237-19

As soon as the statement of compliance becomes enforceable, or, if the AMF does not rule on compliance, as soon as the squeeze-out is implemented, the relevant securities shall be delisted from the regulated market(s) where they were traded and, where appropriate, from the multilateral trading facilities where they were traded. At the same date, the custody account-keeping institutions transfer any securities not tendered to the buyout offer into the name of the majority shareholder or group, which pays the corresponding compensation into a reserved account opened for this purpose in accordance with the provisions of Article 237-11.

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

Article 238-1

This chapter applies to the acquisition of debt securities that do not give access to equity and are admitted to trading on a French regulated market or an organised multilateral trading facility.

SECTION 1 - DISCLOSURE OF ACQUISITIONS OF DEBT SECURITIES THAT DO NOT GIVE ACCESS TO EQUITY

Article 238-2

Where an issuer has acquired more than 10% of the securities representing a single bond issue on or off the market in one or more transactions, it shall so notify the market within four trading days by means of a news release to be disseminated in accordance with the procedures stipulated in Article 221-4. Further acquisitions of the same bond issue are subject to the same disclosure requirement for each additional 10% of the securities acquired in one or more transactions. The 10% threshold shall be calculated on the basis of the number of securities issued, including any subsequent issues granting identical rights to the holders. The number of securities used for calculating whether a threshold has been crossed is the number of securities bought less the number of securities sold.

Article 238-2-1

Issuers of debt securities that have bought back securities during the past half-year shall, within ten trading days after the close of the half-yearly or annual accounts, publish the number of securities remaining in circulation and the number of securities they hold in accordance with Article L. 213-1 A of the Monetary and Financial Code, for each of their bond issues. This information is to be posted on their website or disseminated in accordance with section II of Article 221-4.

SECTION 2 - PROCEDURE FOR ORDERLY ACQUISITION OF DEBT SECURITIES THAT DO NOT GIVE ACCESS TO EQUITY

Article 238-3

The orderly acquisition procedure shall be defined as an initiative by the issuer, its agent or a third party to set up a centralised facility that enables the issuer to offer all holders of a single issue the option of selling or exchanging some or all of the debt securities that they hold, while ensuring equal treatment of all holders.

Article 238-4

The procedure for orderly acquisition of debt securities shall be announced by means of a news release disseminated in accordance with the procedures stipulated in Article 221-4 and shall comply with the relevant market abuse rules defined by the market abuse directive (regulation no. 596/2014/ EU).

Article 238-5

An AMF Instruction shall stipulate the information to be included in the news release mentioned in Article 238-4 when the orderly acquisition procedure involves debt securities sold through a public offering in France.

TITLE IV - BUYBACK PROGRAMMES FOR SHARES AND TRANSACTION REPORTING

SECTION 1 - GENERAL

Article 241-1

The provisions of this title shall apply to companies whose equity securities are listed on a regulated market or are the subject of a request for admission to a regulated market and to companies whose equity securities are traded on a multilateral trading facility or are the subject of a request for admission to a multilateral trading facility, and that carry out share buybacks in accordance with Articles L. 225-209, L. 225-209-2 and L. 225-217 of the Commercial Code.

They shall also apply to all issuers of securities equivalent to those mentioned above, issued under foreign law and either listed on a regulated market or on an organised multilateral trading facility or the subject of a request for admission to a regulated market or to a multilateral trading facility.

Article 241-2

I. - Before engaging in a share buyback programme, issuers must publish a description of the programme in accordance with Article 221-3 that includes:

1° The date of the shareholders' meeting that authorised or has been called to authorise the programme;

2° The allotment by objective of shares held as of the date of the publication of the programme description;

3° The objective(s) of the share buyback programme;

4° The maximum amount allocated to share buyback programmes, the maximum number of shares and the characteristics of the shares that the issuer intends to buy back, along with the maximum purchase price;

5° The term of the share buyback programme;

II. - During the term of the share buyback programme, any material change to any of the information specified in Section I must be made public as soon as possible in accordance with Article 221-3.

Article 241-3

The issuer shall not be required to publish the programme description if the annual financial report referred to in paragraph I of Article L. 451-1-2 of the Monetary and Financial Code, the reference document, or the base document includes all of the information that must appear in the programme description pursuant to Article 241-2.

In accordance with Article 221-3, the issuer shall disseminate a statement explaining the way it intends to make this information available.

Article 241-4

I.- Any issuer carrying out transactions in its own shares in the context of a buyback programme under the terms of Article 5 of the market abuse regulation (regulation no. 596/2014/EU) shall declare such transactions to the AMF electronically and according to the procedure defined in an AMF instruction. These declarations shall be disseminated fully and effectively in accordance with Article 221-3.

II.- Any issuer carrying out transactions in its own shares in the context of a buyback programme shall declare such transactions monthly to the AMF electronically and according to the procedure and format defined in an AMF instruction.

Article 241-5

Persons holding more than 10% of the issuer's share capital, as well as the issuer's directors, must report the number of securities that they have sold to the issuer.

Section 2 – PROVISIONS COMPLEMENTING ACCEPTED MARKET PRACTICES

Article 241-6

Any issuer benefitting from an accepted market practice shall comply with the requirements arising from the AMF decision to incorporate that market practice in accordance with Article 13 of the market abuse regulation (regulation no. 596/2014/EU).

Article 241-7

By derogation from paragraph I of Article 241-4, any issuer carrying out transactions in its own shares in the context of a market practice accepted by the AMF shall declare such transactions to the AMF and publish them within the terms of the accepted market practice concerned and according to the procedure and format defined in an AMF instruction.

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

Article 251-1

Information provided to the public, regardless of the medium, with a view to trading in financial instruments on a recognised foreign market or regulated market of the European Economic Area must be accurate, precise and truthful. It must contain no false or deceptive statement that could mislead the client.

Article 251-2

Products proposed through an act of solicitation shall be suitable to the members of the public being solicited.

If there is no adequate assurance that clients are being informed of the associated risks, the AMF may order the interested party or any other person taking part in the distribution of such products, in any way, to halt the marketing or trading thereof.

Article 251-3

Before any transaction on a recognised foreign market in financial instruments, the market operator that runs that market shall draw up a disclosure document in the market itself and the various financial instruments that it proposes. This disclosure document, in French, must be made available to financial intermediaries by the market operator. It shall state or describe the following:

1° the foreign market is recognised by the Minister for the Economy, under the terms of Article D. 423-1 of the Monetary and Financial Code.

2° The various ways in which orders are placed and executed, when these have consequences for the person initiating the order.

3° The legal nature of the products, the technical characteristics thereof and, if applicable, the evidence supporting the advertised risks and returns.

4° The validity date of the aforementioned information.

This disclosure document must be provided by the financial intermediary to each prospective client, or transmitted to him electronically, before the placing of the client's first order to buy or sell a financial instrument admitted to trading on the recognised foreign market.

For transactions on a market in derivative financial instruments, if the client does not trade on that market in the ordinary course of business, this document must be sent by registered letter with return receipt, or via the Internet, with the financial intermediary recording the date on which the client viewed or downloaded it.

No one may receive, directly or indirectly, orders or funds from the client until seven days after the date that the disclosure document was delivered, viewed onscreen or downloaded, or before the financial intermediary has received a certification bearing the handwritten or electronic signature of the client and stating, "I have read the disclosure document relating to {name of the recognised market}, transactions on that market, and the commitments that I will take on by virtue of my participation in such transactions." This waiting period applies only to the first order, however.

Article 251-4

Before any transaction on a regulated market in derivative financial instruments in the European Economic Area, and in compliance with the obligations of Section 3 of Chapter I of Title 2 of Book III, the financial intermediary shall provide or transmit electronically to each client the following information:

1° A statement that the regulated market in derivative financial instruments appears on the list of regulated markets of the European Economic Area published in the Official Journal of the European Union.

2° The various ways in which orders are placed and executed, when these have consequences for the client.

3° The legal nature of the products, the technical characteristics thereof and, if applicable, the evidence supporting the announced risks and returns.

If the client does not trade in the market in question in the ordinary course of business, no one may receive orders or funds from him, directly or indirectly, before the financial intermediary has received a certification bearing his signature and stating, "I have read the disclosure document relating to {name of the EEA regulated market in derivative financial instruments}, transactions on that market, and the commitments that I will take on by virtue of my participation in such transactions." This certification is needed only for the first order.

Article 251-5

Any advertisement or message disseminated by the foreign market must include the information that it has been recognised by the Minister for the Economy, under the terms of Article D. 423-1 of the Monetary and Financial Code, or that it is on the list of regulated markets in the European Economic Area published in the Official Journal of the European Union.

All advertisements or messages disseminated by the financial intermediary with a view to trading in financial instruments on a recognised foreign market must contain the following information:

1° Name, address, legal form of the person referred to in Article D. 423-3 of the Monetary and Financial Code, making a public offering;

2° Name and address of that person's correspondent in France, if applicable.

3° The identity of the foreign authority that has authorised that person to conduct a financial activity.

4° A statement that the foreign market has been recognised by the economy minister of France pursuant to Article 1 of the aforementioned Decree.

5° The minimum term, if any, of the recommended investments.

6° The law that will apply in the event of a dispute, and the courts competent to hear such dispute.

7° The availability of an arbitration procedure, if applicable.

All advertisements or messages disseminated by the financial intermediary with a view to trading on a regulated market in derivative financial instruments of the European Economic Area must mention that the market appears on the list of such markets published in the Official Journal of the European Union.

Article 251-6

The AMF:

1° Shall receive, for information, the disclosure document drawn up by the market operator that runs the recognised foreign market.

2° Shall request that all recognised foreign markets keep it informed of any substantial changes in the way they operate and send it data on their activities in French territory, as specified in an AMF instruction.

3° May require the market operator that runs a recognised foreign market to make available to the AMF all information needed to support the claims or statements appearing in the disclosure document provided for in Article 251-3 and, if need be, may request modification thereof.

4° May require any person referred to in Article D. 423-3 of the Monetary and Financial Code to produce any elements likely to support the claims or representations made in the advertisements or messages referred to in Article 251-4, and to require their amendment, as needed.

Article 251-7

Only Articles 251-1, 251-2, 251-4 and 251-5 apply to recognised markets in derivative financial instruments on commodities in the European Economic Area, when such market is operated by a market operator that also runs a regulated market in the derivative financial instruments appearing on the list of such markets published in the Official Journal of the European Union.

TITLE VI - FAIRNESS OPINIONS

CHAPTER I - APPOINTING AN INDEPENDENT APPRAISER

Article 261-1

I. - The target company of a takeover bid shall appoint an independent appraiser if the transaction is likely to cause conflicts of interest within its Board of Directors, Supervisory Board or governing body that could impair the objectivity of the reasoned opinion mentioned in Article 231-19 or jeopardise the fair treatment of shareholders or bearers of the financial instruments targeted by the bid.

The situations described below, in particular, constitute such cases:

1° if the target company is already controlled by the offeror, within the meaning of Article L. 233-3 of the Commercial Code, before the bid is launched;

2° if the senior managers of the target company or the persons that control it, within the meaning of Article L. 233-3 of the Commercial Code, have entered into an agreement with the offeror that could compromise their independence;

3° if the controlling shareholder, within the meaning of Article L. 233-3 of the Commercial Code, does not tender its securities to a buyback offer launched by the company for its own securities;

4° if the offer is related to one or more transactions that could have a significant impact on the price or exchange ratio of the proposed offer;

5° if the offer pertains to financial instruments in multiple categories and is priced in a way that could jeopardise the fair treatment of shareholders or bearers of the financial instruments targeted by the bid;

6° if the non-equity financial instruments mentioned in Point 1° of Part II of Article L. 211-1 of the Monetary and Financial Code that give or could give direct or indirect access to the capital or voting rights of the offeror or of a company belonging to the offeror's group are provided as consideration for the takeover of the target company.

II. - The target company shall also appoint an independent appraiser before implementing a squeeze-out, subject to the provisions of Article 237-16.

Article 261-2

Any issuer that carries out a reserved capital increase at a discount to the market price greater than the maximum discount authorised for capital increases without pre-emptive subscription rights and giving a shareholder, acting alone or in concert within the meaning of Article L. 233-10 of the Commercial Code, control over the issuer within the meaning of Article L. 233-3 of the aforementioned code, shall appoint an independent appraiser who will apply the provisions of this title.

Article 261-3

Any issuer or offeror carrying out a takeover bid may appoint an independent appraiser who will apply the provisions of this title.

Article 261-4

I. - The independent appraiser must not be placed in a conflict of interest in relation to the parties concerned by the public offer or transaction and their advisors. An AMF instruction shall describe situations in which the independent appraiser is considered to be placed in a conflict of interest, although this shall not constitute an exhaustive list.

The independent appraiser shall not work repeatedly with the same sponsoring institution(s) or within the same group if the regular nature of such work could compromise his independence.

II. - The appraiser shall prepare a statement certifying that there are no known past, present or future ties between him and the parties concerned by the offer or transaction and their advisors that could compromise his independence or impair the objectivity of his assessment when carrying out the appraisal.

If there is the risk of a conflict of interest but the appraiser deems this unlikely to compromise his independence or impair the objectivity of his assessment, he shall mention this risk in his statement, including relevant supporting information.

CHAPTER II - APPRAISAL REPORT

Article 262-1

I. - The independent appraiser prepares a report on the financial terms of the offer or transaction. Content requirements for the report are set out in an AMF instruction. In particular, the report contains the statement of independence mentioned in Part II of Article 261-4, a description of the verifications performed and a valuation of the company in question. The report's conclusion takes the form of a fairness opinion.

No other type of opinion shall count as a fairness opinion.

II. - Once appointed, the appraiser must have sufficient time to prepare the report mentioned in Part I, taking into account the complexity of the transaction and the quality of the information provided to him. The appraiser shall have at least fifteen trading days to prepare his report.

Article 262-2

I. - In the cases provided for in Article 261-2, the issuer shall distribute the report by the independent appraiser at least ten trading days before the general meeting convened to authorise the transaction, or, where the meeting has exercised its powers of delegation, as soon as possible after the decision by the Board of Directors or Management Board. The report shall be distributed by:

1° making it available free of charge at the issuer's registered office;

2° publishing a news release in accordance with Article 221-3;

3° publishing it on the issuer's website.

II. - An issuer that appoints an independent appraiser pursuant to Article 261-3 shall follow the procedures set forth in Part I when publishing the appraiser's report.

CHAPTER III – RECOGNITION OF PROFESSIONAL ASSOCIATIONS

SECTION 1 – REQUIREMENTS FOR AMF RECOGNITION

Article 263-1

A professional association of independent appraisers may be recognised, at its request, by the AMF.

Article 263-2

I.- The professional association shall draw up a code of conduct setting out the basic principles with which its members must comply.

Members of the association may adapt these principles to reflect their size and organisation. II.

- The code of conduct shall set out, inter alia:

1° the principles governing the independence of appraisers;

2° the expertise and resources that appraisers must have;

3° the rules of confidentiality to which they are subject;

4° procedures for taking on and carrying out appraisals and quality controls to verify work done by association members.

III. The code of conduct shall detail the disciplinary action applicable in the event of breaches.

IV. - The code of conduct may be consulted at any time at the association's registered office by any person who so requests. The code shall also be published on the association's website provided the association has such a site.

Article 263-3

The association must have the staff and technical resources needed to carry out its mission on an ongoing basis.

The technical resources shall include, inter alia, a data storage facility for the retention of documents, in particular reports by independent appraisers belonging to the association, for at least five years.

SECTION 2 - RECOGNITION PROCEDURE

Article 263-4

Recognition of a professional association shall be subject to prior filing of an application with the AMF containing:

1° the articles (statuts) of the association;

2° a *curriculum vitae* and an extract from the judicial record (casier judiciaire) for each of the association's legal representatives;

3° a three-year projected budget for the association;

4° a draft code of conduct;

5° a description of the human and technical resources that will enable the association to meet its obligations under this chapter.

Article 263-5

In deciding whether to recognise an association, the AMF shall review the application mentioned in Article 263-4 to assess whether the association, based on its filing, fulfils the conditions set forth in Articles 263-2 and 263-3. The AMF may ask the association to provide any further information it considers necessary to reach its decision.

SECTION 3 - REPORTING TO THE AMF

Article 263-6

The association shall inform the AMF promptly of any changes in key items in the initial application for recognition, notably concerning its senior management, organisation or supervision.

Article 263-7

The association shall inform the AMF promptly of disciplinary action taken against any of its members and shall make available to the AMF the minutes of meetings by the management bodies and general meetings of shareholders.

Article 263-8

I. - The AMF may revoke its recognition of an association if said association no longer meets the conditions of its initial recognition.

When the AMF is considering revocation, it shall so inform the association and shall tell it the reasons therefor. The association shall have one month from receipt of such notification to submit any observations it may have.

II. - When the AMF decides to revoke its recognition, the association shall be notified of this by registered letter with return receipt. The AMF shall inform the public of the revocation by means of a news release posted on its website.

The decision shall specify the timetable and method for implementing the revocation. The association must inform its members that its authorisation has been revoked.

BOOK III - SERVICE PROVIDERS

TITLE I - INVESTMENT SERVICES PROVIDERS

Article 311-1 A

This Title is applicable:

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

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

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

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

V. - To the legal entities referred to in Article L. 532-9, IV of the Monetary and Financial Code. These entities also send the AMF the information mentioned in Article L. 214-24-20, Paragraphs I and II of the Monetary and Financial Code and in Article 421-36 on the terms set out in Article 110 and pages 71 to 77 of Annexe IV to Delegated Regulation (EU) No. 231/2013 of the Commission of 19 December 2012. These entities also comply with the investor disclosure obligations in Article L. 214-24-19 of the Monetary and Financial Code and in Articles 421-33 to 421-35 herein.

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

Without prejudice to Article 4, (3) of abovementioned Delegated Regulation (EU) No. 231/2013, if the AIFs they manage no longer fulfil the conditions referred to in Article L. 532-9, IV, Paragraph 1 of the Monetary and Financial Code, these legal entities shall comply, for the management of these AIFs, with Title Ia of the present Book.

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

VI. - To the asset management companies of the securitisation schemes referred to in of Article L. 214-167, I of the Monetary and Financial Code.

1° By way of derogation from Article 312-3, an asset management company that manages one or more securitisation schemes referred to in Point I of Article L. 214-167, I of the Monetary and Financial Code must be able to prove at any time that its own funds are at least equal to the higher of the two amounts specified in a and b hereafter:

a) EUR 125,000 plus the sum of:

i) 0.02% of the amount of assets under management by the asset management company in excess of EUR 250 million, excluding the securitisation schemes referred to in Article 214-167, I of the Monetary and Financial Code; and

ii) 0.02% of the assets held by securitisation schemes referred to in Article 214-167, I of the Monetary and Financial Code and managed by the asset management company, the result being capped at a ceiling of EUR 760,000.

The own funds requirement is capped at a ceiling of EUR 10 million.

The assets included in the calculation of the additional own funds requirement referred to in a) are:

- Assets of open-ended investment companies (*Sociétés d'investissement à capital variable, SICAVs*) that have delegated the management of their portfolio to the asset management company;
- Assets of common funds (Fonds communs de placement, FCPs) managed by the asset management company, including portfolios for which it has delegated management to another, but excluding portfolios that it manages on a delegated basis;
- Investment funds managed by the asset management company, including portfolios for which it has delegated management to another entity, but excluding portfolios that it manages on a delegated basis.

b) One-quarter of general operating expenses for the previous financial year, calculated in accordance with Articles 34b to 34d of Commission Regulation (EU) N° 241/2014 of 7 January 2014.

2° The own funds requirement at the time of authorisation shall be calculated on the basis of forecast data.

For subsequent years, the amount of general operating expenses and the total value of portfolio assets used to determine the own funds requirement shall be calculated on the basis of the most recent of the following asset management company documents: financial statements for the previous financial year, interim statement of financial position certified by the statutory auditor or the data sheet referred to in Article 313-53-1.

3° In order to cover any potential professional liability risks resulting from AIF management activities, excluding the securitisation schemes referred to in Article L. 214-167, I of the Monetary and Financial Code, the asset management company must:

a) Either have additional own funds of an amount sufficient to cover potential liability risks arising from professional negligence;

b) Or hold a professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered.

Articles 12 to 15 of Delegated Regulation (EU) N° 231/2013 referred to above set out the requirements in terms of additional own funds and professional indemnity insurance.

VII. - To the asset management companies of "Other Collective Investments".

Article 311-1 B

The legal entities referred to in Article L. 214-24, III, 3. of the Monetary and Financial Code are not subject to this Title.

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

They shall send the AMF the information referred to in Article L. 214-24-20, I and II of the Monetary and Financial Code and in Article 421-36 on the terms set out in Article 110 and pages 71 to 77 of Annexe IV to Commission Delegated Regulation (EU) N° 231/2013 of 19 December 2012.

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

If such legal entities should choose to submit the "Other AIFs" they manage to the regime described in Article L. 214-24, III, 1 of the Monetary and Financial Code, they shall comply, for the management of these "Other AIFs", with Title 1a of the present Book and Commission Implementing Regulation (EU) No. 447/2013 of 15 May 2013.

Article 311-1 C

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

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

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

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

SECTION 1 - ASSET MANAGEMENT COMPANIES

Sub-section 1 - Authorisation and programme of operations

PARAGRAPH 1 - AUTHORISATION

Article 311-1

The authorisation of an asset management company referred to in Article L. 532-9 of the Monetary and Financial Code requires submission to the AMF of an application specifying the scope of the authorisation, together with a file that complies with the model provided for in Article R. 532-10 of the Monetary and Financial Code.

The file shall include a programme of operations for each of the services that the asset management company intends to provide, specifying the conditions in which it expects to provide those services and indicating the type of transactions envisaged and its organisational structure. The programme of operations is supplemented, where necessary, by additional information corresponding to the assets used by the asset management company. The AMF issues an acknowledgement of receipt when it receives this file.

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

Article 311-2

In deciding whether to grant authorisation to an asset management company, the AMF shall review the items in the file referred to in Article 311-1, along with the items set forth in Chapter II of this Title. The AMF may require the applicant to produce any additional information it needs to make its decision. The AMF shall outline the scope of the authorisation.

The AMF shall reach a decision on the application within three months of receiving the file.

It may extend this deadline by up to three months where it considers this necessary due to special circumstances, having notified the asset management company.

Article 311-3

For any amendments to the information provided in the asset management company's authorisation file pursuant to Article 311-1, a prior declaration, notification or application for authorisation, as appropriate, is made to the AMF.

On receiving the prior declaration, notification or application for authorisation from the asset management company, the AMF issues a receipt.

In accordance with II of Article L. 532-9-1 of the Monetary and Financial Code, when the asset management company submits an application for authorisation prior to making a material change to the information in its authorisation file, the AMF has one month to notify the company of its rejection or of any restrictions placed on its application.

Should the specific circumstances of the case so justify, the AMF may notify the applicant that this deadline has been extended by up to one month.

The changes are implemented at the end of the one-month assessment period, extended as appropriate.

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

PARAGRAPH 2 - WITHDRAWAL OF AUTHORISATION AND DEREGISTRATION

Article 311-4

Except in cases where the company requests withdrawal, the AMF, whenever it envisages withdrawing a management company's authorisation pursuant to Article L. 532-10 of the Monetary and Financial Code, shall so inform the company, specifying the reasons for which such decision is envisaged. The company shall have one month from receipt of such notification to submit any observations it may have.

Where the asset management company manages a UCITS established in another European Union Member State, the AMF consults the competent authorities of the home Member State before withdrawing the authorisation of the management company of the UCITS.

Where the AMF is consulted by the competent authorities of the home Member State of an asset management company that manages a French UCITS, it shall take appropriate measures to safeguard the interests of the UCITS's unit holders or shareholders. These measures may include measures preventing the asset management company from carrying out new transactions on the behalf of the UCITS.

Article 311-5

When the AMF decides to withdraw an authorisation, the company concerned shall be notified of the AMF's decision by registered letter with acknowledgement of receipt. The AMF shall inform the public of the withdrawal by inserting notices in newspapers or other publications of its choosing.

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

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

Article 311-6

When the AMF deregisters the company pursuant to Article L. 532-12 of the Monetary and Financial Code, the AMF shall notify the company of its decision in accordance with the conditions stipulated in Article 311-5. The AMF shall inform the public by inserting notices in newspapers or other publications of its choosing.

Sub-section 2 - Passport

Article 311-7

An asset management company seeking to provide investment services under the freedom to provide services or under the right of establishment in another State party to the European Economic Area agreement, shall notify the AMF of its plans in accordance with Articles R. 532-24, R. 532-25, R. 532-28, R. 532-29, R. 735-6, R. 745-6, R. 755-6 and R. 765-6 of the Monetary and Financial Code and in accordance with an AMF instruction.

Article 311-7-1

An asset management company seeking to create and manage, under the freedom to provide services or under the right of establishment, a UCITS established in another European Union Member State, shall notify the AMF of its plans in accordance with Articles R. 532-24, R. 532-25, R. 532-28 and R. 532-29 of the Monetary and Financial Code and in accordance with an AMF instruction.

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

Sub-section 1 - Approval of the programme of operations

Article 311-8

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

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

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

Article 311-9

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

Sub-section 2 - Passport

Article 311-10

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

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

Sub-section 1 - AMF observations on requests for authorisation

Article 311-11

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

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

Sub-section 2 - Passport

Article 311-12

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

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

SECTION 1 - AUTHORISATION REQUIREMENTS

Article 312-1

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Article 312-2

The asset management company shall have its registered office in France. It may be incorporated in any form, subject to a review of its constitutive rules to ensure they are consistent with the laws and regulations applicable to the company and provided its accounts are subject to a statutory audit.

Article 312-3

I. - The share capital of an asset management company must be at least EUR 125,000 and must be fully paid in cash at least to this minimum amount.

II. - When authorisation is granted and in subsequent financial years, the asset management company must be able to prove at any time that its capital is at least equal to the higher of the two amounts specified in Points 1° and 2° below:

1° EUR 125,000 plus an amount equal to 0.02 % of assets under management by the asset management company in excess of EUR 250 million.

The total capital requirement shall not exceed EUR 10 million.

The assets included in the calculation of the additional capital requirement referred to in the third paragraph are:

a) French or collective investments, organised as companies, that have delegated the overall management of their portfolio to the asset management company;

b) French or foreign collective investments in the form of funds, managed by the asset management company, including portfolios for which it has delegated management to another entity, but excluding portfolios that it manages on a delegated basis.

Up to 50% of the additional capital requirement may be met by a guarantee given by a credit institution or insurance undertaking having its registered office in another State party to the European Economic Area agreement, or in another State, provided the guarantor is subject to prudential rules that the AMF deems equivalent to those applicable to credit institutions and insurance undertakings having their registered offices in States parties to the European Economic Area agreement.

2° One-quarter of general operating expenses for the preceding financial year, calculated in accordance with Articles 34b to 34d of Commission Regulation (EU) No. 241/2014 of 7 January 2014.

Where an asset management company is also authorised to manage a securitisation vehicle mentioned in I of Article L. 214-167 of the Monetary and Financial Code, it is not subject to the provisions of this section II.

III. - The capital requirement at the time of authorisation shall be calculated on the basis of forecast data.

For subsequent years, the amount of general operating expenses and the total value of portfolio assets used to determine the capital requirement shall be calculated on the basis of the most recent of the asset management company's financial statements for the preceding financial year, interim statement of financial position certified by the statutory auditor, or the data sheet referred to in Article 313-53-1.

Article 312-4

I. - The asset management company's own funds must be invested in liquid assets or assets that can easily be converted into cash in the short term and that do not include speculative positions.

II. - However, if own funds exceed 130% at least of the regulatory own funds mentioned in Article 311-1A or Article 312-3, the excess portion of this amount may be invested in assets that do not meet the requirements of I, provided that these assets do not create a material risk for the company's regulatory own funds.

Article 312-5

The asset management company shall disclose the identities of its direct or indirect shareholders as well as the amounts of their holdings. The AMF shall assess the quality of the company's shareholders having regard to the need for sound and prudent management and proper performance of its own supervisory responsibilities. It shall make the same assessment of partners and members in an economic interest grouping.

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

Article 312-6

The asset management company shall be effectively directed by at least two persons of sufficiently good repute and sufficient experience for their duties, so as to ensure sound and prudent management.

At least one of these two persons must be a company officer with the power to represent the company in its dealings with third parties.

The other person may be the chairman of the board of directors or a person specifically empowered by the company's governing bodies or bylaws to direct the company and determine its policies.

Article 312-7

By way of derogation from Article 312-6, an asset management company may be effectively managed by a single person in the following conditions:

1° The asset management company does not manage any UCITS;

2° The total assets managed by the asset management company amount to less than EUR 20 million or, if such amount is higher, the asset management company is authorised solely to manage professional private equity investment funds;

3° The governing bodies or bylaws of the asset management company empower a person to replace the manager immediately and perform all his duties if he himself is unable to perform them;

4° The person appointed pursuant to Point 3° shall be of sufficiently good repute and have sufficient experience to carry out the function of manager so as to ensure sound and prudent management of the asset management company. He must have the necessary availability to replace the manager.

Article 312-7-1

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

SECTION 2 - CONTENT OF THE PROGRAMME OF OPERATIONS

Article 312-8

The asset management company shall have a programme of operations that complies with the provisions of Chapter III, except for the provisions of Sub-section 5 of Section 1 of said Chapter, which shall not apply to it.

Whenever an asset management company manages at least one undertaking for collective investment in transferable securities (UCITS) and it is not authorised under Title Ia of this Book, the asset management company in question may not provide any other investment services than the portfolio management service referred to in Point 4° of Article L. 321-1 of the Monetary and Financial Code and the investment advice service referred to in Point 5° of the same article.

Article 312-9

An asset management company may hold equity interests in companies set up for purposes that represent an extension of its own activities. These holdings shall be compatible with the measures that the asset management company is required to take in order to detect and prevent or manage the conflicts of interest that may arise from these holdings.

Article 312-10

If a collective investment scheme mentioned in Article 311-1 A is split pursuant to the second paragraph of Articles L. 214-7-4, L. 214-8-7, L. 214-24-33 or L. 214-24-41 of the Monetary and Financial Code, the authorisation granted to the scheme's management company permits the latter to manage the professional specialised fund created by the split in order to house the assets whose disposal would not be in the best interests of the holders of shares or units of the split scheme.

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

Article 312-11

The AMF shall be notified of any transaction that enables a person acting alone or in concert with other persons, within the meaning of Article L. 233-10 of the Commercial Code, to acquire, increase or decrease or cease owning a directly or indirectly held equity interest, within the meaning of the provisions of Article L. 233-4 of the said code, in an asset management company. The notice must be given to the AMF by the person or persons concerned before it is executed, if one of the two following requirements is met:

1° Voting rights held by the person(s) increase or decrease above or below one tenth, one fifth, one third or one half of the voting rights;

2° The asset management company becomes or stops being a subsidiary of the person(s) concerned.

Article 312-12

For the purposes of this Chapter, the voting rights shall be calculated in accordance with the provisions of I and IV of Article L. 233-7 and Article L. 233-9 of the Commercial Code. Voting rights held by investment firms or credit institutions as a result of underwriting or guaranteed placement of financial instruments, within the meaning of 6-1 or 6-2 of Article D. 321-1 of the Monetary and Financial Code, shall not be counted, as long as these voting rights are not exercised or used in any other way to influence the issuer's management and provided that they are sold within one year of acquisition.

Article 312-13

Transactions to acquire or increase equity interests are subject to prior authorisation by the AMF under the following conditions:

1° Within two trading days of receipt of the notice and all the documents required, the AMF shall provide the applicant with written acknowledgement of receipt.

The AMF shall have up to sixty trading days, starting from the date of the written acknowledgement of receipt of the notice, in which to assess the transaction. The written acknowledgement of receipt shall specify the expiry date of the assessment period.

2° During the assessment period and by the fiftieth trading day thereof at the latest, the AMF may request further information to complete the assessment. This request shall be made in writing and shall specify additional necessary information. Within two trading days of receipt of the further information, the AMF shall send the applicant a written acknowledgement of receipt.

The assessment period shall be suspended from the date of the AMF's request for further information until the receipt of the applicant's response to this request. The suspension shall not last more than twenty trading days. The AMF may make further requests for more information or clarifications, but these requests shall not suspend the assessment period.

3° The AMF may extend the suspension mentioned in the preceding paragraph to thirty trading days, if the applicant:

a) Is located outside of the European Union or is covered by regulations from outside the Union;

b) Is not subject to monitoring under the terms of European Directives 2006/48/EC, 85/611/EC, 92/49/EEC, 2002/83/EC, 2004/39/EC or 2005/68/EC.

4° If the AMF decides to object to a planned acquisition after the assessment, it shall give written notice of its decision to the applicant within two trading days and before the end of the assessment period. The AMF shall give the grounds for its decision. The asset management company shall also be notified.

At the request of the applicant, the AMF shall publish the grounds for its decision on the website mentioned in Article R. 532-15-2 of the Monetary and Financial Code.

5° If the AMF has not made a written objection to the planned acquisition by the end of the assessment period, the acquisition shall be deemed to be approved.

6° The AMF may set a deadline for completing the planned acquisition and may extend this deadline.

7° If the AMF receives several notifications under the terms of Article L. 532-9-1 of the Monetary and Financial Code concerning the same asset management company, it shall examine them jointly in such a way as to ensure equal treatment of the applicants.

Notwithstanding the preceding provisions, the AMF shall be notified immediately only of transactions between companies that are directly or indirectly owned and controlled by the same company, unless such transactions result in the transfer of control or ownership of some or all of the abovementioned rights to persons that are not subject to the laws of a State party to the European Economic Area agreement.

When the number or distribution of voting rights is restricted in relation to the number or distribution of the relevant shares or units under the provisions of legislation or the articles of association, the percentages stipulated in this Chapter and in Article 312-12 shall be calculated in terms of shares or units respectively.

Article 312-14

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

Article 312-15

The AMF may ask asset management companies for the identity of partners or shareholders who report holdings of less than one twentieth, but more than 0.5%, or the relevant figure set by the articles of association for the purposes of Article L. 233-7 of the Commercial Code.

CHAPTER III - ORGANISATIONAL RULES

SECTION 1 - ORGANISATIONAL RULES APPLYING TO ALL INVESTMENT SERVICES PROVIDERS

Sub-section 1 - Compliance system

PARAGRAPH 1 – GENERAL PROVISIONS

Article 313-1

Investment services providers shall establish and maintain appropriate operational policies, procedures and measures to detect any risk of non-compliance with the professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code and the subsequent risks and to attenuate those risks.

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

Article 313-2

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

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

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

II. - In this book, a relevant person is any person who is:

1° A manager, member of the board of directors, the supervisory board, or the executive board, managing director or deputy managing director, or any other company officer or tied agent of the investment services provider referred to in Article L. 545-1 of the Monetary and Financial Code.

2° A manager, member of the board of directors, the supervisory board, or the executive board, managing director or deputy managing director, or any other company officer of any tied agent of the investment services provider.

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

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

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

Article 313-3

Investment services providers shall ensure that the following conditions are met to enable the compliance function to perform its tasks properly and independently:

1° The compliance function must have the necessary authority, resources and expertise and access to all relevant information;

2° A compliance officer must be appointed and must be responsible for this function and for reporting as to compliance, including the report referred to in Article 313-7.

3° The relevant persons involved in the compliance function are not involved in the performance of the services and activities that they monitor;

4° The method for determining the remuneration of the relevant persons involved in the compliance function must not compromise their objectivity and must not be likely to do so.

However, investment services providers shall not be required to comply with Points 3° or 4° if they are able to demonstrate that, in view of the nature, scale, complexity and range of the investment services that they provide and the businesses that they engage in, the requirements under Points 3° or 4° are not proportionate and that their compliance function continues to be effective.

PARAGRAPH 2 - APPOINTMENT AND RESPONSIBILITIES OF THE COMPLIANCE OFFICER

Article 313-4

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

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

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

Senior management shall apprise the board of directors, the supervisory board or, failing that, the body responsible for supervision, if such a body exists, of the appointment of the compliance officer.

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

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

Article 313-5

For the purposes of this sub-section, the supervisory body shall be the board of directors, the supervisory board or, failing that, the body responsible for supervision of senior management referred to in Articles L. 532-2, and L. 532-9 of the Monetary and Financial Code, if such a body exists,.

Article 313-6

The responsibility for ensuring that investment services providers comply with their professional obligations stipulated in II of Article L. 621-15 of the Monetary and Financial Code shall lie with senior management and, where appropriate, with the supervisory body.

More specifically, senior management and, where appropriate, the supervisory body, shall periodically assess and review the effectiveness of the policies, systems and procedures that the investment services provider has established to comply with its professional obligations and take the appropriate measures to remedy any deficiencies.

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

a) are responsible, with regard to each collective investment scheme referred to in Article 311-1 A and managed by the investment services provider, for implementing the general investment policy set forth in the SICAV's prospectus, rules or articles of association, as the case may be;

b) oversees the approval of investment strategies for each managed collective investment scheme referred to in Article 311-1 A;

c) is responsible for ensuring that the investment services provider has a permanent and effective compliance function, within the meaning of Article 313-2, even if this function is performed by a third party;

d) ensures and verifies on a periodic basis that the general investment policy, the investment strategies and the risk limits of each managed collective investment scheme referred to in Article 311-1 A are properly and effectively implemented and complied with, even if the risk management function is performed by third parties;

e) approves and reviews on a periodic basis the adequacy of the internal procedures for undertaking investment decisions for each managed collective investment scheme referred to in Article 311-1 A, so as to ensure that such decisions are consistent with the approved investment strategies;

f) approves and reviews on a periodic basis the risk management policy and arrangements, processes and techniques for implementing that policy, as referred to in Article 313-53-5, including the risk limit system for each managed collective investment scheme referred to in Article 311-1 A.

Article 313-7

Investment services providers shall ensure that senior management receives frequent compliance, risk control and periodic control reports at least once a year specifying if the appropriate measures have been taken in the event of deficiencies.

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

Concerning the management of a collective investment scheme referred to in Article 311-1 A, these reports give information about the implementation of investment strategies and internal procedures for approving the investment decisions referred to in items b to e of Article 313-6.

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

Article 313-7-1

I.- The investment services provider shall ensure that natural persons acting under its authority or on its behalf have the appropriate qualifications and expertise as well as a sufficient level of knowledge.

II. - It verifies that the persons carrying out one of the following functions can prove they have the minimum level of knowledge set forth in Point 1° of II of Article 313-7-3:

a) sales personnel, within the meaning of Article 313-7-2;

b) asset manager, within the meaning of Article 313-7-2;

c) head of financial instrument clearing, within the meaning of Article 313-7-2;

d) head of post-trade services, within the meaning of Article 313-7-2;

e) persons referred to in Article 313-29.

III. - The investment services provider shall not carry out the verification provided for in II with regard to persons employed as at 1 July 2010. Persons having passed one of the examinations referred to in Point 3° of II of Article 313-7-3 shall be deemed to have the minimum knowledge required to perform their duties.

IV. - To conduct the verification referred to in II, the investment services provider has six months from the date on which the employee starts to perform one of the above functions. However, where the employee has been taken on under a work/study contract, as provided in Articles L. 6222-1 and L. 6325-1 of the labour code, the investment services provider may not conduct such verification. If it decides to hire the employee when his or her training period finishes, the investment services provider shall ensure that he or she has suitable qualifications and skills as well as a sufficient level of knowledge as referred to in I, at the latest by the end of the apprenticeship contract or the youth work contract.

The investment services provider shall ensure that any employee whose minimum knowledge has not yet been verified is appropriately supervised.

Article 313-7-2

1° A sales person is any natural person responsible for informing or advising the clients of the investment services provider under whose authority or on whose behalf he is acting, with a view to conducting transactions in financial instruments;

2° An asset manager is any person authorised to take investment decisions in connection with an individual investment mandate or with the management of one or more collective investment schemes;

3° A head of financial instrument clearing is a natural person representing the clearing member before the clearing house with respect to transaction registration, risk organisation and supervision, and the related financial instrument clearing functions;

4° A head of post-trade services is a person who assumes direct responsibility for custody account keeping, settlement, depositary functions, securities administration or securities services for issuers.

Article 313-7-3

I. - The AMF has formed a Financial Skills Certification Board.

1° The Financial Skills Certification Board issues opinions at the request of the AMF concerning certification of the professional knowledge of natural persons acting under the authority or on behalf of an investment services provider and performing one of the functions referred to in II of Article 313-7-1;

2° When rendering opinions, the Financial Skills Certification Board considers the possibility of establishing equivalencies with similar schemes abroad.

II. - Further to an opinion of the Financial Skills Certification Board, the AMF:

1° Determines the content of the minimum knowledge to be acquired by natural persons acting under the authority or on behalf of an investment services provider and performing one of the functions referred to in II of Article 313-7-1. It shall publish that content;

2° Sees to it that the minimum knowledge content is updated;

3° Determines and verifies the arrangements for the examinations that validate acquisition of the minimum knowledge;

4° Certifies examinations for a two-year period within three months of the filing of applications. This deadline shall be extended as necessary until requests for further information are met. Certification can be renewed for a three-year period.

5° The AMF shall charge an application fee when applications for certification are filed. The AMF shall determine the amount of this fee.

III. - The Financial Skills Certification Board has at least seven members:

1° One AMF representative;

2° At least four members named by the AMF on the basis of their professional skills, after consulting with the main professional associations representing investment services providers;

3° Two independent persons named by the AMF and skilled in the fields of education or vocational training in finance.

The Financial Skills Certification Board chooses one of its members as chairman.

The members of the Financial Skills Certification Board are appointed for a renewable three-year term. The AMF publishes the list of members.

IV. - The Financial Skills Certification Board shall draw up bylaws, approved by the AMF.

V. - Members are of the Financial Skills Certification Board receive no remuneration.

Sub-section 3 - Complaint handling

Article 313-8

I.- Investment services providers shall establish and maintain operational an effective and transparent procedure for reasonable and prompt handling of complaints received from retail clients or potential retail clients.

Such clients can file complaints free of charge with the investment services provider.

Investment services providers shall respond to the complaint within a maximum of two months from the date of receipt of the complaint, except in duly justified exceptional circumstances.

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

Investment services providers shall record each complaint and the measures taken to handle it. They shall also implement a complaint monitoring system enabling them to identify problems and implement the appropriate corrective measures.

Information on the complaint handling procedure shall be made available to retail clients free of charge.

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

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

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

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

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

Article 313-8-1

I. - Asset management companies shall take measures in accordance with Article 411-138 and establish appropriate procedures and arrangements to ensure that they deal properly with complaints from all holders of units or shares in a collective investment scheme referred to in Article 311-1 A and that there are no restrictions on these persons exercising their rights if they reside in another European Union Member State. These measures shall allow holders of units or shares in a collective investment scheme referred to in Article 311-1 A to send a complaint in the official language or one of the official languages of the Member State in which the collective investment scheme referred to in Article 311-1 A is sold and to receive a response in the same language.

Asset management companies shall also establish appropriate procedures and arrangements to supply information, at the request of the public or, where the asset management company manages a collective investment scheme referred to in Article 311-1 A established in another European Union Member State, of the competent authorities of the home Member State of that collective investment scheme referred to in Article 311-1 A.

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

II. - In the case of complaints from retail clients, investment services providers shall establish appropriate procedures and arrangements to ensure that they deal properly with complaints from such clients and that there are no restrictions on these persons exercising their rights if they reside in another European Union Member State. These measures shall allow retail clients to send a complaint in the official language or one of the official languages of the Member State in which the investment service is provided and to receive a response in the same language.

Sub-section 4 - Personal transactions

Article 313-9

I. - For the purposes of this Book, "personal transaction" shall refer to a transaction carried out by or on behalf of a relevant person where at least one of the following criteria is met:

1° The relevant person is acting outside of the scope of his functions;

2° The transaction is carried out on behalf of one of the following persons: the relevant person, any person with whom he has a family relationship or close links, a person whose relationship with the relevant person is such that the relevant person has a material direct or indirect in the outcome of the trade, other than the payment of a fee or commission for the execution of the trade.

II. - A person with a family relationship with the relevant person means any of the following:

1° The spouse of the relevant person or the partner of the relevant person under the terms of a civil solidarity pact;

2° Children over whom the relevant person holds parental authority or resident in his household, or who are his permanent wards;

3° Any other relative of the relevant person resident in his household for at least one year on the date of the personal transaction concerned.

III. - A situation in which a person has close links with the relevant person shall mean a situation where natural or legal persons are linked:

1° By an equity holding, meaning a direct holding or a holding through a controlled entity of 20% or more of the voting rights or the share capital of a company;

2° Or by control, meaning the relationship between a parent company and a subsidiary, in any of the cases referred to in Article L. 233-3 of the Commercial Code or a similar relationship between any natural or legal person and an undertaking, any subsidiary undertaking of a subsidiary undertaking also being considered a subsidiary of the parent undertaking which is at the head of those undertakings.

A situation where two or more natural or legal persons are permanently linked to one and the same person by a control relationship shall also be regarded as constituting a close link between such persons.

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

Article 313-10

Investment services providers shall establish and maintain effective and adequate arrangements aimed at preventing the following activities in the case of any relevant person, or person acting on behalf of a relevant person, who is involved in activities that may give rise to a conflict of interest, or who has access to inside information defined in Article 7 of the market abuse regulation (regulation no. 596/2014/EU) or to other confidential information relating to clients or transactions with or for clients by virtue of the performance of his functions within the investment services provider:

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

a) The transaction is prohibited by the provisions of the market abuse regulation (regulation no. 596/2014/EU);

b) The transaction involves the misuse or improper disclosure of inside or confidential information;

c) The transaction conflicts or is likely to conflict with the investment services provider's professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code.

2° Advising or procuring, other than in the proper course of the relevant person's function, any other person to enter into a transaction in financial instruments which, if it were a personal transaction of the relevant person, would be covered by Point 1° above, Article 313-27 or III of Article 314-66;

3° Disclosing, other than in the proper course of his employment, any information or opinion to any other person if the relevant person knows, or reasonably ought to know, that as a result of that disclosure that other person will or would be likely to take either of the following steps:

a) Entering into a transaction in financial instruments which, if it were a personal transaction of the relevant person, would be covered by Article 313-27 or III of Article 314-66;

b) Advising or procuring another person to enter into such a transaction.

Article 313-11

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

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

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

If the investment services provider has entered into an outsourcing contract, it must ensure that the service provider to which the task or function has been outsourced keeps a record of personal transactions entered into by any relevant person and is able to provide such information to the investment services provider promptly on request.

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

Article 313-12

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

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

2° Personal transactions in units or shares in a collective investment scheme referred to in Article 311-1 A, provided that the relevant person or any other person on whose behalf the transactions are executed is not involved in the management of such scheme.

The foregoing provision shall not apply to the collective investment schemes referred to in Article 311-1 A and governed by Article L. 214-154 of the Monetary and Financial Code, or to the schemes referred to in Articles L. 214-144 to L. 214-147 *ibid.* that rely on the waiver provided for in III of Article R. 214-193 *ibid*.

Sub-section 5 - Safeguarding of client assets

Article 313-13

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

1° They must keep such records and accounts as are necessary to enable them at any time and without delay to distinguish assets held for one client from assets held for other clients, and from their own financial instruments.

2° They must maintain their records and accounts in a way that ensures their accuracy, and in particular, their correspondence to the financial instruments held by clients.

3° They must conduct periodic reconciliations between their internal accounts and records and those of the third parties with whom the clients' financial instruments are held.

4° They must take the necessary steps to ensure that any client financial instruments deposited with a third party can be identified separately from the financial instruments belonging to the investment services provider by means of differently titled accounts on the books of the third party or other equivalent measures that achieve the same level of protection;

5° They must introduce adequate organisational arrangements to minimise the risk of loss or diminution of clients' assets or of rights in connection with those financial instruments resulting from misuse of the financial instruments, fraud, poor administration, incorrect record-keeping or negligence.

Article 313-14

Investment services providers using a third party to hold their clients' financial instruments shall exercise all due skill, care and diligence in the selection, appointment and periodic review of the third party and of the arrangements made by said party for the holding of those financial instruments.

Investment services providers shall take into account the expertise and market reputation of the third party, as well as any legal or regulatory requirements or market practices related to the holding of those financial instruments that could adversely affect clients' rights.

Article 313-15

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

Article 313-16

Investment services providers may not use a third party to hold their clients' financial instruments if that third party is located in a State that is not party to the European Economic Area agreement that does not regulate the holding of financial instruments on behalf of another person, unless one of the following conditions is met:

1° The nature of the financial instruments or of the investment services connected with those instruments requires them to be deposited with a third party in the State that is not party to the European Economic Area agreement.

2° If the financial instruments are held on behalf of a professional client, that client makes a written request to the investment services provider to have them held with a third party in the State that is not party to the European Economic Area agreement.

Article 313-17

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

The use of that client's financial instruments must be restricted to the specified terms to which the client has consented.

II. - Investment services providers may not enter into arrangements for securities financing transactions in respect of financial instruments held by them on behalf of a client in an omnibus account maintained by a third party, or otherwise use financial instruments held in such an account for their own account or for the account of another client unless at least one of the following conditions is met:

1° Each client whose financial instruments are held on an omnibus account must have given consent in accordance with I.

2° The investment services provider must have systems and controls to ensure that only financial instruments belonging to clients who have given prior consent in accordance with I are so used.

The investment services providers' records shall include data on the client on whose instructions the financial instruments have been used and on the number of financial instruments used belonging to each client who has given his consent, so as to enable the allocation of any loss of financial instruments.

Article 313-17-1

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

Sub-section 6 - Conflicts of interest

PARAGRAPH 1 - PRINCIPLES

Article 313-18

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

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

2° Or between two clients.

Article 313-19

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

1° The investment services provider or that person is likely to make a financial gain or avoid a financial loss, at the expense of the client;

2° The investment services provider or that person has an interest in the outcome of a service provided to a client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;

3° The investment services provider or that person has a financial or other incentive to favour the interest of another client or group of clients over the interest of the client to whom the service is being provided;

4° The investment services provider or that person carries on the same business as the client;

5° The investment services provider or that person receives or will receive from a person other than the client an inducement in relation to a service provided to the client in any form whatsoever, other than the commissions or fees usually charged for such service.

PARAGRAPH 2 - CONFLICTS OF INTEREST POLICY

Article 313-20

Investment services providers shall establish and maintain an effective conflicts of interest policy, set out in writing and appropriate to their size and organisation and to the nature, scale and complexity of their business.

Where an investment services provider is a member of a group, its conflicts of interest policy must also take into account any circumstances, of which it is or should be aware, that may give rise to a conflict of interest as a result of the structure and business activities of the other members of the group.

Article 313-21

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

1° Identify, with reference to the investment services provider's investment services, ancillary services and other activities, the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more clients when providing an investment service or an ancillary service or management of a collective investment scheme referred to in Article 311-1 A;

2° Specify procedures to be followed and measures to be adopted in order to manage such conflicts.

II. - The procedures and measures provided for in Point 2° shall be designed to ensure that relevant persons engaged in different business activities involving a conflict of interest of the kind specified in Point 1° carry on those activities at a level of independence appropriate to the size and activities of the investment services provider and of the group to which it belongs, and to the materiality of the risk of damage to clients' interests.

The procedures to be followed and measures to be adopted shall include such of the following as are necessary and appropriate for the investment services provider to ensure the requisite degree of independence:

1° Effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may damage the interests of one or more clients;

2° Separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the investment services provider;

3° Elimination of any direct links between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, other relevant persons principally engaged in another activity, where a conflict of interest is likely to arise in relation to those activities;

4° Measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out his activities;

5° Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest;

6° Measures to ensure that a relevant person from an asset management company may only provide paid advisory services in that capacity and on behalf of the asset management company to companies issuing the securities held by the collective investment schemes referred to in Article 311-1 A under the company's management or the securities that it plans to acquire, regardless of whether it is the company concerned or the collective investment scheme referred to in Article 311-1 A under management that pays for those services.

If the adoption or the practice of one or more of those measures and procedures does not ensure the requisite degree of independence, investment services providers shall adopt such alternative or additional measures and procedures as are necessary and appropriate for those purposes.

Article 313-22

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

PARAGRAPH 3 - DISCLOSURE TO CLIENTS

Article 313-23

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

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

II. - Concerning the management of a collective investment scheme referred to in Article 311-1 A, where the organisational or administrative arrangements made by the investment services provider for the management of conflicts of interest are not sufficient to ensure with reasonable confidence that the risk of damage to the interest of the collective investment scheme referred to in Article 311-1 A or its unit holders or shareholders will be prevented, the senior management or other competent internal body of the management company shall be promptly informed in order for them to take any necessary decision to ensure that in any case the management company acts in the best interests of the collective investment scheme referred to in Article 311-1 A and of its unit holders or shareholders.

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

Article 313-24

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

PARAGRAPH 4 - PROVISIONS ON INVESTMENT RESEARCH

Article 313-25

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

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

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

Article 313-26

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

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

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

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

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

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

Article 313-27

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

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

a) They are aware of the likely dissemination date or content of the investment research.

b) This knowledge is not accessible to the public and clients and cannot be readily inferred from the information that is available.

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

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

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

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

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

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

Article 313-28

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

1° It is clearly identified as such.

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

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

Sub-section 7 - Professional licences

PARAGRAPH 1 - GENERAL PROVISIONS

Article 313-29

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

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

a) Traders of financial instruments;

b) Clearers of financial instruments;

c) Compliance officers for investment services;

d) Investment analysts;

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

Article 313-30

Traders of financial instruments are natural persons empowered to commit the person under whose responsibility or on whose behalf they are acting in transactions in financial instruments for its own account or for a third party.

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

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

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

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

Article 313-31

A natural person may perform one of the functions referred to in Article 313-29 on a trial basis or temporarily, without holding the required professional licence, for a maximum period of six months that can be renewed once.

Use of this exception by an investment services provider for traders, clearers and investment analysts shall require the prior consent of the compliance officer for investment services.

The function of compliance officer for investment services and the function of compliance and internal control officer may only be performed on a trial basis or temporarily with the prior consent of the AMF.

Article 313-32

Issuance of a professional license shall require the applicant to compile an request for authorisation, which shall be submitted to the investment services provider issuing the license or to the AMF.

The request for authorisation shall include the items stipulated in an AMF instruction.

Article 313-33

The request for authorisation shall be retained by the investment services provider that issues the licence or by the AMF for ten years after the licensee has ceased to perform the functions that gave rise to the issuance of the professional licence.

Article 313-34

Where a person provisionally ceases to perform the activity that required a professional licence, such interruption shall not result in withdrawal of the licence.

The person shall be deemed to have permanently ceased engaging in the activity that gave rise to the issuance of the license when the interruption lasts longer than one year, unless the AMF grants an exception.

Article 313-35

When a person definitively ceases to perform the function for which a professional licence was issued, the licence shall be withdrawn. The license shall be withdrawn by the investment services provider that issued it or by the AMF, as the case may be.

If a professional license has been issued by the AMF, the investment services provider on whose behalf the license-holder is acting shall notify the AMF immediately upon the definitive cessation of activity referred to in the preceding paragraph.

Article 313-36

Whenever an investment services provider takes disciplinary measures against a person holding a professional licence because of a breach of the professional obligations, it shall so notify the AMF within one month.

Article 313-37

The AMF shall keep a register of professional licences.

For this purpose, the person issuing or revoking the professional license referred to in a, b and d of 1° of Article 313-29 shall notify the AMF of the identities of the persons whose licenses are issued or revoked within one month.

The AMF shall be notified of the appointments of the compliance officers referred to in c of 1° and in Point 2° of Article 313-29.

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

PARAGRAPH 2 - PROFESSIONAL LICENCES ISSUED BY THE AMF

Article 313-38

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

However, where investment services providers appoint one of their senior managers to the function of compliance officer, that person shall hold the relevant professional license. He shall not be required to pass the examination provided for in the first paragraph.

Article 313-39

Before issuing the professional license, the AMF shall verify:

1° that the relevant natural person is fit and proper, that he is familiar with the professional requirements and capable of performing the functions of a compliance officer.

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

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

Article 313-40

The AMF may waive the examination requirement for a person who has performed comparable functions with another investment services provider with equivalent business activities and organisational structures, provided that person has already passed the examination and the investment services provider planning to appoint him has already presented a candidate who passed the examination.

Article 313-41

If an investment services provider requires professional licenses for several compliance officers, the AMF shall ensure that the number of license holders is proportionate to the nature and the risks of the investment services provider's business activities, scale and organisational structure.

Investment services providers shall provide precise written definitions of the attributions of each professional license holder.

Article 313-42

The examination shall consist of interviews of professional license applicants by a jury. The applicants shall be presented by the investment services providers on whose behalf they are to perform their functions.

An AMF instruction shall specify the examination programme and procedures.

The AMF shall hold the examinations at least twice a year. It shall decide who sits on the jury, set the examination dates and determine the amount of examination fees. This information shall be made known to investment services providers.

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

Article 313-43

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

1° An active compliance officer, chair;

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

3° A member of the AMF's staff.

If an applicant feels that a member of the jury has a conflict of interest with regard to him, he may ask the AMF to be examined by another jury.

Article 313-44

If it deems that the conditions referred to in Article 313-39 have been met, the jury shall propose that the AMF issue a professional license.

However, if the jury deems that the applicant has the necessary qualities to perform the function of compliance officer but that the investment services provider does not grant him proper independence or does not provide him with adequate resources, the jury may propose that the issuance of a professional license be subject to the condition that the investment services provider remedies the situation and notifies the AMF of the measures taken for this purpose.

If outsourcing of the function of compliance officer for investment services or the function of compliance and internal control officer is planned, the jury may be asked for its opinion.

PARAGRAPH 3 - PROFESSIONAL LICENSES ISSUED BY INVESTMENT SERVICES PROVIDERS

Article 313-45

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

Article 313-46

Before any of the professional licences referred to in Article 313-45 are issued, the compliance officer for investment services shall ensure that the applicant is fit and proper, that it has met the procedural requirements established by the investment services provider to ascertain that applicants are cognisant of their professional obligations, and that it meets the conditions set forth in Article 313-7-1.

The compliance officer may obtain from AMF, upon request made by registered or hand-delivered letter with acknowledgment of receipt, a record of any disciplinary actions that the AMF has taken against the applicant during the previous five years.

Article 313-47

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

The AMF may ask the investment services provider to forward a copy of the license application.
Any person to whom a professional licence is issued shall be personally informed of that fact.

Sub-section 8 - Record keeping

Article 313-48

I. - 1° Asset management companies shall make appropriate arrangements for suitable electronic systems so as to permit a timely and proper recording of the information referred to in II concerning each portfolio transaction.

2° They shall ensure a high level of security during the electronic data processing as well as integrity and confidentiality of the recorded information, as appropriate.

II. - They shall ensure that, for each portfolio transaction relating to collective investment schemes mentioned in Article 311-1 A, a record of information which is sufficient to reconstruct the details of the order and the executed transaction is produced without delay.

The record referred to in the above paragraph shall include:

a) the name or designation of the collective investment scheme referred to in Article 311-1 A and of the person acting on behalf of the scheme;

b) the details necessary to identify the collective investment scheme referred to in Article 311-1 A in question;

c) the quantity;

d) the type of the order or transaction;

e) the price;

f) for orders, the date and exact time of the transmission of the order and name or other designation of the person to whom the order was transmitted, or for transactions, the date and exact time of the decision to deal and execution of the transaction;

g) the name of the person transmitting the order or executing the transaction;

h) where applicable, the reasons for the revocation of the order;

i) for executed transactions, the identification of the counterparty and of the execution venue, within the meaning of Article 314-69.

III. - 1° Asset management companies shall ensure that the entity placed in charge of centralising subscription and redemption orders for shares or units in a collective investment scheme referred to in Article 311-1 A pursuant to Articles L. 214-13 or L. 214-24-46 of the Monetary and Financial Code is able to record promptly and correctly all the information relating to the subscription and redemption orders referred to in II of Article 411-65.

2° Asset management companies shall ensure a high level of security during the electronic processing of the data referred to in the above paragraph as well as integrity and confidentiality of the recorded information.

Article 313-49

Investment services providers shall retain the records referred to in Article L. 533-8 and in 5 of Article L. 533-10 of the Monetary and Financial Code for at least five years.

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

If the investment services provider's authorisation is revoked, the AMF may require said provider to retain all the relevant records for the five-year period stipulated in the first paragraph.

The AMF may, in exceptional circumstances, require investment services providers to retain any or all those records for longer periods, to the extent justified by the nature of the instrument or transaction, if that is necessary to enable it to exercise its supervisory functions.

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

Article 313-50

The records shall be retained in a medium that allows the storage of information in a way accessible for future reference by the AMF, and in such a form and manner that the following conditions are met:

1° The AMF must be able to access them readily and to reconstitute each key stage of the handling of each transaction;

2° It must be possible for any corrections or other amendments, and the contents of the records prior to such corrections or amendments, to be easily ascertained;

3° It must not be possible for the records otherwise to be manipulated or altered.

Article 313-51

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

1° Of traders of financial instruments;

2° Of relevant persons, other than traders, who are involved in business relationships with clients, whenever the compliance officer deems it necessary in view of the amounts involved and the risks incurred with regard to the orders.

However, the investment services provider may specifically empower traders who are likely to carry out a trade in a financial instrument outside of the usual business hours and away from the usual site of the department to which they report. It shall establish a procedure setting the conditions for such trades, so that they are executed with the required security.

Article 313-52

The purpose of recording telephone conversations shall be to facilitate monitoring to ensure that transactions are lawful and that they comply with clients' instructions

The compliance officer may listen to the recordings of telephone conversations made pursuant to Article 313-51. If the compliance officer does not himself listen to the recording, it may not be listened to without his agreement or the agreement of a person designated by him.

The persons referred to in Article 313-51, whose telephone conversations may be recorded, shall be notified of the conditions under which they are able to listen to the relevant recordings.

The retention period for telephone recordings required under this Regulation shall be at least six months. It must not be more than five years.

Article 313-53

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

Sub-section 9 - Annual data sheet

Article 313-53-1

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

Sub-section 10 - Risk management for third parties

Article 313-53-2

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

Article 313-53-3

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

- "counterparty risk" means the risk of loss for the collective investment scheme referred to in Article 311-1 A or the individual portfolio from the fact that the counterparty to the transaction or to a contract may default on its obligations prior to the final settlement of the transaction's cash flow;
- "liquidity risk" means the risk that a position in the portfolio cannot be sold, liquidated or closed out at limited cost in an adequately short time frame and that the ability of the collective investment scheme referred to in Article 311-1 A to comply at any time with the provisions of the third paragraph of Articles L. 214-7 or L. 214-24-29 or Articles L. 214-8 or L. 214-24-34 of the Monetary and Financial Code, or the ability of the investment services provider to liquidate positions in an individual portfolio in accordance with the contractual requirements of the portfolio management mandate, is thereby compromised.
- "market risk" means the risk of loss for the collective investment scheme referred to in Article 311-1 A or the individual portfolio resulting from fluctuation in the market value of positions in the CIS portfolio attributable to changes in market variables, such as interest rates, foreign exchange rates, equity and commodity prices, or an issuer's creditworthiness;
- "operational risk" means the risk of loss for the collective investment scheme referred to in Article 311-1 A or the individual portfolio resulting from inadequate internal processes and failures in relation to people and systems of the management company or from external events, and includes legal and documentation risk and risk resulting from the trading, settlement and valuation procedures operated on behalf of the collective investment scheme referred to in Article 311-1 A or the individual portfolio;

- "board of directors" means the board of directors, executive board or any equivalent body of the investment services provider.

PARAGRAPH 1 – RISK MANAGEMENT POLICU AND RISK MEASUREMENT

Sub-paragraphe 1 – Permanent risk management function

Article 313-53-4

I. - Investment services providers shall establish and maintain a permanent risk management function.

II. - The permanent risk management function shall be hierarchically and functionally independent from operating units.

However, investment services providers may derogate from this obligation where the derogation is appropriate and proportionate in view of the nature, scale diversity and complexity of its business and of the collective investment schemes referred to in Article 311-1 A or individual portfolios it manages.

Investment services providers shall be able to demonstrate that appropriate safeguards against conflicts of interest have been adopted so as to allow an independent performance of risk management activities and that its risk management process satisfies the requirements of Article L. 533-10-1 du Monetary and Financial Code.

III. - The permanent risk management function shall:

a) implement the risk management policy and procedures;

b) ensure compliance with the collective investment schemes referred to in Article 311-1 A or individual portfolios risk limit system, including statutory limits concerning global exposure and counterparty risk in accordance with Articles 411-71-1 to 411-83 or Articles 422-50 to 422-63;

c) provide advice to the board of directors as regards the identification of the risk profile of each managed collective investment scheme referred to in Article 311-1 A or individual portfolio;

d) provide regular reports to the board of directors and, where it exists, the supervisory function, on:
   i) the consistency between the current levels of risk incurred by each managed collective investment scheme referred to in Article 311-1 A or individual portfolio and the risk profile agreed for that collective investment scheme or portfolio;
   ii) the compliance of each managed collective investment scheme referred to in Article 311-1 A or individual portfolio with relevant risk limit systems;
   iii) the adequacy and effectiveness of the risk management process, indicating in particular whether appropriate remedial measures have been taken in the event of any deficiencies;

e) provide regular reports to the senior management outlining the current level of risk incurred by each managed collective investment scheme referred to in Article 311-1 A and individual portfolio any actual or foreseeable breaches to their limits, so as to ensure that prompt and appropriate action can be taken;

f) review and support, where appropriate, the arrangements and procedures for the valuation of OTC derivatives as referred to in Articles 411-84 or 422-64.

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

IV. - The permanent risk management function shall have the necessary authority and access to all relevant information necessary to fulfil the tasks set out in III.

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

Sub-paragraph 2 - Risk management policy

Article 313-53-5

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

In particular, the asset management company shall not solely or mechanistically rely on credit ratings issued by credit rating agencies as defined in Article 3(1)(b) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies for assessing the creditworthiness of the assets of collective investments referred to in Article 311-1 A.

II. - The risk management policy shall comprise such procedures as are necessary to enable the management company to assess for each collective investment scheme referred to in Article 311-1 A or individual portfolio it manages the exposure of that collective investment scheme referred to in Article 311-1 A or individual portfolio to market, liquidity and counterparty risks, and the exposure of the collective investment schemes referred to in Article 311-1 A or individual portfolios to all other risks, including operational risks, which may be material for each collective investment scheme referred to in Article 311-1 A or individual portfolio it manages.

III. - The risk management policy shall address at least the following:

a) the techniques, tools and arrangements that enable them to comply with the obligations set out in Articles 313-53-7, 411-72 and 411-73 or 422-51 and 422-52;

b) the allocation of responsibilities within the investment services provider pertaining to risk management.

IV. - Investment services providers shall ensure that the risk management policy referred to in I states the terms, contents and frequency of reporting of the risk management function referred to in Article 313-53-4 to the board of directors and to senior management and, where appropriate, to the supervisory function.

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

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

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

Article 313-53-6

Investment services provider shall assess, monitor and periodically review:

a) the adequacy and effectiveness of the risk management policy and of the arrangements, processes and techniques referred to in Articles 313-53-7, 411-72 et 411-73 or 422-51 and 422-52;

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

c) the adequacy and effectiveness of measures taken to address any deficiencies in the performance of the risk management process or shortcomings in these arrangements and procedures, including any misconduct by persons concerned by the requirements of these arrangements or procedures.

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

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

Article 313-53-7

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

a) measure and manage at any time the risks which the collective investment schemes referred to in Article 311-1 A and individual portfolios they manage are or might be exposed to;

b) ensure compliance with limits applicable to collective investment schemes referred to in Article 311-1 A concerning global exposure and counterparty risk, in accordance with Articles 411-72 and 411-73 or 422-51 and 422-52 and Articles 411-82 to 411-83 or 422-61 to 422-63.

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

II. - For the purposes of I, investment services providers shall take the following actions for each collective investment scheme referred to in Article 311-1 A or individual portfolio they manage:

a) put in place such risk measurement arrangements, processes and techniques as are necessary to ensure that the risks of taken positions and their contribution to the overall risk profile are accurately measured on the basis of sound and reliable data and that the risk measurement arrangements, processes and techniques are adequately documented;

b) conduct, where appropriate, periodic back-tests in order to review the validity of risk measurement arrangements which include model-based forecasts and estimates;

c) conduct, where appropriate, periodic stress tests and scenario analyses to address risks arising from potential changes in market conditions that might adversely impact the collective investment schemes referred to in Article 311-1 A or individual portfolios they manage;

d) establish, implement and maintain a documented system of internal limits concerning the measures used to manage and control the relevant risks for each collective investment scheme referred to in Article 311-1 A or individual portfolio taking into account all risks which may be material to the collective investment scheme referred to in Article 311-1 A or individual portfolio as referred to in Article 313-53-3 and ensuring consistency with the risk-profile of the collective investment schemes referred to in Article 311-1 A or individual portfolios;

e) ensure that the current level of risk complies with the risk limit system as set out in d) for each collective investment scheme referred to in Article 311-1 A or individual portfolio;

f) establish, implement and maintain adequate procedures that, in the event of actual or anticipated breaches to the risk limit system of the collective investment scheme referred to in Article 311-1 A or individual portfolio, result in timely remedial actions in the best interests of unit holders or shareholders or principals.

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

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

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

IV. - Investment services providers shall ensure that for each collective investment scheme referred to in Article 311-1 A they manage the liquidity profile of the investments of the collective investment scheme referred to in Article 311-1 A is appropriate to the redemption policy laid down in the fund rules or the instruments of incorporation or the prospectus.

V. - Investment services providers shall ensure that the collective investment scheme referred to in Article 311-1 A is able at all times to respond to all the payment and delivery obligations to which they committed themselves when concluding a derivative instrument.

VI. - The risk management procedure shall enable investment services providers to satisfy at all times with the requirements referred to in V.

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

SECTION 2 - ADDITIONAL ORGANISATIONAL REQUIREMENTS FOR ASSET MANAGEMENT COMPANIES

Sub-section 1 - General organisational requirements

Article 313-54

I. - Asset management companies must use adequate and appropriate resources, including material, financial and human resources at all times.

II. - They shall establish and maintain effective decision-making procedures and an organisational structure that clearly and in a documented manner specifies reporting lines and allocates functions and responsibilities in accordance with the requirements specified by an AMF Instruction.

III. - They shall ensure that their relevant persons are aware of the procedures which must be followed for the proper discharge of their responsibilities.

IV. - They shall establish and maintain effective and adequate internal control mechanisms designed to secure compliance with decisions and procedures at all levels of the asset management company.

V. - They shall employ personnel with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them.

VI. - They shall establish and maintain effective and effective internal reporting and communication of information at all relevant levels.

VII. - They shall maintain adequate and orderly records of their business and internal organisation.

VIII. - They shall ensure that the performance of multiple functions by relevant persons does not and is not likely to prevent those persons from discharging any particular function soundly, honestly, and professionally.

IX. - For the purposes of I to VIII above, asset management companies shall take into account the nature, scale, complexity and range of the services that they provide and the businesses that they engage in.

Article 313-55

Asset management companies shall establish and maintain effective systems and procedures that are adequate to safeguard the security, integrity and confidentiality of information, taking into account the nature of the information in question.

Article 313-56

Asset management companies shall establish and maintain effective business continuity plans aimed to ensure, in the case of an interruption to their systems and procedures, the preservation of essential data and functions, and the maintenance of investment services and collective investment schemes referred to in Article 311-1 A management services, or, where that is not possible, the timely recovery of such data and functions and the timely resumption of their activities.

Article 313-57

Asset management companies shall establish and maintain effective accounting policies and procedures that enable them, at the request of the AMF, to deliver in a timely manner financial reports which reflect a true and fair view of their financial position and which comply with all applicable accounting standards and rules.

Article 313-58

Asset management companies shall monitor and, on a regular basis, to evaluate the adequacy and effectiveness of their systems, internal control mechanisms and other arrangements established in accordance with Articles 313-54 to 313-57, and to take appropriate measures to address any deficiencies.

Article 313-59

The annual financial statements of the asset management company must be certified by a statutory auditor. Within six months of the end of the financial year, asset management companies shall file copies of their balance sheet, income statement and the notes to the financial statements, along with their annual management reports and notes, the statutory auditors' general and special reports with the AMF. If applicable, the companies shall also produce consolidated financial statements.

Article 313-59-1

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

1° Ensure that the accounting procedures referred to in Article 313-57 are applied so that unit holders and shareholders in the collective investment scheme referred to in Article 311-1 A are protected;

2° Establish appropriate procedures to ensure the proper and accurate valuation of the assets and liabilities of the collective investment scheme referred to in Article 311-1 A, as consistent with the applicable rules referred to in Articles L. 214-17-1 or L. 214-24-50 of the Monetary and Financial Code;

3° Ensure compliance with Articles 411-24 to 411-33 or 422-26 to 422-32.

Sub-section 2 - Risk management

Article 313-60

In connection with their risk management policy, referred to in Article 313-53-5, asset management companies shall establish, implement and maintain a risk management policy and procedures that are efficient, appropriate and documented, making it possible to identify the risks relating to their business, processes and systems, and, where needed, to determine the level of risk they can tolerate.

Sub-section 3 - Transmission of information on derivative instruments

Article 313-61

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

The AMF may review the regularity and completeness of this information and ask for explications about it.

Sub-section 4 - Internal audit

Article 313-62

Asset management companies, where appropriate and proportionate in view of the nature, scale, complexity and range of their business, shall establish and maintain an effective internal audit function which is separate and independent from their other functions and activities and which has the following responsibilities:

1° To establish and maintain an effective audit plan to examine and evaluate the adequacy and effectiveness of the asset management company's systems, internal control mechanisms and arrangements;

2° To issue recommendations based on the result of work carried out in accordance with 1°;

3° To verify compliance with those recommendations;

4° To provide reports on internal audit issues in accordance with Article 313-7.

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

PARAGRAPH 1 - COMPLIANCE AND INTERNAL CONTROL SYSTEMS

Article 313-63

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

Article 313-64

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

Article 313-65

First-level control shall be exercised by persons in operational functions.

Monitoring shall be conducted through second-level controls to ensure proper execution of first-level controls.

Monitoring shall be performed exclusively, subject to the provisions of Article 313-69, by staff appointed solely to that function.

PARAGRAPH 2 - COMPLIANCE AND INTERNAL CONTROL OFFICERS

Article 313-66

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

Article 313-67

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

Article 313-68

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

Article 313-69

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

Article 313-70

The following persons shall hold professional licenses:

1° The compliance and internal control officer referred to in Article 313-66;

2° The compliance and monitoring manager referred to in Article 313-67;

3° The manager for monitoring, other than compliance monitoring, referred to in Article 313-68 and the compliance officer referred to in the said Article, if the two functions are separate.

Employees of asset management companies or employees of another entity in their group or under the same central body may hold professional licenses if the asset management companies present them for the examination.

The AMF shall ensure that the number of professional license holders is proportionate to the nature and the risks of the asset management company's business activities, scale and organisational structure.

The internal audit manager referred to in Article 313-67 shall not hold a professional license.

Article 313-71

Asset management companies shall establish a procedure that enables all their employees and all natural persons acting on their behalf to discuss questions they have about deficiencies that they have noted in the actual implementation of compliance obligations with the compliance and internal control officer.

Sub-section 6 - Outsourcing

Article 313-72

If asset management companies outsource the execution of critical operational tasks and functions or tasks and functions that are important for the provision of a service or the conduct of business, they shall take reasonable measures to prevent an undue exacerbation of operating risk.

Outsourcing of critical or important operational tasks or functions must not be done in such a way that it materially impairs the quality of internal control and prevents the AMF from verifying that the asset management company complies with all its obligations.

Outsourcing to an extent that makes the asset management company into a letter box entity must be deemed to be in violation of the requirements that the asset management company must comply with to obtain and keep its authorisation.

Article 313-73

Outsourcing shall consist of any agreement, in any form, between an asset management company and a service provider under which the service provider takes over a process, service or activity that otherwise would have been performed by the asset management company itself.

Article 313-74

I. An operational task or function shall be regarded as critical or important if a defect or failure in its performance would materially impair the asset management company's capacity for continuing compliance with the conditions and obligations of its authorisation or its professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code, or its financial performance, or the continuity of its business. More specifically, this Sub-section shall apply in the case of outsourced investment services.

II. - Without prejudice to the status of any other task or function, the following tasks or functions shall not be considered as critical or important:

1° The provision to the asset management company of advisory services, and other services which do not form part of the investment services of the firm, including the provision of legal advice, the training of personnel, billing services and the security of the asset management company's premises and personnel;

2° The purchase of standard services, including market information services and the provision of price feeds.

Article 313-75

I. - Asset management companies that outsource an operational task or function shall remain fully responsible for complying with all their professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code and complying, in particular, with the following conditions:

1° Outsourcing must not result in the delegation by senior management of its responsibility.

2° The relationship and obligations of the asset management company towards its clients must not be altered.

3° The conditions or commitments with which the company must comply in order to be authorised must not be undermined.

II. - Asset management companies shall exercise due skill, care and diligence when entering into, managing or terminating an outsourcing contract for critical or important operational tasks or functions.

In particular, asset management companies must take the necessary steps to ensure that the following conditions are satisfied:

1° The service provider must have the ability, capacity, and any authorisation required to perform the outsourced tasks or functions reliably and professionally.

2° The service provider must carry out the outsourced services effectively. To this end, the asset management company must establish methods for assessing the standard of performance of the service provider.

3° The service provider must properly supervise the carrying out of the outsourced tasks or functions, and adequately manage the risks stemming from outsourcing.

4° Asset management companies must take appropriate action if it appears that the service provider may not be carrying out the functions effectively and in compliance with the professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code applying to them.

5° Asset management companies must retain the necessary expertise to supervise the outsourced tasks or functions effectively and manage the risks stemming from outsourcing and must supervise those tasks and manage those risks.

6° The service provider must disclose to the asset management company any development that may have a material impact on its ability to carry out the outsourced tasks or functions effectively and in compliance with the professional obligations referred to in II of Article L. 621-15 of the Monetary and Financial Code applying to them.

7° The procedures for terminating outsourcing contracts at the initiative of either party must ensure the continuity and the quality of the activities carried out.

8° The service provider must cooperate with the AMF in connection with the outsourced tasks or functions.

9° The asset management company, its auditors and the relevant competent authorities must have effective access to data related to the outsourced tasks or functions, as well as to the business premises of the service provider.

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

11° The asset management company and the service provider must establish and maintain an effective contingency plan for disaster recovery and periodic testing of backup facilities, where that is necessary having regard to the nature of the outsourced task or function.

III. - The respective rights and obligations of asset management companies and service providers shall be clearly defined in a contract.

IV. - Where the asset management company and the service provider are members of the same group or are under the same central body, the asset management company may, for the purposes of determining how this Article shall apply, take into account the extent to which it controls the service provider or has the ability to influence its actions.

V. - Asset management companies must provide the AMF, at its request, all information necessary to enable it to supervise the compliance of the performance of the outsourced tasks or functions with the requirements of this Book.

Article 313-76

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

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

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

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

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

Sub-section 7 - Delegating management of collective investment schemes

Article 313-77

When the asset management company delegates the management of a collective investment scheme referred to in Article 311-1 A, it shall be bound by the following conditions:

1° It shall inform the AMF about the mandate without delay. Where the asset management company manages a collective investment scheme in another European Union Member State, the AMF sends the information without delay to the competent authorities of the home Member State of the collective investment scheme in question;

2° Delegation shall not prevent the effectiveness of the AMF's supervision over the delegating asset management company and, in particular, must not prevent the management company from acting, or the collective investment scheme referred to in Article 311-1 A being managed in the best interests of its unit holders or shareholders;

3° Financial management can only be delegated to a person authorised for the purpose of asset management; the delegation must be in accordance with the investment allocation criteria laid down periodically by the delegating asset management company.

For the purposes of this point, the following are considered authorised for the purpose of asset management:

a) Asset management companies authorised to manage UCITS or AIFs;

b) Investment services providers authorised to provide portfolio management services on behalf of third parties;

c) Entities equivalent to those referred to in a) and b) which are authorised in a State that is party to the European Economic Area agreement;

d) Entities equivalent to those referred to in a) and b) which are authorised in a State that is not party to the European Economic Area agreement;

4° Financial management cannot be delegated to a person established in a State that is not party to the European Economic Area agreement except in the conditions specified in point 3° and provided that an effective cooperation has been entered into between the AMF and the supervisory authority of that State;

5° The mandate shall not be likely to generate conflicts of interest; delegation of financial management to the depositary is prohibited;

6° The asset management company has implemented measures enabling its senior management to effectively monitor at all times the entity to which management has been delegated;

7° The mandate must not prevent the persons who conduct the business of the asset management company from giving further instructions to the entity to which functions are delegated at any time or from withdrawing the mandate with immediate effect when this is in the interest of unit holders or shareholders of the collective investment scheme referred to in Article 311-1 A;

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

9° The prospectus for the collective investment scheme referred to in Article 311-1 A or, where applicable, the investor disclosure document shall list the functions that the AMF has allowed the asset management company to delegate in accordance with this article.

The liability of the asset management company or the depositary shall not be affected by delegation by the management company of any functions to third parties.

The management company shall not delegate its functions to the extent that it becomes a letter-box entity.

The asset management company shall maintain the resources and expertise needed to effectively supervise the activities undertaken by third parties under an agreement with them, notably as regards management of the risk associated with that agreement.

CHAPTER IV - CONDUCT OF BUSINESS RULES

SECTION 1 - GENERAL PROVISIONS

Article 314-1

The provisions of this Chapter shall not apply to branches established in other States party to the European Economic Area agreement by investment services providers or asset management companies authorised in France.

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

Investment services providers shall ensure that relevant persons are reminded that they are bound by the obligation of professional confidentiality, subject to the terms and penalties prescribed by law.

For the purposes of this Chapter, the term "client" shall designate existing and potential clients, which includes, where relevant, collective investment schemes referred to in Article 311-1 A or their unit holders or shareholders.

Sub-section 1 - Approval of codes of conduct

Article 314-2

Where a professional organisation draws up a code of conduct applicable to investment services or to management of a collective investment scheme referred to in Article 311-1 A, the AMF shall verify whether the code's provisions are consistent with this General Regulation.

The professional organisation may ask the AMF to approve all or part of the code as professional standards.

If, having sought the opinion of the *Association Française des Etablissements de Crédit et des Entreprises d'Investissement* (AFECEI), the AMF considers that some or all the provisions of such code should be recommended to investment services providers, the AMF shall announce its decision by publishing it on its website.

Sub-section 2 - Primacy of the client’s interest and market integrity

Article 314-3

Investment services providers shall act honestly, fairly and professionally, with due skill, care and diligence, in the best interests of clients and the integrity of the market. More specifically, they shall comply with all the rules pertaining to the organisation and operation of the regulated markets and multilateral trading facilities that they use.

Article 314-3-1

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

1° ensure that the unit holders and shareholders of the same collective investment scheme referred to in Article 311-1 A are treated fairly;

2° refrain from placing the interests of any group of unit holders or shareholders above the interests of any other group of unit holders or shareholders;

3° apply appropriate policies and procedures for preventing for preventing malpractices that might reasonably be expected to affect the stability and integrity of the market;

4° ensure that fair, correct and transparent pricing models and valuation systems are used for the collective investment schemes referred to in Article 311-1 A they manage, in order to comply with the duty to act in the best interests of the unit holders and shareholders. Management companies must be able to demonstrate that the portfolios of collective investment schemes referred to in Article 311-1 A have been accurately valued;

5° act in such a way as to prevent undue costs being charged to the collective investment schemes referred to in Article 311-1 A and its unit holders or shareholders;

6° ensure a high level of diligence in the selection and ongoing monitoring of investments, in the best interests of collective investment schemes referred to in Article 311-1 A and the integrity of the market;

7° ensure they have adequate knowledge and understanding of the assets in which the collective investment schemes referred to in Article 311-1 A are invested;

8° establish written policies and procedures on due diligence and implement effective arrangements for ensuring that investment decisions on behalf of the collective investment schemes referred to in Article 311-1 A are carried out in compliance with the objectives, investment strategy and risk limits of these collective investment schemes;

9° when implementing their risk management policy, and where it is appropriate after taking into account the nature of a foreseen investment, to formulate forecasts and perform analyses concerning the investment's contribution to the collective investment scheme referred to in Article 311-1 A portfolio composition, liquidity and risk and reward profile before carrying out the investment. The analyses must only be carried out on the basis of reliable and up-to-date information, both in quantitative and qualitative terms.

Article 314-3-2

Investment services providers shall demonstrate all the necessary skill, caution and diligence when entering into, managing and terminating agreements with third parties in connection with risk management activities, in accordance with an AMF Instruction. Before entering into such agreements, investment services providers shall take the necessary measures to ensure that the third party has the necessary skills and capabilities to carry on its risk management activity reliably, professionally and effectively.

Investment services providers shall establish methods for continuous assessment of the quality of the services supplied by third parties.

SECTION 2 - CLIENT AND ELIGIBLE COUNTERPARTY CATEGORIES

Article 314-4

I.- Investment services providers shall establish and implement appropriate written policies and procedures for classifying their clients into the categories of retail clients, professional clients and eligible counterparties.

II. - Investment services providers shall inform their clients of their categorisation as a retail client, a professional client or an eligible counterparty.

They shall also notify clients if they change categories.

They shall notify their clients using a durable medium of their right to ask for a different categorisation and the consequences that such a change would have on their level of protection.

III. - It is the responsibility of professional clients or eligible counterparties to inform investment services providers of any changes that are likely to result in a change in their categorisation.

IV. - Investment services providers who find that a professional client or an eligible counterparty no longer meets the requirements for their category shall take the appropriate measures.

V. - It is the responsibility of a professional client or an eligible counterparty to ask to be treated as belonging to a category providing higher protection if they feel that they are not able to assess and manage risks that they incur properly.

Article 314-4-1

When dealing with new clients, investment services providers shall gather information about the identity and legal capacity of each new client in accordance with an AMF instruction.

Sub-section 1 - Retail client treatment option

Article 314-5

Professional clients may ask investment services providers to treat them as retail clients in all their dealings or for specific financial instruments, investment services or transactions.

If the provider agrees to such a request, an agreement shall be drawn up on paper or in another durable medium that sets out the financial instruments, investment services and transactions concerned.

Sub-section 2 - Professional client treatment option

Article 314-6

Retail clients may waive some of the protection provided by the conduct of business rules referred to in this Chapter.

In this case, investment services providers may treat retail clients as professional clients, subject to compliance with the criteria and procedure mentioned below. However, retail clients must not be presumed to have market knowledge and experience that are comparable to those of the clients referred to in Sub-section 1 of this Section.

The lower level of protection provided by the conduct of business rules shall not be deemed valid unless the investment services provider conducts an adequate assessment of the client's skill, experience and knowledge to obtain reasonable assurance that, with regard to the transactions and services considered, the client is able to make investment decisions and understand the risks incurred.

The aptitude criteria applied to the directors and senior managers of authorised undertakings on the basis of financial Directives may be considered as one way of assessing a client's skill and knowledge. In the case of a small undertaking that does not meet the criteria in 2 of I of Article D. 533-11 of the Monetary and Financial Code, the assessment should be made of the person authorised to carry out transactions in the name of the undertaking.

The assessment must find that at least two of the following criteria are satisfied:

1° The person must hold a portfolio of financial instruments worth more than EUR 500,000.

2° The person must have carried out an average of at least ten major trades in financial instruments per quarter over the previous four quarters.

3° The person must have held a professional position in the financial sector for at least one year that required knowledge of investments in financial instruments.

An AMF Instruction shall specify the terms and conditions for the application of this Article.

Article 314-7

The clients referred to in Article 314-6 may not waive the protection afforded by the conduct of business rules unless they follow the procedure set out below:

1° The client shall notify the investment services provider in writing of his wish to be treated as a professional client at all times, or for a specific investment service or transaction, or else for a specific type of transaction or product.

2° The investment services provider shall provide a clear written explanation of the protections and compensation rights that the client may be waiving.

3° The client shall make a written declaration that is separate from the contract that he is aware of the consequences of waiving the abovementioned protections.

Before deciding to accept the waiver, the investment services provider shall be required to take all reasonable measures to ascertain that the client wishing to be treated as a professional client meets the criteria set out in Article 314-6.

Sub-section 3 - Eligible counterparties

Article 314-8

Eligible counterparties referred to in Article L. 533-20 of the Monetary and Financial Code may ask investment services providers to treat them as professional clients or retail clients in all their dealings or for specific financial instruments, investment services or transactions.

If the provider accepts this request, it shall treat the eligible counterparty as a professional client or a retail client, as the case may be.

Article 314-9

If one of the entities referred to in Article 314-8 asks to be treated as a client, without specifically asking to be treated as a retail client, and if the investment services provider accepts that request, the provider shall treat the said entity as a professional client.

However, if the said entity specifically asks to be treated as a retail client, and if the investment services provider accepts that request, the provider shall treat the said entity as a retail client.

SECTION 3 - INFORMATION TO CUSTOMERS

Sub-section 1 - Characteristics

PARAGRAPH 1 - CLEAR INFORMATION THAT IS NOT MISLEADING

Article 314-10

Investment services providers shall ensure that all information that they address to clients, including marketing information, satisfies the conditions laid down in I of Article L. 533-12 of the Monetary and Financial Code.

Investment services providers shall ensure that all information, including marketing information, that they address to retail clients or that is likely to be received by retail clients, satisfies the conditions laid down in Articles 314-11 to 314-17.

Article 314-11

The information shall include the name of the investment services provider.

It shall be accurate and in particular shall not emphasise any potential benefits of an investment service or financial instrument without also giving a fair and prominent indication of any relevant risks.

It shall be sufficient for, and presented in a way that is likely to be understood by, an average investor in the category at which it addressed or by which it is likely to be received.

It shall not disguise, diminish or obscure important items, statements or warnings.

Article 314-12

Where the information compares investment or ancillary services, financial instruments, or persons providing investment or ancillary services, the following conditions shall be satisfied:

1° The comparison must be meaningful and presented in a fair and balanced way.

2° The sources of the information used for the comparison must be specified.

3° The key facts and assumptions used to make the comparison must be included.

Article 314-13

Where the information contains an indication of past performance of a financial instrument, a financial index or an investment service, the following conditions shall be satisfied:

1° That indication must not be the most prominent feature of the communication.

2° The information must include appropriate performance information which covers the immediately preceding 5 years, or the whole period for which the financial instrument has been offered, the financial index has been established, or the investment service has been provided if less than five years, or such longer period as the investment services provider may decide. In every case that performance information must be based on complete 12-month periods.

3° The reference period and the source of information must be clearly stated.

4° The information must contain a prominent warning that the figures refer to the past and that past performance is not a reliable indicator of future results.

5° Where the indication relies on figures denominated in a currency other than that of the Member State in which the retail client is resident, the currency must be clearly stated, together with a warning that the return may increase or decrease as a result of currency fluctuations.

6° Where the indication is based on gross performance, the effect of commissions, fees or other charges must be disclosed.

Article 314-14

Where the information includes or refers to simulated past performance, it must relate to a financial instrument or a financial index, and the following conditions shall be satisfied:

1° The simulated past performance must be based on the actual past performance of one or more financial instruments or financial indices which are the same as, or underlie, the financial instrument concerned.

2° In respect of the actual past performance referred to in Point 1° of this Article, the conditions set out in Points 1°, 2°, 3°, 5° and 6° of Article 314-13 must be complied with.

3° The information must contain a prominent warning that the figures refer to simulated past performance and that past performance is not a reliable indicator of future performance.

Article 314-15

Where the information contains information on future performance, the following conditions shall be satisfied:

1° The information must not be based on or refer to simulated past performance.

2° It must be based on reasonable assumptions supported by objective data.

3° Where the information is based on gross performance, the effect of commissions, fees or other charges must be disclosed.

4° The information must contain a prominent warning that such forecasts are not a reliable indicator of future performance.

Article 314-16

Where the information refers to a particular tax treatment, it shall prominently state that the tax treatment depends on the individual circumstances of each client and may be subject to change in the future.

Article 314-17

The information shall not use the name of any competent authority in such a way that would indicate or suggest endorsement or approval by that authority of the products or services of the investment services provider.

PARAGRAPH 2 - CONTENT AND TIMING OF THE INFORMATION

Article 314-18

Appropriate information presented in an understandable form shall be addressed to clients concerning:

1° The investment services provider and its services;

2° The proposed financial instruments and investment strategies, which must include appropriate guidelines and warnings about the inherent risks of investing in such instruments or of certain investment strategies;

3° Execution systems, if appropriate.

4° Costs and associated charges.

The purpose of providing this information is to enable clients to understand the nature of the proposed investment service and the specific type of financial instrument, along with the associated risks, and, consequently, to make informed investment decisions. This information may be provided in a standardised format.

Article 314-19

Information that is specific to a UCITS and is included in its key investor information document shall be deemed to fulfil the Articles 314-33, 314-34, 314-37 and 314-42.

The benefit of the provisions of the previous paragraph shall also extend to information that is specific to retail investment funds and funds of alternative funds and is included in their key investor information documents, and that is specific to professional investment funds and is included in their prospectuses, provided that the information meets the requirements set out in Directive 2009/65/EC of 13 July 2009.

Article 314-20

Investment services providers shall provide the following information to retail clients in good time, either before they are bound by a contract for the provision of investment services or ancillary services or before the provision of such services if that provision of services is not covered by a contract or is made prior to signing a contract:

1° The terms and conditions of the contract for the provision of investment services or ancillary services;

2° The information required in Article 314-32.

Article 314-21

The information referred to in Articles 314-34, 314-40, 314-41 and 314-42 shall be provided to retail clients in good time and before the provision of the relevant service.

Article 314-22

The information referred to in 4° and 5° of Article 314-39 shall be provided to professional clients in good time and before the provision of the relevant service.

Article 314-23

For retail clients, the information required in Article 314-20 may be provided immediately after the signature of any contract for the provision of investment services or ancillary services, and the information referred to in Article 314-21 may be provided immediately after the investment services provider starts providing the services, subject to the following conditions:

1° The investment services provider was not able to comply with the time limits referred to in Articles 314-20 and 314-21 because the contract was signed at the client's request by a means of communication that did not enable the provider to provide the information in accordance with those Articles.
2° the investment services provider has applied the provisions of Article R. 121-2-1 (5°) of the Consumption Code or any equivalent provision in another State party to the European Economic Area agreement.

Article 314-24

Investment services providers shall notify clients in good time of any material change in the information to be provided under Sub-sections 3 and 4 that affects the service provided to those clients.

The notification must be given in a durable medium if the relevant information is to be provided in such a medium.

Article 314-25

The information referred to in Articles 314-20, 314-21, 314-22 and 314-23 shall be provided in a durable medium under the conditions laid down in Article 314-26 or posted to a website under the conditions laid down in Article 314-27.

PARAGRAPH 3 - INFORMATION MEDIA

Article 314-26

A durable medium is any instrument which enables a client to store information addressed personally to that client in a way that affords easy access for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored.

The durable medium may take another form than paper only if:

1° The provision of that information in that medium is appropriate to the context in which the business between the investment services provider and the client is, or is to be, carried on.

2° The person to whom the information is to be provided, when offered the choice between information on paper or in that other durable medium, specifically chooses the provision of the information in that other medium.

Article 314-27

Where, pursuant to Articles 314-20 to 314-25, 314-29, 314-31 to 314-42 and 314-72, an investment services provider provides information to a client by means of a website and that information is not addressed personally to the client, the following conditions shall be satisfied:

1° The provision of that information in that medium is appropriate to the context in which the business between the investment services provider and the client is, or is to be, carried on.

2° The client must specifically consent to the provision of that information in that form.

3° The client must be notified electronically of the address of the website, and the place on the website where the information may be accessed.

4° The information must be up to date.

5° The information must be accessible continuously by means of that website for such period of time as the client may reasonably need to inspect it.

Article 314-28

The provision of information by means of electronic communications shall be treated as appropriate to the context in which the business between the investment services provider and the client is, or is to be, carried on, if there is evidence that the client has regular access to the internet. The provision by the client of an e-mail address for the purposes of the carrying on of that business shall be treated as such evidence.

Sub-section 2 - Marketing communications

Article 314-29

The information contained in a marketing communication shall be consistent with any information the investment services provider provides to its clients in the course of carrying on investment and ancillary services.

Article 314-30

The AMF may require investment services providers to submit to it their marketing communications for the investment services that they provide and the financial instruments that they offer prior to publication, distribution or broadcast.

It may require changes to the presentation or the content to ensure that the information is accurate, clear and not misleading.

Article 314-31

Where a marketing communication contains an offer or invitation of the following nature and specifies the manner of response or includes a form by which any response may be made, it shall include such of the information referred to in Sub-sections 3 and 4 as appears relevant to that offer or invitation:

1° An offer to enter into an agreement in relation to a financial instrument or investment service or ancillary service with any person who responds to the marketing communication;

2° An invitation to any person who responds to the marketing communication to make an offer to enter into an agreement in relation to a financial instrument or investment service or ancillary service.

However, the first paragraph shall not apply if, in order to respond to an offer or invitation contained in the marketing communication, the potential retail client must refer to another document or documents, which, alone or in combination, contain that information.

Article 314-31-1

Article L. 533-12-7 of the Monetary and Financial Code applies to categories of financial contracts with any of the following characteristics:

- depending on whether a condition specified in the contract is met or not, they give rise upon the contract's expiry either to the payment of a predetermined gain or the partial or total loss of the amount invested;
- they give rise to the payment of a positive or negative differential between the price of an underlying asset or basket of assets at the time the contract has been entered into and the price at which the position is closed out, and can oblige the client to pay an amount greater than the amount invested at the time the contract has been entered into;
- their underlying asset is a currency or basket of currencies.

Sub-section 3 - Information about providers, services and financial instruments

PARAGRAPH 1 - COMMON PROVISIONS

Article 314-32

Investment services providers shall provide retail clients with the following general information, where relevant:

1° The name and address of the investment services provider, and the contact details necessary to enable clients to communicate effectively with the provider;

2° The languages in which the client may communicate with the investment services provider, and receive documents and other information from it;

3° The methods of communication to be used between the investment services provider and the client including, where relevant, those for the sending and reception of orders;

4° A statement of the fact that the investment services provider is authorised and the name and contact address of the competent authority that has authorised it;

5° Where the investment services provider is acting through a tied agent, a statement of this fact specifying the Member State in which that agent is registered;

6° The nature, frequency and timing of the reports on the performance of the service to be provided by the investment services provider to the client;

7° If the investment services provider holds client financial instruments or client funds, a summary description of the steps which it takes to ensure their protection, including summary details of any relevant investor compensation or deposit guarantee scheme which applies to the provider by virtue of its activities;

8° A general description, which may be provided in summary form, of the conflicts of interest policy maintained by the investment services provider in accordance with Articles 313-20 and 313-21;

9° At any time that the client requests it, further details of that conflicts of interest policy in a durable medium or by means of a website under the conditions laid down in Article 314-27.

Article 314-33

Investment services providers shall provide clients with a general description of the nature and risks of financial instruments, taking into account, in particular, the client's categorisation as either a retail client or a professional client.

That description must explain the nature of the specific type of instrument concerned, as well as the risks particular to that specific type of instrument in sufficient detail to enable the client to take investment decisions on an informed basis.

Article 314-34

The description of risks shall include, where relevant to the specific type of instrument concerned and the status and level of knowledge of the client, the following elements:

1° The risks associated with that type of financial instrument including an explanation of leverage and its effects and the risk of losing the entire investment;

2° The volatility of the price of such instruments and any limitations on the available market for such instruments;

3° The fact that an investor might assume, as a result of transactions in such instruments, financial commitments and other additional obligations, including contingent liabilities, additional to the cost of acquiring the instruments;

4° Any margin requirements or similar obligations, applicable to instruments of that type.

Article 314-35

If an investment services provider provides a retail client with information about a financial instrument that is the subject of a current offer to the public and a prospectus has been published in connection with that offer in accordance with Directive 2003/71/EC, the investment services provider shall inform the client how that prospectus is being made available to the public.

Article 314-36

Where the risks associated with a financial instrument composed of two or more different financial instruments or services are likely to be greater than the risks associated with any of the components, the investment services provider shall provide an adequate description of the components of that instrument and the way in which its interaction increases the risks.

Article 314-37

In the case of financial instruments that incorporate a guarantee by a third party, the information about the guarantee shall include sufficient detail about the guarantor and the guarantee to enable the retail client to make a fair assessment of the guarantee.

Article 314-38

Investment services providers shall inform their customers about the nature of the guarantees offered by the clearinghouse.

PARAGRAPH 2 - SPECIFIC PROVISIONS FOR FINANCIAL INSTRUMENTS HELD ON BEHALF OF CLIENTS

Article 314-39

Investment services providers holding financial instruments shall provide their clients with such of the following information as is relevant:

1° The investment services provider shall inform the retail client of the fact that the financial instruments or funds of that client may be held by a third party on behalf of the investment services provider and of the responsibility of the investment services provider for any acts or omissions of the third party and the consequences for the client of the insolvency of the third party.

2° Where financial instruments of the retail client may, if permitted by applicable law, be held in an omnibus account by a third party, the investment services provider shall inform the client of this fact and shall provide a prominent warning of the resulting risks.

3° Where it is not possible under applicable law for a retail client's financial instruments held with a third party to be separately identifiable from the proprietary financial instruments of that third party or of the investment services provider, the latter shall provide a prominent warning of the resulting risks.

4° The investment services provider shall inform the client in cases where accounts that contain financial instruments or funds belonging to that client are or will be subject to the law of a jurisdiction other than that of a State party to the European Economic Area agreement and shall indicate how the rights of the client relating to those financial instruments or funds may differ accordingly.

5° The investment services provider shall inform the client about the existence and the terms of any security interest or lien which the provider has or may have over the client's financial instruments or funds, or any right of set-off it holds in relation to those instruments.

Where applicable, it shall also inform the client of the fact that a depository may have a security interest or right of set- off in relation to those instruments.

6° An investment services provider, before entering into securities financing transactions in relation to financial instruments held by it on behalf of a retail client, or before otherwise using such financial instruments for its own account or the account of another client, shall in good time before the use of those instruments provide the retail client, in a durable medium, with clear, full and accurate information on the obligations and responsibilities of the investment services provider with respect to the use of those financial instruments, including the terms for their restitution, and on the risks involved.

PARAGRAPH 3 - SPECIFIC PROVISIONS FOR PORTFOLIO MANAGEMENT SERVICES

Article 314-40

Investment services providers providing the service of portfolio management shall establish an appropriate method of evaluation and comparison so as to enable the client for whom the service is provided to assess the investment services provider's performance.

This method may consist of a meaningful benchmark, based on the investment objectives of the client and the types of financial instruments included in the client portfolio.

Article 314-41

Investment services providers shall provide retail clients with such of the following information as is applicable, in addition to the information required under Article 314-32:

1° Information on the method and frequency of valuation of the financial instruments in the client portfolio;

2° Details of any outsourcing of the discretionary management of all or part of the financial instruments or funds in the client portfolio;

3° A specification of any benchmark against which the performance of the client portfolio will be compared;

4° The types of financial instrument that may be included in the client portfolio and types of transaction that may be carried out in such instruments, including any limits;

5° The management objectives, the level of risk to be reflected in the manager's exercise of discretion, and any specific constraints on that discretion.

Sub-section 4 - Cost information

Article 314-42

Investment services providers shall provide retail clients with information on costs and associated charges that includes such of the following elements as are relevant:

1° The total price to be paid by the client in connection with the financial instrument or the investment service or ancillary service, including all related fees, commissions, charges and expenses, and all taxes payable via the investment services provider or, if an exact price cannot be indicated, the basis for the calculation of the total price so that the client can verify it;

The commissions charged by the investment services provider shall be itemised separately in every case;

2° Where any part of the total price referred to in Point 1° is to be paid in or represents an amount of a currency other than the euro, an indication of the currency involved and the applicable currency conversion rates and costs;

3° Notice of the possibility that other costs, including taxes, related to transactions in connection with the financial instrument or the investment service may arise for the client that are not paid via the investment services provider or imposed by it;

4° The arrangements for payment or any other formalities.

SECTION 4 - ASSESSMENT OF THE SUITABILITY AND APPROPRIATENESS OF THE SERVICE TO BE PROVIDED

Sub-section 1 - Assessment of the suitability of portfolio management services and investment advice

Article 314-43

For the purposes of 5 of Article D. 321-1 of the Monetary and Financial Code, a recommendation shall be personalised if it is addressed to a person in his capacity as an investor or a potential investor, or in his capacity as a representative of an investor or a potential investor.

The recommendation must be presented as adapted for that person or based on an examination of the specific circumstances of that person, and must recommend a transaction covered by one of the following categories:

1° Purchasing, selling, subscribing, exchanging, redeeming, holding or underwriting a particular financial instrument;

2° Exercising or not exercising a right attaching to a particular financial instrument to buy, sell, subscribe, exchange or redeem a financial instrument.

A recommendation shall not be deemed to be personalised if it is exclusively disseminated through distribution channels or addressed to the public.

Article 314-44

For the purposes of I of Article L. 533-13 of the Monetary and Financial Code, investment services providers shall obtain from clients such information as is necessary for them to understand the essential facts about the client and, to consider, taking into account the nature and extent of the service provided, that the specific transaction that they intend to recommend, or the portfolio management service that they intend to provide, satisfies the following criteria:

1° The service meets the client’s investment objectives.

2° The client is financially able to bear any risks related to the recommended transaction or to the portfolio management service provided and consistent with his investment objectives.

3° The client has the necessary experience and knowledge to understand the risks involved in the recommended transaction or in the portfolio management service provided.

Article 314-45

Where an investment services provider provides investment advice service to a professional client, it shall be entitled to assume that the client is able financially to bear any related investment risks corresponding to the investment objectives of that client.

Article 314-46

The information regarding the financial situation of the client shall include, where relevant, information on the source and extent of his regular income, his assets, including liquid assets, investments and real property, and his regular financial commitments.

Article 314-47

The information regarding the investment objectives of the client shall include, where relevant, information on the length of time for which the client wishes to hold the investment, his preferences regarding risk taking, his risk profile, and the purposes of the investment.

Sub-section 2 - Assessment of the appropriateness of other investment services

Article 314-48

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Article 314-49

In order to make the assessment referred to in II of Article L. 533-13 of the Monetary and Financial Code, investment services providers shall determine whether that client has the necessary experience and knowledge to understand the risks involved in relation to the financial instrument or investment service offered or demanded.

Article 314-50

The warning referred to in II of Article L. 533-13 of the Monetary and Financial Code may be given in a standardised format.

Sub-section 3 - Provisions common to suitability and appropriateness assessments

Article 314-51

The information referred to in Sub-sections 1 and 2 of this Section regarding a client's knowledge and experience in the investment field shall include the following, to the extent appropriate to the nature of the client, the nature and extent of the service to be provided and the type of financial instrument or transaction envisaged, including their complexity and the risks involved in the said service:

1° The types of service, transaction and financial instrument with which the client is familiar;

2° The nature, quantity, and frequency of the client's transactions in financial instruments and the period over which they have been carried out;

3° The client’s level of education, and profession or relevant professional experience.

Article 314-52

An investment services provider shall not encourage a client or potential client not to provide information referred to in Sub-sections 1 and 2 of this Section.

Article 314-53

An investment services provider shall be entitled to rely on the information provided by its clients unless it is aware or ought to be aware that the information is manifestly out of date, inaccurate or incomplete.

Article 314-54

Where an investment services provider provides an investment service to a professional client, it shall be entitled to assume that the professional client has the necessary experience and knowledge to understand the risks involved in those particular instruments, transactions and services for which the client is classified as a professional client.

Sub-section 4 - Specific provisions for execution-only servic

Article 314-55

The provisions of Sub-sections 1, 2 and 3 of this Section shall not apply to the execution-only service referred to in III of Article L. 533-13 of the Monetary and Financial Code.

For the purposes of 3° of III of Article L. 533-13 of the Monetary and Financial Code, investment services providers shall clearly inform the client that, in the provision of execution-only service, they are not required to assess whether the financial instrument or service is suitable for the client, and, consequently, the client shall not benefit from the corresponding protection under the conduct of business rules.

This warning may be provided in a standardised format.

Article 314-56

For the purposes of 2° of III of Article L. 533-13 of the Monetary and Financial Code, a service may be deemed to have been provided at the client's initiative if the client requests it following any communication containing a promotion or offer of financial instruments made by any means and which is nature a general communication addressed to the public or a broader group or category of clients.

A service may not be deemed to have been provided at the client's initiative if the client requests it following a personalised communication addressed to him by the investment services provider or in its name that invites the client, or attempts to invite the client, to take an interest in a given financial instrument or transaction.

Article 314-57

I. - For the purposes of 1° of III of Article L. 533-13 of the Monetary and Financial Code, the following financial instruments shall be considered as non-complex financial instruments:

1° Shares admitted to trading on a regulated market in a State party to the European Economic Area agreement or an equivalent market in a third country;

2° Money market instruments;

3° Bonds and other debt securities, except for bonds and other debt securities that include a derivative;

4° Units or shares of UCITS.

II. - For the purposes of 1° of III of Article L. 533-13 of the Monetary and Financial Code, a financial instrument shall also be considered as non-complex if it meets the following criteria:

1° It is not:

a) A financial instrument referred to in Article L. 211-1 of the Monetary and Financial Code provided that it carries the right to buy or sell another financial instrument, or gives rise to a cash payment, determined by reference to financial instruments, a currency, an interest rate or rate of return, commodities or other indices or measurements;

b) A financial contract, as defined in III of Article L. 211-1 of the Monetary and Financial Code;

2° There are frequent opportunities to dispose of, redeem, or realise that instrument at prices that are publicly available to market participants and that are either market prices or prices made available, or validated, by valuation systems independent of the issuer.

3° It does not involve any actual or potential liability for the client that exceeds its acquisition cost.

4° Adequate information on its characteristics is publicly available and is likely to be readily understood so as to enable the average retail client to make an informed judgment as to whether to enter into a transaction in that instrument.

SECTION 5 - CLIENT AGREEMENTS

Article 314-58

The provisions of Sub-sections 1, 2 and 3 of this Section shall apply to agreements signed by investment services providers with retail customers.

Sub-section 1 - Provisions common to all investment services other than investment advice

Article 314-59

Any provision of investment services other than investment advice to a retail client shall be covered by a written agreement, in paper or another durable medium.

The agreement shall contain the following indications:

1° The identity of the person(s) with whom the agreement is being made:

a) In the case of a legal person, how the investment services provider is to ascertain the name of the person(s) empowered to act in the name of said legal person and, where appropriate, their status as qualified investor(s) within the meaning of Articles D. 411-1, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the Monetary and Financial Code;

b) In the case of a natural person, his status, as appropriate, as a French resident, a resident of a State party to the European Economic Area agreement or a resident of a third country, in addition, as appropriate, the identity of the person(s) empowered to act in the name of the said natural person;

2° The nature of the services provided, along with the categories of financial instruments for which the services are provided;

3° The charges for the services provided by the investment services provider and the procedure for remunerating it;

4° The term of the agreement;

5° The confidentiality obligations incumbent upon the investment services provider under the applicable laws and regulations relating to professional secrecy.

Sub-section 2 - Provisions on portfolio management service

Article 314-60

The discretionary management contract must specify at the minimum:

1° The management objectives;

2° The categories of financial instruments that can be included in the portfolio. Unless contract clauses state otherwise, the authorised instruments shall be:

a) Financial instruments traded on a regulated market or on a regularly operating regulated market of a State that is not a member of the European Union nor a party to the European Economic Area agreement, provided that said market is not on the list of banned markets kept by the AMF;

b) UCITS and AIFs operating under French law that are open to retail investors;

c) Financial contracts traded on a market that is included in the list drawn up by ministerial order;

3° Procedures for reporting to clients on the management of their portfolios;

4° The term, renewal procedures and termination procedures for the agreement;

5° Where appropriate, if the client is not a qualified investor, the possibility of being involved in operations or subscribing and acquiring financial instruments that are reserved for qualified investors.

When the terms of the contract allow transactions in financial instruments other than those referred to in Point 2° or leveraged instruments, particularly transactions in financial contracts, the client must give special and explicit consent, with a clear indication of the instruments authorised, the procedures for these transactions and for reporting to the client.

6° As appropriate, an indication that sliding-scale remuneration shall be paid from the first euro of performance, if the management commission includes a variable component linked to the portfolio's outperforming the management objective.

An AMF Instruction shall specify the terms and conditions for the application of these provisions.

Article 314-61

The contract may be terminated at any time by the client or the asset management company. Termination shall be made effective by a registered letter with acknowledgement of receipt.

Termination initiated by the client shall take effect upon receipt of the registered letter by the asset management company, which is then no longer authorised to initiate new transactions.

Termination by the asset management company shall take effect five trading days after the client receives the registered letter.

Not later than the effective date of termination, the asset management company shall draw up an account statement and a management report indicating the management results since the last portfolio statement. It shall provide the client with all necessary clarifications on the nature of open positions.

Sub-section 3 - Provisions applicable to services other than portfolio management and investment advice

PARAGRAPH 1 - PROVISIONS APPLYING SPECIFICALLY TO ORDER RECEPTION AND TRANSMISSION SERVICE

Article 314-62

Where the agreement concerns the reception and transmission of orders for third parties, it shall specify:

1° The characteristics of orders that may be passed to the investment services provider. These characteristics take into account, as appropriate, the rules of the market where the orders are to be executed.

2° How the orders are to be transmitted;

3° The procedures for informing the client in cases where the order has not been successfully transmitted;

4° The name of the institution responsible for keeping the client's account, if the account keeper is not the provider handling the order reception and transmission service.

Where the investment services provider acts as a broker or agent, the agreement shall also specify reporting content and procedures for informing the client after the order has been executed, as provided for in Article 314-64. The time period stipulated in the agreement for supplying this information on order execution may not exceed twenty-four hours from the time that the provider responsible for transmitting the order has been notified of the terms on which it was executed.

5° Reporting content and procedures for informing the client about the performance of the service in accordance with Articles 314-86 to 314-89.

Article 314-63

Where investment services providers provide order reception and transmission service over the Internet, the service agreement shall:

1° Specify explicitly the special evidence procedures for reception of orders over the Internet;

2° Describe the alternative facilities available to clients in the event of a prolonged interruption of service;

3° Specify that the provider shall be responsible for the proper execution of the order, once the confirmation of the order has been sent to the client and as soon as the client confirms his consent.

PARAGRAPH 2 - SPECIFIC ROVISIONS FOR ORDER EXECUTION SERVICE

Article 314-64

Where the agreement concerns the execution of orders for third parties, it shall specify:

1° The characteristics of orders that may be passed to the investment services provider in view of the order execution policy referred to in Article 314-72 and the rules of the markets where the orders are to be executed;

2° How the orders are to be transmitted;

3° Reporting content and procedures for informing the client about the performance of the service in accordance with Articles 314-86 to 314-89;

4° The time period for the client to challenge the terms of execution of which he has been informed;

5° The name of the institution responsible for keeping the client's account, if the account keeper is not the provider handling the order execution service.

SECTION 6 - HANDLING AND EXECUTING ORDERS

Sub-section 1 - General provisions

PARAGRAPH 1 - PRINCIPLES

Article 314-65

I. - If a client passes a limit order for shares admitted to trading on a regulated market that is not executed immediately under the prevailing market conditions, the investment services provider shall, unless explicitly instructed otherwise by the client, take measures to facilitate execution of the order as soon as possible by making the order public immediately in a way that is easily accessible to other market participants under the conditions stipulated in Article 31 of Regulation (EC) 1287/2006 of 10 August 2006.

II. - The investment services provider shall be deemed to satisfy the provisions of I if it transmits the order to a regulated market or a multilateral trading facility.

III. - The provisions of I shall not apply to limit orders that are large in scale compared with normal market size, as defined in Article 20 of Regulation (EC) 1287/2006 of 10 August 2006.

Article 314-66

I. - Investment services providers shall comply with the following requirements for the execution of client orders:

1° They shall ensure that client orders are registered and routed rapidly and accurately;

2° They shall transmit or execute client orders rapidly in their order of arrival, unless the nature of the order or prevailing market conditions do not make this possible, or the interests of the client call for a different action;

3° They shall inform retail clients of any major problems that could affect the proper transmission and execution of orders as soon as they become aware of such problems.

II. - Where investment services providers are given the task of supervising or organising the settlement of an executed order, they shall make all reasonable arrangements to ensure that the client financial instruments or funds received in settlement of the executed order are rapidly and correctly allocated to the account of the appropriate client.

III. - Investment services providers must not misuse information about client orders pending execution and they shall be required to take all reasonable measures to prevent misuse of such information by any of the relevant persons referred to in Article 313-2.

IV. - Investment services providers managing collective investment schemes referred to in Article 311-1 A or providing portfolio management services shall define the planned allocation of the orders they give beforehand. As soon as they learn that they orders have been executed, they shall transmit to the collective investment scheme referred to in Article 311-1 A depositary or the account keeper exact instructions for the allocation of the orders executed to the beneficiaries. This allocation shall be final.

PARAGRAPH 2 - GROUPED ORDERS

Article 314-67

I. - Investment services providers must not group client orders with other client orders or with transactions for their own account prior to transmission or execution, unless the following conditions are met.

1° The grouping of orders and transactions is unlikely to be detrimental overall for any of the clients whose orders have been included;

2° Each client whose orders may be grouped is informed that the grouping may have a detrimental effect for him compared to the execution of an individual order;

3° An order allocation policy has been established and is effectively applied to ensure by means of sufficiently specific procedures an equitable allocation of grouped orders and transactions, explaining how, in each case, the order quantities and prices determine the allocations and the treatment of partially executed orders.

II. - Where an investment services provider groups an order with one or more other client orders and the grouped order is partially executed, the provider shall allocate the corresponding transactions in accordance with its order allocation policy referred to in 3° of I.

Article 314-68

I.- Any investment services provider that has grouped a transaction for its own account with one or more client orders shall refrain from allocating the corresponding transactions in a way that is detrimental to a client.

II. - In cases where an investment services provider groups a client order with a transaction for its own account and the grouped order is partially executed, the client shall have the priority for the allocation of the corresponding transactions rather than the investment services provider.

However, if the investment services provider is able to demonstrate reasonably that, without the grouping of orders, it would not have been able to execute the order on such advantageous terms, or even at all, it may then allocate the transaction for its own account proportionately, in accordance with its order allocation policy referred to in 3° of I of Article 314-67.

III. - Investment services providers shall establish procedures under their order allocation policies referred to in 3° of I of Article 314-67 to prevent transactions for their own account executed in combination with client orders from being reallocated using procedures that are unfavourable to clients.

Sub-section 2 - Best execution obligation

PARAGRAPH 1 - PRINCIPLES

Article 314-69

For the purposes of I of Article L. 533-18 of the Monetary and Financial Code, investment services providers executing client orders shall take account of the following criteria to determine the relative importance of the factors referred to in I of the said Article:

1° The characteristics of the clients, including their status as professional or retail clients;

2° The characteristics of the order concerned;

3° The characteristics of the financial instruments covered by the order;

4° The characteristics of the execution venues to which the order may be routed;

5° Concerning the management of a collective investment scheme referred to in Article 311-1 A, the objectives, investment policy and risks specific to the collective investment scheme referred to in Article 311-1 A and listed in the prospectus or, where such is the case, its fund rules or instruments of incorporation.

For the purposes of this Sub-section, "execution venue" shall mean a regulated market, a multilateral trading facility, a systematic internaliser, a market maker, another liquidity provider, or an entity that performs similar tasks in a country that is not party to the European Economic Area agreement.

Article 314-70

Investment services providers shall fulfil the obligation referred to in I of Article L. 533-18 of the Monetary and Financial Code if they execute an order or a specific aspect of an order following specific instructions given by the client with regard to the order or the specific aspect of the order.

PARAGRAPH 2 - EXECUTION OF RETAIL CLIENT ORDERS

Article 314-71

I. - Where investment services providers execute orders on behalf of retail clients, best execution shall be determined on the basis of the total cost.

The total cost shall be the price of the financial instrument, plus the costs relating to execution, including all the expenses incurred by the client that are directly linked to the execution of an order, along with the charges specific to the execution venue, clearing and settlement charges and all other charges that may be paid to third parties participating in the execution of an order.

II. - In order to ensure best execution when several competing execution venues are able to execute an order involving a financial instrument, investment services providers shall evaluate and compare the results that could be obtained for the client by executing the order in each of the execution venues included in the execution policy referred to in II of Article L. 533-18 of the Monetary and Financial Code that is able to execute the said order.

As part of this evaluation, investment services providers shall consider their own commissions and costs that they charge for executing an order in each of the eligible execution venues.

III. - Investment services providers shall not structure or charge their commissions in a way that introduces unfair discrimination between execution venues.

PARAGRAPH 3 - EXECUTION POLICY

Article 314-72

Investment services providers shall be required to provide their retail clients with the following information about their execution policy in good time, prior to the provision of services:

1° The relative importance that the investment services provider attributes to the factors referred to in I of Article L. 533-18 of the Monetary and Financial Code based on the criteria referred to in Article 314-69 or the process by which the relative importance of these criteria is determined;

2° A list of the execution venues in which the investment services provider has the most confidence for meeting its obligation to take all reasonable measures to obtain the best execution of its client orders on a consistent basis.

3° A clear warning that specific instructions given by a client may prevent the investment services provider from taking the measures called for and applied under its execution policy with regard to the items covered by such instructions.

This information shall be provided in a durable medium and published on a website, provided that the requirements laid down in Article 314-27 are met.

PARAGRAPH 4 - SUPERVISION OF EXECUTION POLICIES

Article 314-73

Investment services providers shall supervise the effectiveness of their arrangements for order execution and their policy on this matter in order to detect any deficiencies and to remedy them as appropriate.

In particular, they shall periodically verify whether the execution systems stipulated under their order execution policies obtain the best possible result for the client or whether they need to modify their execution arrangements.

Investment services providers shall notify clients of any material changes in their order execution arrangements or policies.

Article 314-74

Investment services providers shall conduct an annual review of their order execution arrangements and policies.

Such a review must also be conducted whenever a material change occurs affecting the investment services provider's ability to continue obtaining best execution for its clients on a consistent basis using the execution venues stipulated under its order execution policy.

Sub-section 3 - Obligations of providers that receive and transmit orders or manage portfolios or collective investment schemes

Article 314-75

I. - Investment services providers that provide portfolio management services or manage collective investment schemes referred to in Article 311-1 A shall comply with the obligation referred to in Article 314-3 to act in the best interest of their clients or the collective investment schemes referred to in Article 311-1 A that they manage.

II. - When they transmit client orders to other entities for execution, investment services providers that provide order reception and transmission services shall comply with the obligation referred to in Article 314-3 to act in the best interest of their clients.

III. - Investment services providers shall take the measures referred to in IV, V and VI to comply with I and II.

IV. - Investment services providers shall take all reasonable measure to obtain the best possible results for their clients or for the collective investment schemes referred to in Article 311-1 A that they manage, taking into account the measures referred to in Article L. 533-18 of the Monetary and Financial Code. The relative importance of these factors shall be determined with reference to the criteria defined in Article 314-69, and, in the case of retail clients, the requirement laid down in I of Article 314-71.

Investment services providers sending orders to another entity for execution shall meet the obligations referred to in I or II and shall not be required to take the measures referred to in the preceding paragraph in cases where they follow specific instructions from their clients.

V. - Investment services providers shall establish and implement policies that enable them to comply with the obligation referred to in IV. Such policies shall select the entities to which orders for each class of instruments are transmitted for execution. The selected entities must have order execution mechanisms that enable the investment services providers to comply with their obligations under the terms of this Article when they transmit orders to that entity for execution. Investment services providers shall provide their clients or unit holders or shareholders in collective investment schemes referred to in Article 311-1 A that they manage with appropriate information about their policies developed for the purposes of this paragraph. In the case of collective investment schemes referred to in Article 311-1 A, this information shall be included in the management report.

VI. - Investment services providers shall monitor the effectiveness of the policies established for the purposes of V on a regular basis, especially with regard to the quality of the execution provided by the entities selected under their policies.

Where appropriate, they shall remedy any deficiencies brought to light.

In addition, investment services providers shall be required to conduct an annual policy review. Such a review must also be conducted each time a material change occurs that has an effect on an investment services provider's ability to continue obtaining best execution for its clients or the collective investment scheme referred to in Article 311-1 A that it manages.

VII. - This Article shall not apply when an investment services provider that provides portfolio management services, or order reception and transmission services, or that manages collective investment schemes referred to in Article 311-1 A, also executes orders received or resulting from its investment decisions. In this case, the provisions of Article L. 533-18 of the Monetary and Financial Code and Sub-section 2 of this Section shall apply.

Article 314-75-1

An investment services provider supplying a portfolio management service or managing a collective investment scheme referred to in Article 311-1 A shall draw up and implement a policy for selecting and assessing the entities that provide it with the services referred to in (b) of Point 1° of Article 314-79, having regard to criteria related inter alia to the quality of the investment research produced.

It shall provide its clients, or the holders of share or units in the collective investment scheme referred to in Article 311-1 A it manages, with suitable information, posted on its website, about the policy it has adopted in accordance with the first paragraph. The management report for each collective investment scheme referred to in Article 311-1 A and the management report for each portfolio under discretionary management shall refer explicitly to this policy.

If the investment services provider does not have a website, this policy shall be described in the management report for each collective investment scheme referred to in Article 311-1 A and the management report for each portfolio under discretionary management.

SECTION 7 - FEES

Sub-section 1 - Provisions common to all investment services and the management of collective investment schemes (CIS): inducements

Article 314-76

Investment service providers shall be deemed to be acting honestly, fairly and professionally in accordance with the best interests of a client, unit holder or shareholder if, in relation to the provision of an investment or ancillary service to the client, or management of a collective investment scheme referred to in Article 311-1 A, they pay or receive one of the following fees, commissions, or non-monetary benefits:

1° A fee, commission or non-monetary benefit paid or provided to or by the client, unit holder, shareholder, or a person on behalf of the client, unit holder or shareholder;

2° A fee, commission or non-monetary benefit paid or provided to or by a third party or a person acting on behalf of a third party, where the following conditions are satisfied:

a) The client, unit holder or shareholder is clearly informed of the existence, nature and amount of the fee, commission or benefit, or, where the amount cannot be ascertained, the method of calculating that amount.

This disclosure is made in a manner that is comprehensive, accurate and understandable, prior to the provision of the relevant investment or ancillary service or management of a collective investment scheme referred to in Article 311-1 A.

Investment services providers may disclose the essential terms of the arrangements relating to the fees, commissions or non-monetary benefits in summary form, provided that they undertake to disclose further details at the request of the client, unit holder or shareholder and provided that they honour that undertaking;

b) The payment of the fee or commission, or the provision of the non-monetary benefit must be designed to enhance the quality of the relevant service to the client, unit holder or shareholder and not impair compliance with the investment services provider's duty to act in the best interests of the client, unit holder or shareholder;

3° Proper fees which enable or are necessary for the provision of investment services or collective investment scheme referred to in Article 311-1 A management, such as custody costs, settlement and exchange fees, regulatory levies or legal fees, and which, by their nature, cannot give rise to conflicts with the investment services providers' duties to act honestly, fairly and professionally in accordance with the best interests of their clients, unit holders or shareholders.

Sub-section 2 - Specific provisions for portfolio management and collective investment scheme management

Article 314-77

Asset management companies shall be remunerated for their management of collective investment schemes referred to in Article 311-1 A by a management fee and, if applicable, a proportionate share of subscription and redemption fees or by incidental fees, under the conditions and within the limits set by Articles 314-78 to 314-85-1 and 411-130 or 422-91. These conditions and limits shall apply whether the fees are charged directly or indirectly.

Article 314-78

The management fee referred to in Article 314-77 may include a variable portion tied to the outperformance of the collective investment scheme referred to in Article 311-1 A relative to the investment objective, provided that:

1° It is expressly provided for in the key investor information document or, where applicable, the investor disclosure document, of the collective investment scheme mentioned in Article 311-1 A;

2° It is consistent with investment management objective set forth in the prospectus and the key investor information document or, where applicable, the investor disclosure document, of the collective investment scheme mentioned in Article 311-1 A;

3° The share of outperformance of the collective investment scheme mentioned in Article 311-1 A allocated to the asset management company must not induce that company to take excessive risk with regard to the investment strategy, investment objective and risk profile set forth in the prospectus and the key investor information document or, where applicable, the investor disclosure document, of the collective investment scheme mentioned in Article 311-1 A.

Article 314-79

All fees and commissions paid by clients or by collective investment schemes mentioned in Article 311-1 A for transactions in portfolios under management, with the exception of subscription and redemption transactions relating to collective investment schemes mentioned in Article 311-1 A or investment funds of third countries, shall be trading costs. They include:

1° Intermediation costs, taxes and duties included, charged directly or indirectly by third parties that provide:

a) Order reception and transmission services and order execution services on behalf of third parties referred to in Article L. 321-1 of the Monetary and Financial Code;

b) Investment decision aid services and order execution services specified in an AMF Instruction;

2° If applicable, a turnover commission shared exclusively between the asset management company and the custodian of the collective investment scheme mentioned in Article 311-1 A or the custody account keeper for the portfolio under management.

This turnover commission may also benefit:

a) A company to which the financial management of the portfolio has been delegated;

b) Persons to which the custodian of the collective investment scheme mentioned in Article 311-1 A or custody account keeper has delegated all or part of the responsibility for safekeeping of portfolio assets;

c) An affiliated company providing only the services of collective investment scheme mentioned in Article 311-1 A management for third parties, order reception, transmission and execution services, principally for collective investment schemes mentioned in Article 311-1 A managed by the asset management company or by an affiliated company as part of its collective investment schemes mentioned in Article 311-1 A management activity or its portfolio management on behalf of third parties.

These provisions do not apply to fees and commissions incurred in connection with advisory and arrangement services, financial engineering, advice on industrial strategy, mergers and acquisitions, or initial public offerings of unlisted securities in which a private equity fund, professional specialised fund or professional private equity investment fund has invested.

The sharing of any of the fees or commissions referred to in Point 1° is prohibited unless it would be exclusively and directly of benefit to the client or the collective investment scheme mentioned in Article 311-1 A. Agreements under which the investment services provider shares some of the intermediation fees referred to in a of Point 1° on the occasion of a transaction in a financial instrument shall be prohibited.

Article 314-79-1

The provisions of Article 314-79 shall not apply to fees and commissions for advice or real-estate promotions relating to the purchase or sale of the assets referred to in points 1° to 3° of I of Article L. 214-36 of the Monetary and Financial Code in which the assets of a real-estate collective investment undertaking, a professional real-estate collective investment undertaking or a management contract relating specifically to real estate are invested.

The nature of the fees and commissions, as well as the methods for calculating them, shall be explicitly referred to in the contractor in the simplified prospectus and the detailed memorandum of the real-estate collective investment undertaking or the professional real-estate collective investment undertaking.

Under the terms of Article 314-79, fee-sharing shall be prohibited unless it is exclusively and directly of benefit to the real-estate collective investment undertaking, the professional real-estate collective investment undertaking or the client. Fee-sharing include agreements under which the broker, intermediary or counterparty in a transaction involving one of the assets mentioned in points 1° to 3° of I of Article L. 214-36 of the Monetary and Financial Code shares the fees referred to in point 1° of Article 314-79 or the fees referred to in the first paragraph of this Article.

Article 314-80

Without prejudice to Article 314-78, the income, fees and capital gains generated by management of the collective investment scheme mentioned in Article 311-1 A, along with any rights attached thereto, shall belong to the unit holders and shareholders. The collective investment scheme mentioned in Article 311-1 A shall be the sole beneficiary of shared management fees and subscription or redemption commissions arising from investments in collective investment schemes mentioned in Article 311-1 A or third country investment funds.

The asset management company, the service provider handling the financial management, the custodian, the custodian's delegatee and the affiliated company referred to in c of point 2° of Article 314-79 may receive a share of the income from securities financing transactions using securities belonging to the collective investment scheme mentioned in Article 311-1 A, under the conditions set forth in the prospectus or, where applicable, the investor disclosure document, of the collective investment scheme mentioned in Article 311-1 A.

The prospectus or, where applicable, the investor disclosure document, of the collective investment scheme mentioned in Article 311-1 A may stipulate that a portion of the income be paid to one or more associations that comply with at least one of the following conditions:

1° It holds an administrative ruling attesting that it falls under the category of associations whose purpose is exclusively assistance, charity, scientific or medical research, or religious association;

2° It holds a tax ruling attesting that it is eligible for the scheme of Articles 200 or 238a of the French General Tax Code providing a tax reduction for a gift to a charitable organisation;

3° It concerns a religious congregation that has been legally recognised by decree rendered after clearance by the *Conseil d'État* in compliance with Article 13 of the Law of 1 July 1901.

Article 314-81

Asset management companies may enter into written commission-sharing agreements under which the investment services provider providing order execution service shares the portion of the intermediation fees that it charges for investment decision-making aid services and order execution services with the third party providing such services.

Asset management companies may enter into such agreements, provided that the agreements:

1° Do not violate the provisions of Article 314-75;

2° Comply with the principles referred to in Articles 314-82 and 314-83.

Article 314-82

The intermediation fees stipulated in Article 314-79 shall pay for services that are of direct interest for the clients or the collective investment scheme mentioned in Article 311-1 A. Such services shall be covered by a written agreement subject to the provisions of Articles 314-59 and 314-64.

These fees shall be assessed periodically by the asset management company.

If the asset management company uses investment decision aid and order execution services and if the intermediation fees for the previous year came to more than EUR 500,000, it shall compile a document entitled "Report on Intermediation Fees" that shall be updated as needed. The report shall specify the terms and conditions on which the asset management company used investment decision aid and order execution services, along with the breakdown between:

1° Intermediation fees related to order reception, transmission and execution services;

2° Intermediation fees related to investment decision aid and order execution services.

The breakdown for applying costs shall be formulated as a percentage and based on an established method using relevant and objective criteria. It may be applied to:

1° Either all the assets in a specific collective investment scheme mentioned in Article 311-1 A category;

2° Or all the assets that the asset management company has under management for a specific category of clients ;

3° Or any other procedure suited to the method used for applying costs.

If applicable, the "Report on Intermediation Fees" shall specify the percentage of all intermediation fees in the previous year shared with third parties under the terms of the commission sharing agreements referred to in Article 314-81 for the fees referred to in b in Point 1° of Article 314-79.

It shall also give an account of the measures implemented to prevent or deal with any potential conflicts of interest in the selection of service providers.

This document shall be posted to the asset management company's website, if the company has one. The management report for each collective investment scheme mentioned in Article 311-1 A and the management report for each portfolio under management shall refer explicitly to this document. If the asset management company does not have a website, the document shall be included in the management report for each collective investment scheme mentioned in Article 311-1 A and the management report for each portfolio under management.

Article 314-83

The intermediation fees referred to in b in Point 1° of Article 314-79:

1° Must be directly related to order execution;

2° Must not cover:

a) The provision of goods or services that correspond to resources that the portfolio management should have for its programme of activity, such as administrative or accounting management, the purchase or leasing of premises, or compensation for staff;

b) The provision of services for which the asset management company receives a management commission.

Article 314-84

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Article 314-85

Where units or shares of a collective investment scheme mentioned in Article 311-1 A or of third-country investment funds managed by an asset management company are purchased or subscribed by that company or an affiliated company on behalf of a collective investment scheme mentioned in Article 311-1 A, subscription and redemption commissions shall be prohibited, except for the portion retained by the collective investment scheme mentioned in Article 311-1 A in which the investment has been made.

Article 314-85-1

The provisions of Articles 314-79 to 314-85 shall apply to investment services providers providing portfolio management service on behalf of third parties.

Sub-section 3 - Remuneration policy within the framework of UCITS management

Article 314-85-2

I. – Where establishing and applying remuneration policies, notably concerning the fixed and variable components of salaries and discretionary pension benefits, for the staff categories referred to in Article L. 533-22-2 of the Monetary and Financial Code, the asset management company shall comply with the following principles in a way and to the extent that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities:

1° The remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS that the management company manages;

2° The remuneration policy is in line with the business strategy, objectives, values and interests of the management company and the UCITS that it manages and of the investors in such UCITS, and includes measures to avoid conflicts of interest;

3° The management body of the asset management company in its supervisory function, or, if management and supervisory functions are separated, the supervisory board of the management company or any other body or person performing equivalent supervisory functions in a company with a different corporate structure, adopts the remuneration policy, reviews at least annually the general principles of the remuneration policy and is responsible for, and oversees, implementation of the policy; the tasks referred to in this point shall be undertaken only by members of the above bodies who do not perform any executive functions in the asset management company concerned and who have expertise in risk management and remuneration;

4° The implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the bodies mentioned in point 3;

5° Staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;

6° The remuneration of the senior officers in the risk management and compliance functions is overseen directly by the remuneration committee, where such a committee exists;

7° Where remuneration is performance-related, when assessing individual performance the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit or UCITS concerned, having regard to the risks they take, and of the overall results of the asset management company, taking financial and non-financial criteria into account;

8° The assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the UCITS managed by the asset management company in order to ensure that the assessment process is based on the longer-term performance of the UCITS and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;

9° Guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year of engagement;

10° Fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;

11° Payments relating to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;

12° The measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;

13° Subject to the legal structure of the UCITS and its fund rules or instruments of incorporation, a substantial portion, and in any event at least 50%, of any variable remuneration component consists of units of the UCITS concerned, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments with equally effective incentives as any of the instruments referred to in this point, unless the management of the UCITS accounts for less than 50% of the total portfolio managed by the management company, in which case the minimum of 50% does not apply.

The instruments referred to in this point shall be subject to an appropriate retention policy designed to align incentives with the interests of the asset management company and the UCITS that it manages and the investors of such UCITS.

This paragraph shall apply to both the portion of the variable remuneration component deferred in line with point 14 and the portion of the variable remuneration component not deferred;

14° A substantial portion, and in any event at least 40%, of the variable remuneration component, is deferred over a period which is appropriate in view of the holding period recommended to the investors of the UCITS concerned and is correctly aligned with the nature of the risks of the UCITS in question.

The period referred to in the previous sub-paragraph shall be at least three years; remuneration payable under deferral arrangements vests no faster than on a pro-rata basis; in the case of a variable remuneration component of a particularly high amount, at least 60% of the amount shall be deferred;

15° The variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the management company as a whole, and justified according to the performance of the business unit, the UCITS and the individual concerned.

The total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the asset management company or of the UCITS concerned occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or clawback arrangements;

16° The pension policy is in line with the business strategy, objectives, values and long-term interests of the management company and the UCITS that it manages.

If the employee leaves the asset management company before retirement, discretionary pension benefits shall be held by the management company for a period of five years in the form of instruments referred to in point 13.

In the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments referred to in point 13, subject to a five-year retention period;

17° Staff are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;

18° Variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the statutory and regulatory requirements applicable to asset management companies.

II. - The principles set out in I shall apply to any benefit of any type paid by the asset management company, to any amount paid directly by the UCITS itself, including performance fees, and to any transfer of units or shares of the UCITS, made for the benefit of those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the risk profiles of the management company or of the UCITS that it manages.

III. – Asset management companies that are significant in terms of their size or of the size of the UCITS that they manage, their internal organisation and the nature, scope and complexity of their activities shall establish a remuneration committee. The remuneration committee shall be constituted in a way that enables it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk.

The remuneration committee shall be responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the asset management company or the UCITS concerned and which are to be taken by the bodies mentioned in I, 3 in their supervisory function. The remuneration committee shall be chaired by a member of one of the bodies mentioned in I, 3 who does not perform any executive functions in the asset management company concerned. The members of the remuneration committee shall be members of the bodies mentioned in I, 3 who do not perform any executive functions in the asset management company concerned.

If employee representation on the bodies mentioned in I, 3 is provided for, the remuneration committee shall include one or more employee representatives.

When preparing its decisions, the remuneration committee shall take into account the long-term interest of investors and other stakeholders and the public interest.

SECTION 8 - INFORMATION ABOUT THE PROVISION OF SERVICES

Sub-section 1 - Reporting on order execution services and order reception and transmission services

Article 314-86

Investment services providers that transmit or execute an order, other than for portfolio management, on behalf of a client, shall take the following measures in respect of that order:

1° The investment services provider must promptly provide the client, in a durable medium, with the essential information concerning the execution of that order;

2° In the case of a retail client, the investment services provider must send the client a notice in a durable medium confirming execution of the order as soon as possible and no later than the first business day following execution or, if the confirmation is received by the investment services provider from a third party, no later than the first business day following receipt of the confirmation from the third party.

Points 1° and 2° shall not apply where the confirmation from the investment services provider contains the same information as a confirmation that is to be promptly dispatched to the client by another person.

Article 314-87

Investment services providers shall supply the client, on request, with information about the execution status of his order.

Article 314-88

In the case of orders from retail clients relating to units or shares in a collective investment scheme mentioned in Article 311-1 A which are executed periodically, investment services providers shall either take the action specified in Point 2° of Article 314-86 or provide the client, at least once every six months, with the information referred to in Article 314-89 in respect of those transactions.

Article 314-89

I. - The notice referred to in Point 2° of Article 314-86 shall include such of the following information as is applicable and, where relevant, in accordance with Table 1 of Annex I to Regulation (EC) 1287/2006 of 10 August 2006:

1° The identification of the investment services provider making the report;

2° The name or other designation of the client;

3° The trading day;

4° The trading time;

5° The type of order;

6° The identification of the execution venue;

7° The identification of the instrument;

8° The buy/sell indicator;

9° The nature of the order if other than buy/sell;

10° The quantity;

11° The unit price.

Where the order is executed in tranches, the investment services provider may supply the client with information about the price of each tranche or the average price. In the latter case, it shall supply the retail client with information about the price of each tranche upon request.

12° The total price;

13° The total sum of the commissions and expenses charged and, where the retail client so requests, an itemised breakdown;

14° The client's responsibilities in relation to the settlement of the transaction, including the time limit for payment or delivery, as well as the appropriate account details, where these details and responsibilities have not previously been notified to the client;

15° If the client's counterparty was the investment services provider itself or any person in the investment services provider's group or another client of the investment services provider, a statement that this was the case, unless the order was executed through a trading system that facilitates anonymous trading.

II. - Concerning subscription and redemption orders for shares or units of a collective investment scheme mentioned in Article 311-1 A, the notice referred to in Point 2° of Article 314-86 shall, where applicable, contain the following information:

1° The management company identification;

2° The name or other designation of the unit holder or shareholder;

3° The date and time of receipt of the order and method of payment;

4° The date of execution;

5° The identification of the collective investment scheme mentioned in Article 311-1 A;

6° The nature of the order (subscription or redemption);

7° The number of units or shares involved;

8° The unit value at which the units or shares;

9° The reference value date;

10° The gross value of the order including charges for subscription or net amount after charges for redemptions;

11° A total sum of the commissions and expenses charged and, where the investor so requests, an itemised breakdown.

Article 314-90

Where investment services providers handle retail client accounts that include an uncovered open position in a contingent liability transaction, they shall also report to the retail client any losses exceeding any predetermined threshold, agreed between the provider and the client, no later than the end of the business day on which the threshold is exceeded or, in a case where the threshold is exceeded on a non-business day, the close of the next business day.

Sub-section 2 - Reporting on portfolio management service

PARAGRAPH 1 - PROVISIONS COMMON TO ALL CLIENTS

Article 314-91

Investment services providers which provide the service of portfolio management to clients shall provide each such client with a periodic statement in a durable medium of the portfolio management activities carried out on behalf of that client, unless such a statement is provided by another person.

Article 314-92

In cases where the client elects to receive information about executed transactions on a transaction-by-transaction basis, investment services providers shall promptly provide the client with the essential information concerning a transaction in a durable medium upon the execution of that transaction.

Article 314-93

An AMF Instruction shall define the requirements for informing clients about portfolio management transactions carried out and their frequency.

PARAGRAPH 2 - SPECIFIC PROVISIONS FOR RETAIL CLIENTS

Article 314-94

In the case of retail clients, the periodic statement referred to in Article 314-91 shall include the following information:

1° The name of the investment services provider;

2° The name or other designation of the client's account;

3° A statement of the contents and the valuation of the portfolio, including details of each financial instrument held, its market value, or fair value if market value is unavailable and the cash balance at the beginning and at the end of the reporting period, and the performance of the portfolio during the reporting period;

4° The total amount of fees and charges incurred during the reporting period, itemising at least total management fees and total costs associated with execution, and including, where relevant, a statement that a more detailed breakdown will be provided on request;

5° A comparison of performance during the period covered by the statement with the investment performance benchmark (if any) agreed between the investment services provider and the client;

6° The total amount of dividends, interest and other payments received during the reporting period in relation to the client's portfolio;

7° Information about corporate actions creating rights in relation to financial instruments held in the client's portfolio;

8° For each transaction executed during the period, the information referred to in 3° to 12° of I of Article 314-89 where relevant. However, if the client elects to receive information about executed transactions on a transaction-by- transaction basis, Article 314-92 shall apply.

Article 314-95

The periodic statement shall be provided to retail clients once every six months, except in the following cases:

1° Where the client so requests, the periodic statement must be provided every three months.

2° Investment services providers shall inform their clients that they are entitled to demand such statements;

3° In cases where Article 314-92 applies, the periodic statement must be provided at least once every 12 months, except in the case of transactions in:

a) A financial instrument referred to in Article L. 211-1 of the Monetary and Financial Code provided that it carries the right to buy or sell another financial instrument, or gives rise to a cash payment, determined by reference to financial instruments, a currency, an interest rate or rate of return, commodities or other indices or measurements;

b) Financial contracts referred to in III of Article L. 211-1 of the Monetary and Financial Code;

4° Where the agreement authorises a leveraged portfolio, the periodic statement must be provided at least once a month.

Article 314-96

Where a retail client elects to receive information about executed transactions on a transaction-by-transaction basis in accordance with Article 314-92, the investment services provider must send him a notice confirming the transaction and containing the information referred to in Article 314-89 no later than the first business day following that execution or, if the confirmation is received by the investment services provider from a third party, no later than the first business day following receipt of the confirmation from said third party.

The preceding paragraph shall not apply where the confirmation would contain the same information as a confirmation that is to be promptly dispatched to the retail client by another person.

Article 314-97

Where investment services providers provide portfolio management for a retail client whose portfolio includes an uncovered open position in a contingent liability transaction, they shall also report to the retail client any losses exceeding any predetermined threshold, agreed between the provider and the client, no later than the end of the business day on which the threshold is exceeded or, in a case where the threshold is exceeded on a non-business day, the close of the next business day.

Sub-section 3 - Reporting on collective investment scheme management

Article 314-98

Pursuant to Article L. 621-8-4 of the Monetary and Financial Code, asset management companies shall provide the AMF with data on the composition of the UCITS they manage, in accordance with the modalities provided by an AMF instruction.

Article 314-99

Asset management companies must provide holders with all necessary information about the management of the collective investment schemes mentioned in Article 311-1 A.

An AMF Instruction shall specify the terms and conditions on which annual reports shall indicate the frequency of the transactions carried out by collective investment schemes mentioned in Article 311-1 A.

Annual reports of collective investment schemes mentioned in Article 311-1 A must contain, where relevant, information about the financial instruments in the portfolio that have been issued by the asset management company or entities from its group. The annual reports must also mention, where relevant, collective investment schemes and third country investment funds managed by the asset management company or entities from its group.

Article 314-100

Asset management companies shall draw up a document titled "Voting Policy", which shall be updated as necessary and sets out the terms and conditions on which they intend to exercise the voting rights attached to the securities held by collective investment schemes mentioned in Article 311-1 A that they manage.

In particular, this document shall describe:

1° The organisational structure within the asset management company that enables it to exercise such voting rights. It shall specify which bodies within the asset management company are responsible for examining and analysing the resolutions put forward and which bodies are responsible for deciding how the votes shall be cast.

2° The principles to which the asset management company intends to refer in determining in which cases it will exercise the voting rights. These principles may include holding thresholds that the asset management companies set for taking part in voting on resolutions submitted to general meetings. In such cases, asset management companies shall explain their choice of threshold. These principles may also concern the nationality of the issuing companies whose securities are held by collective investment schemes mentioned in Article 311-1 A managed by the asset management company, the investment policy of collective investment schemes mentioned in Article 311-1 A, and the use of securities financing transactions by the asset management company.

3° The principles to which the asset management company intends to refer when exercising voting rights. The asset management company's document shall present its voting policy, heading by heading, corresponding to the types of resolution submitted at general meetings. The headings shall cover, inter alia:

a) Decisions requiring an amendment of the constitutive rules,

b) Approval of the financial statements and appropriation of profit or loss, c) Election and dismissal of governing bodies,

d) Regulated agreements,

e) Equity security issuance and buyback programmes, f) Appointment of statutory auditors,

g) Any other specific type of resolution that the asset management company wishes to identify.

4° A description of procedures to detect, prevent and manage conflicts of interest that could affect the asset management company's independent exercise of voting rights.

5° An indication of the way in which it customarily exercises voting rights, such as by physically attending general meetings, using proxies without indicating a specific proxy holder, or voting by mail.

This document shall be made available to the AMF. It may be viewed on the asset management company's website or at its registered office under the terms and conditions specified in the prospectus. It shall be freely available to unit holders or shareholders of the collective investment scheme mentioned in Article 311-1 A upon request.

Article 314-101

In a report drawn up within four months of the end of its financial year and appended to the management report of the board of directors or executive board, as the case may be, asset management companies shall report on how they have exercised voting rights in the past year.

This report shall specify, inter alia:

1° The number of companies in which the asset management company exercised voting rights, compared with the total number of companies in which it had voting rights;

2° The cases in which the asset management company considered that it could not adhere to the principles set forth in its voting policy document;

3° The conflicts of interest that the asset management company had to deal with in exercising voting rights attaching to securities held by the collective investment schemes mentioned in Article 311-1 A that it manages.

This report shall be made available to the AMF. It must be available for viewing on the asset management company's website or at its registered office under the terms and conditions specified in the prospectus.

Where an asset management company has not exercised any voting rights during the financial year, further to the voting policy it has drawn up under Article 314-100, it does not prepare the report stipulated in this article but shall ensure that clients and investors can access said voting policy on its website.

Article 314-102

At the request of the AMF, asset management companies shall disclose to the AMF how they voted, or whether they abstained from voting, on each resolution and the reasons for those votes or abstentions.

To any holder of units or shares of a collective investment scheme mentioned in Article 311-1 A who so requests, asset management companies shall make available disclosures relating to the exercise of voting rights on each resolution submitted to the general meeting of an issuer, whenever the number of that issuer's securities held by the collective investment schemes mentioned in Article 311-1 A managed by the asset management company reaches or exceeds the holding threshold specified in the voting policy document referred to in Article 314-100.

These disclosures must be available for viewing at the registered office of the asset management company and on its website.

Article 314-103

In the annual reports of private equity funds, professional specialised funds or professional private equity investment funds, asset management companies shall report on their practice for the use of voting rights attaching to securities held in the funds.

The measures referred to in Articles 314-100, 314-101 and 314-102 shall apply for securities held by private equity funds, professional specialised funds or professional private equity investment funds that are traded on a regulated market of a State party to the European Economic Area agreement or on a recognised foreign market.

Article 314-104

The measures referred to in Articles 314-100, 314-101 and 314-102 shall apply where management companies for Employee Investment Funds (FCPE) have been empowered to exercise the voting rights attaching to securities held by the funds.

Sub-section 4 - Reporting on financial instruments held on behalf of clients

Article 314-105

I. - Investment services providers holding financial instruments on behalf of clients shall send their clients a statement in a durable medium of their instruments at least once a year, unless the same information has already been provided in another periodic information notice.

II. - The statement of the clients' assets referred to in I must include the following information:

1° Details of all the financial instruments that the investment services provider held for the client at the end of the reporting period;

2° The extent to which the client's financial instruments were used for any securities financing transactions;

3° A quantification of any benefit accruing to the client from his participation in any securities financing transactions, and the basis on which this benefit accrues to him.

If the portfolio contains one or more transactions that are pending finalisation, the information referred to in Point 1° may be dated on either the transaction date or the settlement date, provided that such date is the same for all the data of this type given in the statement.

III. - Investment services providers holding financial instruments and providing portfolio management service may include the statement of client assets referred to in I in the periodic statements that they provide to the same clients under the terms of Article 314-91.

SECTION 9 - OBLIGATIONS IN THE CASE OF OFFERS OF FINANCIAL SECURITIES OR MINIBONS VIA A WEBSITE

Article 314-106

I. – Investment services providers making offers of financial securities or minibons described in Article L. 223-6 of the Monetary and Financial Code via a website on the terms set out in Article 325-32 must, for each project and prior to any subscription, provide the client with the information supplied by the issuer pursuant to Article 217-1 unless a prospectus has been drafted and approved by the AMF. In the latter case, the prospectus is sent to the client.

II. – These items shall be completed by information on:

- The terms for collecting subscription applications and transmitting them to the issuer, and the rules applied in the event of oversubscription;
- Detail of the fees charged to the investor and the possibility of obtaining, on request, a description of the services provided to the issuer of the securities to which subscription is being considered, and the related fees;
- The risks inherent to the project and, in particular, the risk of total or partial loss of the capital, illiquidity risk and the risk of an absence of valuation.

If the issuer is not the company carrying out the project, the investment services provider must provide the client, via its website and prior to any subscription, with the information referred to in Article 217-1 pertaining to the company carrying out the project and, where applicable, to those companies intervening between the company carrying out the project and that making the offer. Information must be provided on any contractual agreements between the abovementioned companies, whenever such agreements exist.

The investment services provider is responsible for checking the consistency, clarity and balance of this information.

To make this information easily accessible, all these items must be written in non-technical language.

III. – All marketing information must contain prominent and easily-accessible reference to the risks inherent to the proposed investments and, in particular, the risk of total or partial loss of capital and illiquidity risk.

IV. – The investment services provider shall ensure that the articles of the company carrying out the project presented to investors comply with the laws and regulations on companies making offers that are not subject to publication of a prospectus and are made via a website.

This provision is applicable to companies intervening between the company carrying out the project and that making the offer.

An AMF instruction shall stipulate the conditions for applying the provisions of this Article.

V. – The provisions of 3° of Article 325-35, the final paragraph of Article 325-36 and the second to last paragraph of Article 325-41 shall apply to investment services providers offering the minibons mentioned in Article L. 223-6 of the Monetary and Financial Code via a website, under the conditions stated in Article 325-32.

CHAPTER V - OTHER PROVISIONS

SECTION 1 - PRODUCTION AND DISSEMINATION OF INVESTMENT RECOMMENDATIONS

Article 315-1

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Sub-section 1 - Identification of producers of investment recommendations and general standard for fair presentation of recommendations for dissemination

Article 315-2

[Empty]

Article 315-3

[Empty]

Article 315-4

[Empty]

Sub-section 2 - Disclosure of conflicts of interest

Article 315-5

[Empty]

Article 315-6

[Empty]

Article 315-7

[Empty]

Article 315-8

[Empty]

Article 315-9

[Empty]

Sub-section 3 - Adaptation of disclaimer procedures

Article 315-10

[Empty]

Article 315-11

[Empty]

Sub-section 4 - Dissemination of investment recommendations produced by third parties

Article 315-12

[Empty]

Article 315-13

[Empty]

Sub-section 5 - Transparency in investment research disseminated from abroad

Article 315-14

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SECTION 2 - MANAGEMENT OF INSIDE INFORMATION AND RESTRICTIONS TO BE APPLIED WITHIN AUTHORISED PROVIDERS

Sub-section 1 - Rules to prevent undue circulation of inside information

Article 315-15

Authorised providers shall establish and maintain effective and adequate procedures to control the circulation and use of inside information, as defined in Article 7 of the market abuse regulation (regulation n° 596/2014/EU), with the exception of paragraph 1.c of that same Article, taking into account the activities conducted by the group to which the authorised provider belongs and the organisation adopted by that group. These procedures, called "information barriers", shall provide for:

1° Identification of business segments, divisions, departments or any other entities likely to possess inside information;

2° Organisation, in particular physical organisation, so as to separate entities within which the relevant persons referred to in subparagraph II of Article 313-2 are likely to possess inside information;

3° Prohibition of disclosure of inside information by the persons possessing it to other persons, except as provided for in Article 10 of the market abuse regulation (regulation n° 596/2014/EU) and after informing the compliance officer;

4° The conditions in which the investment service provider may authorise a relevant person assigned to a given entity to provide assistance to another entity, whenever one of the two entities is likely to possess inside information. The compliance officer shall be informed whenever the relevant person assists the entity possessing inside information;

5° The manner in which the relevant person benefiting from the authorisation provided for in 4° is informed of the temporary consequences thereof on the performance of his regular duties.

The compliance officer shall be informed when this person returns to his regular duties.

Sub-section 2 - Watch list

Article 315-16

To ensure compliance with the abstention requirement set forth in Articles 8,10 and 14 of the market abuse regulation (regulation n° 596/2014/EU), authorised providers shall establish and maintain an appropriate procedure for monitoring the issuers and financial instruments on which they have inside information. Such monitoring shall cover:

1° Transactions in financial instruments by the authorised provider for its own account;

2° Personal transactions, as defined in Article 313-9, made by or on behalf of the relevant persons referred to in the first subparagraph of Article 313-10;

3° General investment recommendations, within the meaning of Article 313-25, disseminated by the authorised provider.

To this end, the compliance officer shall draw up a watch list of the issuers and financial instruments on which the authorised provider has inside information.

The relevant entities shall inform the compliance officer at once when they believe they possess inside information.

In such case, the issuer or the financial instruments to which the inside information pertains shall be put on the watch list, under the supervision of the compliance officer.

The watch list shall indicate the reason for adding an issuer or financial instrument to the list and the names of the persons who have access to the inside information about it.

The provisions of the foregoing subparagraph shall not apply where the authorised provider, in its capacity as issuer of financial instruments, maintains the list provided for in Article 18 of the market abuse regulation (regulation no. 596/2014/EU).

The relevant entities shall inform the compliance officer when they believe that information they had previously reported pursuant to the sixth subparagraph has ceased to be inside information.

The contents of the watch list are confidential. Dissemination of items on the watch list is restricted to the persons designated by name in the procedures referred to in the first subparagraph of Article 315-15.

Article 315-17

The investment services provider shall exercise supervision in accordance with the procedures set forth in Article 315-16. It shall take appropriate measures if it detects an anomaly.

The investment services provider shall keep a record on a durable medium of the measures it has taken in the event of an anomaly or, if it takes no measures, of the reasons for so doing.

Sub-section 3 - Restricted list

Article 315-18

I. - Authorised providers shall establish and maintain an appropriate procedure for monitoring compliance with any restrictions that apply to:

1° Transactions in financial instruments by the authorised provider for its own account;

2° Personal transactions, as defined in Article 313-9, made by or on behalf of the relevant persons referred to in the first subparagraph of Article 313-1;

3° General investment recommendations, within the meaning of Article 313-25, disseminated by the authorised provider.

II. - To this end, the compliance officer shall establish a restricted list. This list includes those issuers or financial instruments in which the authorised provider must restrict its activities, or the activities of relevant persons, because of:

1° Legal or regulatory provisions to which the authorised provider is subject other than those resulting from the abstention requirements set forth in Articles 8,10 and 14 of the market abuse regulation (regulation n° 596/2014/EU);

2° Undertakings made on the occasion of a financial offering.

When an authorised provider deems it necessary to prohibit or restrict the performance of an investment service, an investment activity or an ancillary service in respect of certain issuers or financial instruments, those issuers and financial instruments shall also be included on the restricted list.

Article 315-19

Authorised providers shall determine, based on the restricted list, which entities are subject to the restrictions referred to in Article 315-18 and how those restrictions shall apply.

They shall inform the relevant persons affected by the restrictions of the list and the nature of the restrictions.

Sub-section 4 - Listing of a company's securities on a regulated market in financial instruments

Article 315-31

The authorised provider advising a company on an initial listing on a financial instrument market and proposing a contract to provide services in this respect (hereinafter "lead manager") shall ensure that, prior to signing such contract, the senior managers of said company have received information describing the listing process and the legal and regulatory obligations of the company being listed.

To properly inform and prepare the company's senior managers, the lead manager shall ensure that there is sufficient time between the signing of the contract and the date the listing actually takes place. This period shall not be less than three months.

Article 315-32

The lead manager shall establish a written agreement with the company on the nature and cost of the services the lead manager proposes to provide in preparing and carrying out the initial listing and monitoring the market in the securities once listed. The authorised provider shall specify the tasks incumbent on the company in connection with its initial listing.

Article 315-33

The authorised provider must make a valuation of the company in accordance with the principles set forth in Article 314-3. To this end, the authorised provider must use recognised valuation methods and must base its valuation on objective data pertaining to the company itself, the markets in which it does business, and the competition that it faces.

Article 315-34

The lead manager is responsible for reaching a detailed agreement with the company or the seller of the shares put on the market regarding a possible over-allotment clause for increasing the size of the offering beyond that initially planned, in accordance with the requirements of Article L. 225-135-1 of the Commercial Code. The terms and conditions of such clause must be described in the prospectus.

The use of such clause by the authorised provider for any purpose other than to cover higher than expected demand is incompatible with the principle of fairness mentioned in the third sentence of Article 314-3.

Article 315-35

In allotting securities, the lead manager, in cooperation with the company concerned, ensures that the various categories of investors, other than those referred to in Article 315-37, are treated fairly. When several allotment procedures intended specifically for individual investors are applied concurrently, the lead manager shall ensure that the allotment percentages resulting therefrom are substantially equivalent.

The lead manager shall make its best efforts to satisfy demand for the securities from individual investors to a meaningful extent. This objective is deemed to have been met when there is a procedure, centralised by the market operator and

characterised by an allotment proportional to applications submitted, under which at least 10% of the overall offering amount is put on the market and made accessible to individual investors.

The lead manager shall endeavour to avoid an obvious imbalance, to the detriment of individual investors, between the allotment for such investors and the allotment for institutional investors. Thus, when a placing procedure intended specifically for institutional investors coexists with one or more procedures intended specifically for individual investors, the lead manager shall endeavour to provide for a transfer mechanism to avoid an imbalance of the kind mentioned above.

Article 315-36

Any authorised provider that receives and transmits orders from clients that do not have direct access to the placing procedure but seek to participate in that procedure must inform such clients of the conditions under which the authorised provider's allotment will be apportioned among such clients.

Article 315-37

In a placing, the lead manager ensures that for any tranche reserved for a specified category of investors connected with the issuer (e.g. suppliers or clients), the characteristics of such tranche, in particular the number of securities reserved, the investors concerned, and the allotment conditions, are indicated in the prospectus and that the public is informed as quickly as possible of any changes in those characteristics.

If natural persons connected with the company (shareholders, senior managers, employees or third parties whom such persons are authorised to represent) are allowed to submit orders to the placing, the lead manager ensures that information equivalent to that referred to in the above paragraph is disclosed.

SECTION 3 - REPORTING SUSPICIOUS TRANSACTIONS TO THE AMF

Article 315-42

[Removed by the decree of 14 September 2016]

Article 315-43

[Removed by the decree of 14 September 2016]

Article 315-44

[Removed by the decree of 14 September 2016]

SECTION 4 - PUBLICATION OF TRANSACTIONS IN SHARES LISTED ON A REGULATED MARKET

Article 315-45

I. – The publication of transaction details referred to in the first paragraph of Article L. 533-24 of the Monetary and Financial Code shall be as close to real time as possible, under reasonable business conditions, and in a form that is easily accessible to other market participants.

Such information shall be made public in accordance with the conditions set forth in Commission Regulation (EC) No 1287/2006 of 10 August 2006.

II. – Under the terms of the last sentence of the second paragraph of Article L. 533-24 of the Monetary and Financial Code, the publication of transactions on units or shares of the collective investment schemes referred to in II of Article D. 214-22-1 and II of Article D. 214-32-31 of the Monetary and Financial Code shall be as close to real time as possible, under reasonable business conditions, and in a form that is easily accessible to other market participants.

The publication of transactions for which the service provider acted as counterparty may be delayed under the following conditions:

- by one hour, for transactions the amount of which is comprised between EUR 10 million and EUR 50 million inclusive;

- until the end of the trading day for transactions exceeding EUR 50 million.

SECTION 5 - REPORTING TRANSACTIONS TO THE AMF

Article 315-46

I. - Investment services providers shall report to the AMF on the transactions they carry out on any financial instrument admitted to trading on a regulated market in a State party to the European Economic Area agreement or on an organised multilateral trading facility within the meaning of Article 524-1, regardless of where and how said transactions are executed.

This requirement also applies to the French-based branches of an investment services provider that are authorised in a State party to the European Economic Area agreement other than France with respect to the transactions they carry out on French territory. Such branches also have the option of informing the AMF of reports relating to transactions executed outside French territory.

Transactions carried out by an investment services provider's branch that is based in a State party to the European Economic Area agreement other than France need not be reported to the AMF if they are reported to the competent authority of said state.

I *bis*. - The obligation referred to in I shall also apply to transactions by the entities referred to in I other than asset management companies in a financial instrument not admitted to trading on a regulated market in a State party to the European Economic Area agreement or on an organised multilateral trading facility within the meaning of Article 524-1 if the value of that instrument depends on a financial instrument admitted to trading on such a market or facility.

II. - The transactions referred to in paragraph I include transactions undertaken for own account by an entity mentioned therein that have been entrusted for execution to another investment services provider authorised in a State party to the European Economic Area agreement or by an equivalent foreign institution.

III. - The report shall pertain to the transactions specified in Article 5 of Regulation (EC) No 1287/2006 of 10 August 2006 and shall be made once the transaction has been effected or by the following business day at the latest.

IV. - The provisions of this article shall not apply where the entity provides the services of receiving and transmitting orders for third parties, as defined in Article D. 321-1 of the Monetary and Financial Code.

V. - The implementing arrangements for this article will be set out in an AMF Instruction.

Article 315-47

The content of the report referred to in Article 315-46 is specified in an AMF Instruction.

Article 315-48

I. - Subject to the provisions of paragraph II, the entities referred to in Article 315-46 shall report their transactions to the AMF, in accordance with the technical procedures specified in an AMF instruction, either

1° directly, using the direct procedure established with the AMF and described in an AMF instruction, or

2° by appointing a third party to implement said procedure.

II. - The entities referred to in paragraph I of Article 315-46 are not required to report their transactions to the AMF if the report referred to in Article 315-47 is sent to the AMF, in accordance with the technical procedures specified in an AMF instruction, either:

1° by a regulated market or a multilateral trading facility in a State party to the European Economic Area agreement, for transactions effected on their systems, provided that the rules of said facility distinguish between own-account dealing and transactions undertaken on behalf of its members, or

2° by an order matching or reporting system that meets the criteria specified in an AMF instruction.

SECTION 6 - OBLIGATIONS RELATING TO THE PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING

Sub-section 1 - Provisions common to all investment services providers

Article 315-49

Investment services providers shall have organisational structures and procedures that enable them to comply with the vigilance and disclosure requirements provided for in Title VI of Book V of the Monetary and Financial Code relating to the fight against money laundering and terrorist financing.

Sub-section 2 - Provisions on asset management companies

Article 315-50

The asset management company shall be subject to the provisions of this sub-section by virtue of the investment services referred to in Article L. 321-1 of the Monetary and Financial Code and the marketing, either by itself or through an agent, of shares or units in a collective investment scheme, whether or not it manages the scheme.

Article 315-51

The asset management company shall establish systems for assessing and managing the risks of money laundering and terrorist financing.

It shall set up suitable organisational structures, internal procedures and a supervision system to ensure compliance with the obligations relating to the prevention of money laundering and terrorist financing.

Article 315-52

The asset management company shall appoint a member of management to be responsible for implementing the anti-money laundering and terrorist financing system stipulated in Article L. 561-32 of the Monetary and Financial Code.

This manager may delegate some or all of the implementation under the following conditions:

1° The empowered person must have the necessary authority, resources and skills, and access to all relevant information;

2° The empowered person must not be involved in the execution of the services and activities under supervision.

The manager shall remain responsible for the delegated activities.

Article 315-53

The asset management company shall ensure that the reporting party and correspondent referred to in Articles R. 561-23 and R. 561-24 of the Monetary and Financial Code have access to all the information they need to perform their duties. The company shall provide them with the appropriate tools and resources to comply with their obligations relating to the prevention of money laundering and terrorist financing.

The abovementioned reporting party and correspondent shall also be informed of:

1° Incidents relating to the prevention of money laundering and terrorist financing that are brought to light by internal control systems.

2° Shortcomings found by domestic or foreign supervisory authorities in the implementation of provisions relating to the prevention of money laundering and terrorist financing.

Article 315-54

The asset management company shall compile and periodically update a classification of the money laundering and terrorist financing risks involved in the services that it provides in order to establish the systems referred to in Article 315-51. It shall assess its exposure to these risks in accordance with the terms and conditions under which the services are provided and the characteristics of its clients.

For this purpose, it shall consider the information published by the international body for cooperation and coordination in the prevention of money laundering and by the Minister for the Economy.

Article 315-55

The asset management company shall draft and implement written internal procedures to ensure compliance with the provisions relating to the prevention of money laundering and terrorist financing. It shall update them periodically.

These internal procedures shall focus on:

1° Assessing, monitoring and managing the risks of money laundering and terrorist financing;

2° Implementing vigilance measures, such as:

a) The requirements and procedures for accepting new clients and occasional clients;

b) Due diligence for identifying and obtaining knowledge about clients, beneficial owners and the purpose and nature of the business relationship. The frequency of these information updates shall be specified;

c) The additional vigilance measures stipulated in Articles L. 561-10 and L. 561-10-2 of the Monetary and Financial Code and the requirements and procedures for their implementation.

d) The information to be gathered and retained about the transactions stipulated in II of Article L. 561-10-2 of the Monetary and Financial Code;

e) The vigilance measures to be implemented with regard to any other risks identified by the risk classification referred to in Article 315-53;

f) The procedures for implementing these vigilance obligations through a third party under the terms of Article L. 561-7 of the Monetary and Financial Code;

g) The vigilance measures for determining the conditions in which it needs to sign the agreement stipulated in Article R. 561-9 of the Monetary and Financial Code.

3° If the asset management company belongs to a financial group, a mixed group or a financial conglomerate, the procedures for circulating the information needed to organise the prevention of money laundering and terrorist financing within the group as stipulated in Article L. 511-34 of the Monetary and Financial Code, while ensuring that this information is not used for any other purpose than the prevention of money laundering and terrorist financing.

4° Detecting and dealing with unusual or suspicious transactions;

5° Implementing the obligation to report and send information to the national financial intelligence unit;

6° Procedures for sharing information about suspicious transaction reports sent to the national financial intelligence unit, when the entities concerned belong to a group or act on behalf of the same client and in the same transaction as stipulated in Articles L. 561-20 and L. 561-21 of the Monetary and Financial Code;

7° The record-keeping procedures for the purposes of 2°, as well as:

a) The results of the enhanced examination stipulated in Article R. 561-22 of the Monetary and Financial Code;

b) The information, documents and reports about the transactions referred to in Article L. 561-15 of the Monetary and Financial Code.

Article 315-56

The internal procedures shall also specify under what conditions the asset management company applies the provisions of Article L. 561-34 of the Monetary and Financial Code in terms of vigilance and record-keeping with regard to its branches and subsidiaries in other countries.

Article 315-57

When it implements its investment policies for its own account or for third parties, the asset management company shall assess the risk of money laundering and terrorist financing and establish procedures to oversee the investment selections made by its employees.

Article 315-58

When recruiting employees, the asset management company shall consider the risks relating to the prevention of money laundering and terrorist financing, in accordance with employees' level of responsibility.

At the time of hiring, and periodically thereafter, it shall provide its staff with information on and training in the applicable regulations and amendments, current money-laundering techniques, prevention and detection measures, and the procedures and implementation arrangements referred to in Article 315-52. They shall be adapted to the functions performed, clients, locations and risk classification.

The asset management company shall make the persons acting on its behalf aware of the measures to be taken to ensure compliance with provisions relating to the prevention of money laundering and terrorist financing.

SECTION 7 - SPECIFIC PROVISIONS FOR THE MANAGEMENT OF REAL-ESTATE COLLECTIVE INVESTMENT UNDERTAKINGS, PROFESSIONAL REAL-ESTATE COLLECTIVE INVESTMENT UNDERTAKINGS, REAL-ESTATE INVESTMENT COMPANIES AND SPECIAL REAL-ESTATE MANAGEMENT CONTRACTS

Sub-section 1 - Resources and management organisation

Article 315-60

With the exception of Articles 314-99 to 314-104, the provisions of Chapters I to IV and of Section 6 of Chapter V of this Title shall apply to asset management companies when they manage real-estate collective investment undertakings (*organismes de placement collectif immobilier, OPCI*) or professional real-estate collective investment undertakings, real-estate investment companies (*sociétés civiles de placement immobilier, SCPI*) and special real-estate management contracts, unless otherwise provided under this Section.

Article 315-61

Where the special management contract referred to in Article L. 214-119 of the Monetary and Financial Code authorises transactions in the assets referred to in a, b and c of I of Article L. 214-92 of the same code, specific and explicit consent must be obtained from the client. This consent shall clearly indicate the authorised assets, the procedures for the transactions and the procedures for informing the client.

Termination of the contract by the asset management company may be subject to a notice period that is longer than the period referred to in Article 314-61.

Article 315-63

The material and technical resources and the control and security systems that asset management companies are required to have under the terms of Article 313-54 must be, as the case may be, adequate and appropriate for the management of real- estate collective investment undertakings or professional real-estate collective investment undertakings, real-estate investment companies and real-estate asset management referred to in points 1° to 3° of I of Article L. 214-36 of the Monetary and Financial Code.

Asset management companies must be able to monitor developments in the real-estate markets and assets referred to above, which are included in the portfolios under management, and to record and retain, under satisfactory conditions of security, information about the transactions in these assets so as to provide an audit trail.

They must be able to measure the risks associated with such investments at all times and to assess their contribution to the risk profile of the real-estate collective investment undertaking or the professional real-estate collective investment undertaking. For the purposes of Article R. 214-112 of the Monetary and Financial Code, the asset management company shall calculate the liabilities of the real-estate collective investment undertaking or the professional real-estate collective investment undertaking at all times according to the procedures specified in an AMF Instruction.

Article 315-64

The internal organisational structures of asset management companies must enable them to provide detailed explanations about the origins and execution of transactions in the assets referred to in points 1° to 3° of I of Article L. 214-36 of the Monetary and Financial Code.

Asset management companies must have special and appropriate procedures at all times for monitoring transactions involving the purchase and sale of the assets referred to in points 1° to 3° of I of Article L. 214-36 of the Monetary and Financial Code.

Article 315-64-1

Compliance with the steps provided for in Articles 315-63 and 315-64 shall satisfy the data recording and record keeping requirements set forth in I and II of Article 313-48 as regards the assets referred to in points 1° to 3° of I of Article L. 214-36 of the Monetary and Financial Code.

Article 315-65

Asset management companies may only delegate the financial management of real-estate collective investment undertakings, professional real-estate collective investment undertakings, real-estate investment companies and special management contracts for the real-estate assets referred to in points 1° to 3° of I of Article L. 214-36 of the Monetary and Financial Code under the terms and conditions referred to in Article 313-77.

If the delegated management entity has its registered office in another country, it must have the necessary authorisations to provide management services for the assets referred to in points 1° to 3° of I of Article L. 214-36 of the Monetary and Financial Code in its home country or be subject to equivalent supervision.

SECTION 8 - MISCELLANEOUS PROVISIONS

Article 315-66

The provisions of Chapters III, IV and V of this Title shall apply to the relevant persons referred to in II of Article 313-2.

The rules adopted by the investment services provider under the provisions of Chapters III, IV and V of this Title and applying to the relevant persons referred to in II of Article 313-2 shall constitute professional obligations for those persons.

The provisions of Chapters IV and V of this Title shall apply to the relevant persons referred to in II of Article 313-2 within the branches opened in France by investment services providers authorised in other States parties to the European Economic Area agreement.

SECTION 8A - HANDLING AND MONITORING OF SUBSCRIPTION APPLICATIONS AND BOOK ENTRY

Article 315-66-1

When it makes offers of financial securities via a website on the terms set out in Article 325-32, the investment services provider may provide a subscription application handling and monitoring service that includes the registration of financial securities in a securities account. This service shall be formalised in an agreement between the investment services provider and the mandating issuer setting out in particular the obligations of the investment services provider and the fees charged. For this purpose, it shall collect notably the personal data of subscribers and transmit it to the issuer for registration in the records of the latter.

The investment services provider shall implement a procedure setting out:

1° The terms for handling and monitoring subscription applications, notably in the event of oversubscription.

2° The procedure for registering financial securities in a securities account.

This procedure shall provide for time stamping of the subscription applications on receipt.

The investment services provider shall act with diligence and professionalism when processing subscription applications and registering financial securities in a securities account.

It shall keep a record of the service provided on a durable medium.

If the offer is cancelled, it shall inform the client promptly.

SECTION 9 - SUPERVISION OF AUTOMATED AND HIGH-FREQUENCY TRADING

Article 315-67

I. - An automated processing program, as defined in Article L. 451-4 of the Monetary and Financial Code, means any computer algorithm that is used to trade financial instruments on a regulated market or multilateral trading facility and that automatically determines trade order parameters, such as suitability and time of issue, price and quantity, and the manner in which orders shall be managed, without human intervention or with only limited human intervention, once issued. Such programs do not include systems used to comply with Article L. 533-18 of the Monetary and Financial Code.

II. - Investment services providers using one or more automated processing programs and issuing orders for the securities of companies having their registered office in France shall notify the AMF thereof no later than one month after the programs have been brought into operation. Such notification shall specify the regulated market or multilateral trading facility to which orders are sent.

Investment services providers shall adopt procedures and internal arrangements allowing them to retain, for a period of five years, the trading algorithm as well as traceable records of each transaction and of each order issued by such algorithm, including its details, modifications and cancellations, where such is the case. This information shall be made available to the AMF.

Where an investment services provider supplies clients with an internet-based order reception and transmission service or an order execution service by means of a tool with a functionality mentioned in the first paragraph of II, it shall make the notification in lieu of its clients and shall adopt procedures and arrangements meeting the requirements set forth in the paragraph above.

III. - The provisions of this article apply to any person using one or more automated processing programs. For non-resident persons, these provisions apply only if the orders are sent to a regulated market or multilateral trading facility in France.

Article 315-68

Direct market access, as defined in point 8 of Article L. 533-10 of the Monetary and Financial Code, means a system whereby an investment services provider participating in a trading platform allows specific clients or eligible counterparties to send orders electronically for subsequent transmission to said platform under the investment services provider's identity.

For the purposes of this article, a trading platform means a regulated market or multilateral trading facility.

When providing a person with direct market access, the investment services provider signs a binding written agreement with that person, setting forth the essential rights and obligations entailed in the provision of such service and stipulating that the investment services provider remains responsible for ensuring the compliance of trades made through it.

In particular the written agreement lays down appropriate order filtering arrangements to prevent market disruption.

The investment services provider shall put systems in place to verify conformity with the undertaking given in said agreement, notably for the prevention of market disruption and for compliance with the market abuse rules as defined by the market abuse regulation (regulation n° 596/2014/EU).

The investment services provider shall ensure the traceability of each direct market access order, including modifications and cancellations, and shall retain the full details of such orders for five years. This information shall be made available to the AMF.

SECTION 10 – ACCEPTED MARKET PRACTICES

Article 315-69

Any investment services provider resorting to an accepted market practice shall comply with the requirements arising from the AMF decision to incorporate that market practice in accordance with Article 13 of the market abuse regulation (regulation no. 596/2014/EU).

TITLE IA - ASSET MANAGEMENT COMPANIES OF AIFS

Article 316-1

For the application of this Title:

1° The term "asset management company" shall mean a French asset management company;

2° The term "management company" shall mean a company established in another Member State of the European Union;

3° The term "manager" shall mean a manager established in a third country.

Article 316-2

I. - This Title is applicable:

1° To asset management companies managing AIFs whose assets exceed the thresholds set out in Article R. 532-12-1 of the Monetary and Financial Code;

2° To asset management companies managing the "Other AIFs" referred to in Article L. 214-24, III, 1 of the Monetary and Financial Code ;

3° To asset management companies or legal entities managing AIFs whose assets are below the thresholds set out in Article R. 532-12-1 of the Monetary and Financial Code or the "Other AIFs" referred to in Article L. 214-24, III, 2 and 3 of the Monetary and Financial Code or, in the case referred to in the last paragraph of the same Article L. 214-24, III, when these asset management companies or legal entities have chosen to submit these AIFs or "Other AIFs" to the present title. In this case, these asset management companies shall comply with Commission Implementing Regulation (EU) n° 447/2013 of 15 May 2013.

II. - Unless otherwise provided, asset management companies authorised under Directive 2009/65/EC of the European Parliament and Council of 13 July 2009 and authorised under Directive 2011/61/EU of the European Parliament and Council of 8 June 2011 must apply Titles I and Ia of the present Book cumulatively. An AMF instruction shall stipulate the conditions for applying the provisions of this Article.

III. - For the conduct of business other than AIF management, asset management companies governed by the present Title shall apply the relevant provisions of Chapters III, IV and V of Title I of the present Book.

CHAPTER I - PROCEDURES FOR AUTHORISATION, PROGRAMME OF OPERATIONS AND PASSPORT

SECTION 1 - AUTHORISATION AND PROGRAMME OF OPERATIONS

Sub-section 1 - Authorisation

Article 316-3

The authorisation of asset management companies referred to in Article L. 532-9 of the Monetary and Financial Code requires submission to the AMF of an application specifying the scope of the authorisation, together with a file complying with the model provided for in Article R. 532-10 of the said Code.

The application file must contain the following information:

1° Information on the persons who effectively manage the activities of the asset management company;

2° Information on the identity of the shareholders or members, either direct or indirect, of the asset management company who have qualifying holdings, and the amounts of such holdings;

3° A programme of operations for each of the services that the asset management company intends to provide, specifying the conditions in which it expects to provide those services and indicating the type of transactions envisaged and its organisational structure. This programme of operations is completed, as appropriate, by any additional information corresponding to the assets used by the asset management company;

4° Information about remuneration policies and practices;

5° Information on the terms it has defined for delegating or sub-delegating its asset management company functions to third parties;

6° Information about each AIF it manages or intends to manage;

7° The rules or instruments of incorporation of each AIF it intends to manage;

8° Information on the arrangements made for the appointment of the depositary for each AIF it intends to manage;

9° All or any addition information provided for in the third paragraph of Article L. 214-24-19 of the Monetary and Financial Code for each AIF it manages or intends to manage.

If the asset management company is already authorised by the AMF under Directive 2009/65/ CE of the European Parliament and Council of 13 July 2009, it is not required to provide the AMF again with the information or documents it already supplied to it in its authorisation application under the said directive, provided that this information and these documents are up to date.

The AMF shall issue an acknowledgement of receipt when it receives this file.

The content of the programme of operations and the content of the authorisation application file shall be set out in an AMF instruction.

Article 316-4

In deciding whether to grant authorisation to an asset management company, the AMF shall review the items in the file referred to in Article 316-3, along with the items set out in Chapter II of this Title. The AMF may require the applicant to produce any additional information it needs to make its decision.

It may restrict the scope of the authorisation, notably relating to the investment strategies of the AIFs the applicant shall be authorised to manage.

The AMF rules on the authorisation application within a period of three months as of submission of the full file.

It may extend this period by up to an additional three months if it deems necessary on account of the specific circumstances of the case at hand and after informing the applicant to this effect.

For the purposes of the present article, an application is deemed to be complete when the applicant's file contains at least the information referred to in points 1 to 4 and 6 of Article 316-3.

The applicant may commence its AIF management activity as soon as it receives its authorisation, but no earlier than one month after submitting all the missing information referred to in points 5 and 7 to 9 of Article 316-3.

The procedure and the terms and conditions of authorisation are set out in an AMF instruction.

The AMF informs the European Authority on a quarterly basis of the authorisations it has granted under the terms of the present Chapter.

Article 316-5

Any changes to the information contained in the authorisation file of the asset management company shall require, as applicable, a declaration, a notification or an application for prior approval to be made to the AMF.

On receiving the declaration, notification or application for prior approval from the asset management company, the AMF shall issue a receipt.

Pursuant to Article L. 532-9-1, II of the Monetary and Financial Code, when the asset management company submits an application for prior approval of a material change to the information contained in its authorisation file, the AMF shall have one month to inform it of its refusal or of any restrictions placed upon its application.

The AMF may, if the particular circumstances of the case at hand so justify, inform the asset management company of an extension of this deadline by a period of as much as one month.

The changes are implemented after the one-month assessment period as extended, if appropriate.

The requirements for implementing this article shall be specified in an AMF Instruction.

Sub-section 2 - Withdrawal of authorisation and deregistration

Article 316-6

Except in cases where the company requests withdrawal, the AMF, whenever it envisages withdrawing an asset management company's authorisation pursuant to Article L. 532-10 of the Monetary and Financial Code, shall so inform the company, specifying the reasons for which such decision is envisaged. The company shall have one month from receipt of such notification to submit any observations it may have.

Article 316-7

When the AMF decides to withdraw an authorisation, the company concerned shall be notified of the AMF's decision by registered letter with acknowledgement of receipt. The AMF shall inform the public of the withdrawal by inserting notices in newspapers or other publications of its choosing.

The decision shall specify the timetable and method for carrying out the withdrawal. During this period, the company shall be put under the supervision of an administrator appointed by the AMF on the basis of his or her skills. The administrator shall be bound by the obligation of professional secrecy. If he or she manages another company, said company may not acquire the clientele directly or indirectly.

During this period, the company may make only such transactions as are strictly necessary to protect the interests of the unit or shareholders of the AIFs. It shall inform the depositary or depositaries of the withdrawal. For common funds (FCPs), the AMF shall invite the depositaries to appoint another asset management company. For employee investment funds (FCPEs), this appointment shall be subject to ratification by the supervisory board of each fund.

The AMF informs the European Securities and Markets Authority on a quarterly basis of the authorisations it has withdrawn under the terms of the present article.

Article 316-8

When the AMF pronounces a deregistration pursuant to Article L. 532-12 of the Monetary and Financial Code, the AMF shall notify the company of its decision with the conditions stipulated in Article 316-7. The AMF shall inform the public by inserting notices in newspapers or other publications of its choosing.

Sub-section 3 - Resignations

Article 316-9

When it is considering demanding the resignation of a company from its capacity as the asset management company of an AIF pursuant to Article L. 621-13-4 of the Monetary and Financial Code, the AMF informs the company to this effect, specifying the reasons for which such decision is envisaged. The company shall have one month from receipt of such notification to submit any observations it may have.

When it decides to demand the resignation of a company from its capacity as the asset management company of an AIF, the AMF shall inform the company of its decision by registered letter with acknowledgement of receipt . The AMF shall inform the public of its decision by inserting notices in newspapers or other publications of its choosing.

The decision shall specify the terms and implementation timeframe for the resignation. During this period, the AIF in question shall be placed under the supervision of an administrator appointed by the AMF on the basis of his or her skills. The administrator shall be bound by the obligation of professional secrecy. If he or she manages another company, said company may not take over the management of the AIF in question directly or indirectly.

During this period, the asset management company may make only such transactions as are strictly necessary to protect the interests of the unit or shareholders of the AIF in question. It shall inform the unit or shareholders and depositary of the AIF in question of the AMF decision. The AMF shall invite the depositary of the AIF in question to appoint another asset management company.

The units or shares in the AIF in question must no longer be marketed in France or, as applicable, in the other Member States of the European Union.

Where necessary, the AMF informs the competent authorities of the host Member States of the asset management company of its decision immediately.

SECTION 2 - PASSPORT FOR ASSET MANAGEMENT COMPANIES SEEKING TO MANAGE AIFS IN THE OTHER MEMBER STATES OF THE EUROPEAN UNION

Article 316-10

An asset management company seeking to create and manage an AIF in another State of the European Union, under the freedom to provide services or under the right of establishment, shall notify the AMF of its plans in accordance with Articles R. 532-25-1 et R. 532-30 of the Monetary and Financial Code and in accordance with an AMF instruction.

SECTION 3 - SPECIFIC RULES ON THE AUTHORISATION OF MANAGERS SEEKING TO MANAGE EUROPEAN UNION AIFS OR TO MARKET AIFS OF THE EUROPEAN UNION OR THIRD COUNTRIES UNDER THEIR MANAGEMENT IN THE EUROPEAN UNION WITH A PASSPORT

Article 316-11

The date of entry into force of the present Section is set in accordance with the provisions of the European Commission delegated act provided for in Paragraph 6 of Article 67 of Directive 2011/61/EU of the European Parliament and Council of 8 June 2011.

Article 316-12

Without prejudice to Article L. 532-9 of the Monetary and Financial Code, no authorisation shall be granted unless the following additional conditions are fulfilled:

1° The manager appoints France as its reference Member States in accordance with the criteria set out in Article R. 532-31 of the same Code and the appointment is backed up by the disclosure of its marketing strategy;

2° The manager has appointed a legal representative established in France;

3° The legal representative is, with the manager, the contact point of the manager for holders of units or shares in the AIFs in question, for the European Securities and Markets Authority and for the AMF and the competent authorities concerning the activities for which the manager is authorised in the European Union and shall be equipped to perform its compliance function by virtue of the legislative and regulatory provisions applicable to asset management companies;

4° There are appropriate cooperation arrangements in place between France, the competent authorities of the Member State of reference of the European Union AIFs concerned and the supervisory authorities of the third country where the manager is established in order to ensure an efficient exchange of information that allows the AMF and the competent authorities to carry out the duties incumbent upon them;

5° The third country where the manager is established is not listed as a Non-Cooperative Country and Territory by FATF;

6° The third country where the manager is established has signed an agreement with France, which fully complies with the standards laid down in Article 26 of the OECD Model Tax Convention on Income and on Capital and ensures an effective exchange of information in tax matters, including any multilateral tax agreements;

7° The effective exercise by the AMF of its supervisory functions is neither prevented by the laws, regulations or administrative provisions of the third country governing the manager, nor by limitations in the supervisory and investigatory powers of that third country's supervisory authorities.

Article 316-13

The authorisation of the AIF manager shall be granted in accordance with Article L. 532-36 of the Monetary and Financial Code, subject to the following criteria:

1° The information referred to in Article L. 532-9 of the same code is supplemented by:

a) A justification by the manager of its assessment regarding the Member State of reference in accordance with the criteria set out in Article R. 532-31 of the same code with information on the marketing strategy;

b) A list of the legislative and regulatory provisions applicable to asset management companies of AIFs for which compliance by the manager is impossible, as compliance by the manager with those provisions is incompatible with compliance with a mandatory provision in the law to which the manager established in a third country or the third-country AIF marketed in the Union is subject;

c) Written evidence based on the regulatory technical standards developed by ESMA that the relevant third-country law in question provides for a rule equivalent to the provisions for which compliance is impossible, which has the same regulatory purpose and offers the same level of protection to the investors of the relevant AIFs and that the manager complies with that equivalent rule. Such written evidence shall be supported by a legal opinion on the existence of the relevant incompatible mandatory provision in the law of the third country and including a description of the regulatory purpose and the nature of the investor protection pursued by it;

d) The name of the legal representative of the manager and the place where it is established;

2° The information referred to in Article 316-3, Points 1 to 6 may be limited to the EU AIFs the manager intends to manage and to those AIFs it manages and intends to market in the European Union with a passport;

3° The second paragraph of Article L. 532-9, II of the Monetary and Financial Code is without prejudice to Article L. 532- 31 of the same code;

4° Point 1 of Article L. 532-9, II of the Monetary and Financial Code is not applicable;

5° The fifth paragraph of Article 316-4 shall be understood as including a reference to the "information referred to in Article L. 532-37 of the Monetary and Financial Code".

Article 316-14

The manager shall comply with Commission Implementing Regulation (EU) n° 448/2013 of 15 May 2013 and Articles 113 to 115 of Commission Delegated Regulation (EU) n° 231/2013 of 19 December 2012.

CHAPTER II - AUTHORISATION REQUIREMENTS FOR AIF ASSET MANAGEMENT COMPANIES AND FOR ACQUIRING OR INCREASING AN EQUITY INTEREST IN AN AIF ASSET MANAGEMENT COMPANY

SECTION 1 - AUTHORISATION REQUIREMENTS

Article 317-1

The asset management company shall have its registered office in France. It may be incorporated in any form, subject to a review of the compatibility of its instruments of incorporation with the laws and regulations applicable to it, and provided that its accounts are subject to a statutory audit.

Article 317-2

I. - The share capital of asset management companies shall be equal to a minimum of EUR 125,000 and must be fully paid in cash at least to this minimum amount.

II. - When authorisation is granted and in subsequent financial years, the asset management company must be able to prove at any time that its level of own funds is at least equal to the higher of the two amounts referred to in Points 1 and 2 below:

1° EUR 125,000 plus an amount equal to 0.02 % of the amount by which the assets under management by the asset management company exceeds EUR 250 million.

The total own funds requirement shall not exceed EUR 10 million.

The assets included in the calculation of the additional own funds requirement referred to in the third paragraph are:

a) French or foreign AIFs in corporate form that have globally delegated management of their portfolio to the asset management company;

b) French or foreign AIFs in fund form managed by the asset management company, including portfolios for which it has delegated management but excluding portfolios that it manages on a delegated basis.

Up to 50% of the additional own funds requirement may be met by a guarantee given by a credit institution or insurance undertaking having its registered office in a State that is a party to the European Economic Area agreement, or in another State, provided the guarantor is subject to prudential rules considered by the AMF to be equivalent to those applicable to credit institutions and insurance undertakings having their registered offices in States that are parties to the European Economic Area agreement.

2° One-quarter of general operating expenses for the previous financial year calculated in accordance with Articles 34 b to 34 d of Commission Regulation (EU) No 241/2014 of 7 January 2014.

III. - The own funds requirement at the time of authorisation shall be calculated on the basis of forecast data.

For subsequent years, the amount of general operating expenses and the total value of portfolio assets used to determine the own funds requirement shall be calculated on the basis of the most recent of the following asset management company documents: financial statements for the previous financial year, interim statement of financial position certified by the statutory auditor or the data sheet referred to in Article 318-37.

IV. - To cover any potential professional liability risks resulting from AIF management activities, the asset management company must:

1° Either have additional own funds of an amount sufficient to cover potential liability risks arising from professional negligence;

2° Or hold a professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered.

Articles 12 to 15 of Commission Regulation (EU) No. 231/2013 of 19 December 2012 set out the requirements in terms of additional own funds and professional indemnity insurance.

V. - When the asset management company is also authorised by the AMF by the terms of Directive 2009/65/EC of the European Parliament and Council of 13 July 2009, it is not subject to points I, II and III the present Article.

Article 317-3

I. The asset management company's own funds, including any additional own funds, must be invested in liquid assets or assets that can easily be converted into cash in the short term and that do not include speculative positions.

II. However, if own funds exceed 130 % at least of the regulatory own funds mentioned in Article 317-2, the excess portion of this amount may be invested in assets that do not meet the requirements of I, provided that these assets do not create a material risk for the company's regulatory own funds.

Article 317-4

The asset management company shall disclose the identities of its shareholders, whether direct or indirect, natural or legal persons, that have qualifying holdings and the amounts of those holdings.

The AMF shall assess the quality of these shareholders having regard to the need for sound and prudent management and proper performance of its own supervisory responsibilities.

It shall make the same assessment of partners and members in an economic interest grouping.

An AMF instruction shall specify the qualifying holding likely to prevent sound and prudent management of the asset management company.

Article 317-5

The asset management company shall be effectively directed by at least two persons of sufficiently good repute and sufficient experience for their duties, so as to ensure sound and prudent management.

The directors must, among other things, be sufficiently experienced as regards the investment strategies pursued by the AIFs managed by the asset management company.

At least one of these two persons must be a company officer with the power to represent the company in its dealings with third parties.

The other person may be the chairman of the board of directors or a person specifically empowered by the company's governing bodies or instruments of incorporation to direct the company and determine its policies.

Article 317-6

The persons effectively managing the asset management company as defined in Article 317-5 undertake to inform the AMF promptly of any modification of their situation as declared at the time of their appointment, on the terms set out in an AMF instruction.

SECTION 2 - CONTENT OF THE PROGRAMME OF OPERATIONS

Article 317-7

The asset management company shall have a programme of operations in accordance with Chapter III.

The programme of operations also contains information on the remuneration policies and practices implemented pursuant to Article L. 533-22-2 of the Monetary and Financial Code, and information concerning the AIFs the asset management company intends to manage:

1° Information about the investment strategies, including the types of underlying funds if the AIF is a fund of funds, and the manager's policy as regards the use of leverage, and the risk profiles and other characteristics of the AIFs it manages or intends to manage, including information about the Member States or third countries in which such AIFs are established or are expected to be established;

2° Information on where the master AIF is established if the AIF is a feeder AIF;

3° The rules or instruments of incorporation of each AIF the asset management company intends to manage;

4° Information on the arrangements made for the appointment of the depositary for each AIF in question;

5° For each AIF the asset management company manages or intends to manage, any additional information disclosed to investors pursuant to the third paragraph of Article L. 214-24-19 of the Monetary and Financial Code and set out in an AMF instruction.

In addition to AIF management, the asset management company may only provide the following investment services: reception and transmission of orders for third parties, discretionary asset management and investment advice.

In this case, it must fulfil the obligations of investment services providers set out in Article L. 532-3, 2 and in Articles L. 533-10 and L. 533-11 and following of the Monetary and Financial Code.

An AMF instruction shall set out the conditions for applying the provisions of this Article.

Article 317-8

The asset management company may also hold equity interests in companies set up for purposes that represent an extension of its own activities. These holdings must be compatible with the provisions the asset management company is required to implement to detect and prevent or manage any conflicts of interest likely to arise from these holdings.

Article 317-9

If an AIF is split pursuant to the second paragraph of Article L. 214-24-33 or the second paragraph of Article L. 214-24-41 of the Monetary and Financial Code, the authorisation granted to the asset management company managing the AIF in question permits it to manage the contractual scheme that has been created by the split in order to house the assets whose disposal would not be in the best interests of the holders of shares or units in the AIF that has been split.

SECTION 3 - REQUIREMENTS FOR ACQUIRING OR INCREASING AN EQUITY INTEREST IN AN ASSET MANAGEMENT COMPANY

Article 317-10

The AMF shall be notified of any transaction that enables a person acting alone or in concert with other persons, within the meaning of Article L. 233-10 of the Commercial Code, to acquire, increase, decrease or dispose of a directly or indirectly held equity interest, within the meaning of the provisions of Article L. 233-4 of the said code, in an asset management company. The notice must be given to the AMF by the person or persons concerned before it is executed, if one of the two following requirements is met:

1° Voting rights held by the person(s) increases or decreases above or below one tenth, one fifth, one third or one half of the voting rights;

2° The asset management company becomes or stops being a subsidiary of the person(s) concerned.

Article 317-11

For the purposes of this Chapter, voting rights shall be calculated in accordance with the provisions of Article L. 233-7, I and IV and Article L. 233-9 of the Commercial Code. Voting rights held by investment firms or credit institutions as a result of underwriting or guaranteed placement of financial instruments, within the meaning of 6-1 or 6-2 of Article D. 321-1 of the Monetary and Financial Code, shall not be counted, as long as these voting rights are not exercised or used in any other way to influence the issuer's management and provided that they are sold within one year of acquisition.

Article 317-12

Transactions to acquire or increase equity interests are subject to prior authorisation by the AMF under the following conditions:

1° Within two trading days of receipt of the notice and all the documents required, the AMF shall provide the applicant with written acknowledgement of receipt.

The AMF shall have up to sixty trading days, starting from the date of the written acknowledgement of receipt of the notice, in which to assess the transaction. The written acknowledgement of receipt shall specify the expiry date of the assessment period.

2° During the assessment period and by the fiftieth trading day thereof at the latest, the AMF may request any further information to complete the assessment. This request shall be made in writing and shall specify additional necessary information. Within two trading days of receipt of the further information, the AMF shall send the applicant a written acknowledgement of receipt.

The assessment period shall be suspended from the date of the AMF's request for further information until the receipt of the applicant's response to this request. The suspension shall not last more than twenty trading days. The AMF may make further requests for more information or clarifications, but these requests shall not suspend the assessment period.

3° The AMF may extend the suspension referred to in the previous paragraph to thirty trading days, if the applicant:

a) Is established outside the European Union or is governed by non-European Union regulations;

b) or is a person who is not subject to monitoring under the terms of European Directives 2006/48/EC, 2009/65/EC, 92/49/EEC, 2002/ 83/EC, 2004/39/EC or 2005/68/EC.

4° If, after the assessment, the AMF decides to object to a planned acquisition it shall give written notice of its decision to the applicant within two trading days and before the end of the assessment period, giving the grounds for its decision. The asset management company shall also be notified.

At the request of the applicant, the AMF shall publish the grounds for its decision on the website referred to in Article R. 532-15-2 of the Monetary and Financial Code.

5° If the AMF has not made a written objection to the planned acquisition by the end of the assessment period, the acquisition shall be deemed to be approved.

6° The AMF may set a deadline for completing the planned acquisition and may extend this deadline, if appropriate.

7° If the AMF receives several notifications under the terms of Article L. 532-9-1 of the Monetary and Financial Code concerning the same asset management company, it shall examine them jointly in such a way as to ensure equal treatment of the applicants.

By way of a derogation from the provisions above, the AMF shall be notified immediately only of transactions between companies that are directly or indirectly owned and controlled by the same company, unless such transactions result in the transfer of control or ownership of some or all of the abovementioned rights to persons that are not subject to the laws of a State party to the European Economic Area agreement.

When the number or distribution of voting rights is restricted in relation to the number or distribution of the relevant shares or units under the provisions of legislation or the instruments of incorporation, the percentages stipulated in this Chapter and in Article 317-11 shall be calculated and implemented in terms of shares or units respectively.

Article 317-13

Transactions involving the disposal or decrease of an equity interest in an asset management company, as referred to in Article 317-10, shall entail a re-examination of the authorisation in view of the need to ensure sound and prudent management.

Article 317-14

The AMF may ask asset management companies for the identity of partners or shareholders who report holdings of less than one twentieth, but more than 0.5%, or the relevant figure set by the instruments of incorporation for the purposes of Article L. 233-7 of the Commercial Code.

CHAPTER III - ORGANISATIONAL RULES

Article 318-1

The asset management company shall use, at all times, adequate and appropriate human and technical resources that are necessary for the proper management of AIFs.

Given the nature of the AIFs it manages, it shall have sound administrative and accounting procedures, control and safeguard arrangements for electronic data processing and adequate internal control mechanisms including, in particular, rules for personal transactions by its employees or for the holding or management of investments in order to invest on its own account and ensuring, at least, that each transaction involving the AIFs may be reconstructed according to its origin, the parties to it, its nature, and the time and place at which it was effected and that the assets of the AIFs managed by the AIFM are invested in accordance with the AIF rules or instruments of incorporation and the legal provisions in force.

Article 318-2

The annual financial statements of the asset management company shall be certified by a statutory auditor. Within six months of the end of the financial year, asset management companies shall file copies of their balance sheet, income statement and the notes to the financial statements, along with their annual management reports and notes, the statutory auditors' general and special reports with the AMF. If applicable, the companies shall also produce consolidated financial statements.

SECTION 1 - ORGANISATIONAL RULES

Article 318-3

The asset management company shall comply with Articles 57 to 59 of Commission Delegated Regulation (EU) n° 231/2013 of 19 December 2012.

SECTION 2 - COMPLIANCE SYSTEM

Article 318-4

The asset management company shall establish and maintain appropriate operational policies and procedures to detect any risk of non-compliance with the professional obligations referred to in Article L. 621-15, II of the Monetary and Financial Code and the subsequent risks, and to attenuate those risks.

It shall also comply with Articles 61 and 62 of Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012.

Article 318-5

The compliance officer referred to in Article 61, 3, b of Commission Delegated Regulation (EU) n° 231/2013 of 19 December 2012 shall hold a professional licence issued on the terms defined in Section 8 of this Chapter.

SECTION 3 - RESPONSIBILITIES OF SENIOR MANAGEMENT AND SUPERVISORY BODIES

Article 318-6

The asset management company shall comply with Article 60 of Commission Delegated Regulation (EU) n° 231/2013 of 19 December 2012 and with the professional obligations referred to in Article L. 621-15, II of the Monetary and Financial Code.

SECTION 4 - VERIFICATION OF THE KNOWLEDGE OF SPECIFIED PERSONS

Article 318-7

I.- The asset management company shall ensure that natural persons acting under its authority or on its behalf have the appropriate qualifications and expertise, as well as a sufficient level of knowledge.

II. - It verifies that the persons carrying out one of the following functions can prove they have the minimum level of knowledge set out in Article 313-7-3, II, 1:

a) Sales personnel within the meaning of Article 318-8;

b) Asset manager within the meaning of Article 318-8;

c) Compliance and internal control officer within the meaning of Article 318-21.

III. - The asset management company shall not carry out the verification provided for in II with regard to persons employed at 1st July 2010. Persons having passed one of the examinations referred to in Article 313-7-3, II, 3 shall be deemed to have the minimum knowledge required to perform their duties.

IV. - To conduct the verification referred to in II, the asset management company shall have six months from the date on which the employee starts to perform one of the above functions.

However, when the employee has been taken on under a work/study contract, as provided in Articles L. 6222-1 and L. 6325-1 of the Labour Code, the asset management company may choose not to perform any such verification. If it decides to hire the employee when his or her training period finishes, the asset management company shall ensure that he or she has suitable qualifications and skills as well as a sufficient level of knowledge, as referred to in I, at the latest by the end of the apprenticeship contract or the youth work contract.

The asset management company shall ensure that any employee whose minimum knowledge has not yet been verified is appropriately supervised.

Article 318-8

1° Sales personnel shall mean any natural person responsible for informing or advising the clients of the asset management company under whose authority or on whose behalf he is acting, with a view to conducting transactions in financial instruments;

2° An asset manager is any person authorised to take investment decisions within the framework of the management of one or several AIFs.

Article 318-9

Article 313-7-3 is applicable to asset management companies governed by the present Title.

SECTION 5 - COMPLAINT HANDLING

Article 318-10

The asset management company shall establish and maintain operational an effective and transparent procedure for reasonable and prompt handling of complaints received from:

1° All holders of units or shares in AIFs, when no investment service is provided to them upon subscription;

2° Holders of units or shares in AIFs, from non-professional clients when an investment service is provided to them by the asset management company upon subscription.

The persons referred to in 1 and 2 may file complaints free of charge with the asset management company.

The asset management company shall respond to the complaint within a maximum of two months as of the date of receipt of the said complaint, except in duly justified special circumstances.

They shall implement a system enabling fair and consistent handling of complaints from the persons referred to in 1 and 2. This system shall be allocated the necessary resources and expertise.

It shall record each complaint and the measures taken to handle it. It shall also implement a complaint monitoring system enabling it, among other things, to identify problems and implement appropriate corrective measures.

Information on the complaint handling procedure shall be made available free of charge to the persons referred to in 1 and 2.

The complaint handling procedure shall be proportionate to the size and structure of the asset management company.

An AMF instruction shall set out the terms of application of this Article.

Article 318-10-1

The asset management company shall establish appropriate procedures and arrangements to ensure that it deals properly with complaints from AIF unit or shareholders and that there are no restrictions on these persons exercising their rights if they reside in another European Union Member State. These measures shall allow AIF unit or shareholders to send a complaint in the official language or one of the official languages of the Member State in which the AIF is marketed and to receive a response in the same language.

The asset management company shall also establish appropriate procedures and arrangements to supply information, at the request of the public.

These provisions shall apply if no investment service is provided upon subscription.

SECTION 6 - PERSONAL TRANSACTIONS

Article 318-11

The asset management company shall comply with Article 63 of Commission Delegated Regulation (EU) n° 231/2013 of 19 December 2012.

SECTION 7 - CONFLICTS OF INTEREST

Article 318-12

This Section is applicable to management of French AIFs by asset management companies except, for branches established in other European Union Member States, for AIFs they manage in that Member State.

It is also applicable to branches established in France by management companies or managers.

Sub-section 1 - General principles

Article 318-13

I. - The asset management company shall take all reasonable steps to identify conflicts of interest that arise in the course of managing AIFs between:

1° The asset management company, including its managers, employees or any person directly or indirectly linked to the asset management company by control, and the AIF managed by the asset management company or the unit or shareholders in that AIF;

2° The AIF or the unit or shareholders in that AIF, and another AIF or the unit or shareholders in that other AIF;

3° The AIF or the unit or shareholders in that AIF, and another client of the asset management company;

4° The AIF or the unit or shareholders in that AIF, and a collective investment scheme managed by the asset management company or the unit or shareholders in that collective investment scheme; or

5° Two clients of the asset management company.

The asset management company shall maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps designed to identify, prevent, manage and monitor conflicts of interest in order to prevent them from adversely affecting the interests of the AIFs and their unit or shareholders.

The asset management company shall segregate, within its own operating environment, tasks and responsibilities which may be regarded as incompatible with each other or which may potentially generate systematic conflicts of interest. It shall assess whether their operating conditions may involve any other material conflicts of interest and disclose them to the unit or shareholders of the AIFs.

II. - Where organisational arrangements made by an asset management company to identify, prevent, manage and monitor conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of unit or shareholders will be prevented, the asset management company shall clearly disclose the general nature or sources of conflicts of interest to such holders before undertaking business on their behalf, and develop appropriate policies and procedures.

III. - Where the asset management company, on behalf of an AIF, uses the services of a prime broker, the terms shall be set out in a written contract. In particular any possibility of transfer and reuse of AIF assets shall be provided for in that contract and shall comply with the AIF rules or instruments of incorporation. The contract shall provide that the depositary be informed of the contract.

The asset management company shall exercise due skill, care and diligence in the selection and appointment of prime brokers with whom a contract is to be concluded.

Article 318-14

When AIFs or investment funds managed by the asset management company or a related company are acquired or subscribed on behalf of an AIF, the investor information document of that AIF must make provision for such a possibility.

Article 318-15

The asset management company shall comply with Articles 30 to 36 of Commission Delegated Regulation (EU) n° 231/2013 of 19 December 2012.

Sub-section 2 - Provisions applicable to financial analysis

Article 318-16

When it is given by an asset management company, an investment recommendation within the meaning of Article R. 621-30-1, 1 of the Monetary and Financial Code, hereinafter referred to as a "general investment recommendation" shall constitute:

1° Either financial analysis or investment research when it complies with Article L. 544-1 of the Monetary and Financial Code, hereinafter referred to as "financial analysis", which shall be subject to Articles 318-17 and 318-18;

2° Or, in the other cases, marketing communication, which shall be subject to Article 318-19.

Article 318-17

I. - Asset management companies that produce or arrange for the production of financial analyses, within the meaning of Article 318-16, intended or likely to be subsequently disseminated to their own clients or the public under their own responsibility or that of a member of their group, shall ensure that the provisions of Article 313-21, II are applied to the financial analysts involved in the production of such analysis and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons for whom the analysis is intended.

II. - The provisions of I shall not apply to asset management companies that disseminate financial analysis produced by another person to the public or their clients, if the following criteria are fulfilled:

1° The person producing the financial analysis is not a member of the group to which the asset management company belongs;

2° The asset management company does not substantially alter the content of the recommendations within the financial analysis;

3° The asset management company does not present the investment research as having been produced by it;

4° The asset management company ensures that the producer of the investment research is subject to requirements equivalent to those provided for in I in relation to the production of the analysis, or that it has established a policy setting such requirements.

Article 318-18

The asset management companies referred to in Article 318-17, I shall adopt measures to ensure that:

1° Financial analysts and other relevant persons refrain from executing personal transactions or trades, other than as market makers acting in good faith and in the ordinary course of market making operations or in the execution of an unsolicited client order, on behalf of any other person, including the asset management company, in financial instruments to which investment research relates, or in any related financial instruments, if:

a) They are aware of the likely dissemination date or content of the financial analysis or its content;

b) This knowledge is not accessible to the public and clients and cannot be readily inferred from the information that is available.

Financial analysts and other relevant persons refrain from trading until the recipients of the financial analysis have not had a reasonable opportunity to act on the knowledge referred to in a).

2° In circumstances not referred to in 1, financial analysts and any other relevant persons involved in the production of financial analysis must not execute personal transactions in financial instruments to which the analysis relates, or in any related financial instruments, that might be contrary to the current recommendations made by these persons, except in exceptional circumstances and with the prior approval of the compliance and internal control officer.

3° The asset management company, financial analysts and other relevant persons involved in the production of financial analysis must not accept inducements from persons with a material interest in the subject matter of the analysis.

4° The asset management company, financial analysts and other relevant persons involved in the production of financial analysis must not promise issuers favourable coverage in their analyses;

5° If a draft financial analysis contains a recommendation or a target price, issuers, relevant persons other than financial analysts and any other persons whatsoever must not be permitted to review that draft prior to its publication for the purpose of verifying the accuracy of factual statements made in that analysis, or for any other purpose other than verifying compliance with the professional obligations of the asset management company referred to in Article L. 621-15, II of the Monetary and Financial Code.

For the purposes of this Article, "related financial instrument" shall mean any financial instrument the price of which is closely dependent on fluctuations in the price of another instrument which is the subject of financial analysis, including derivatives having that other financial instrument as their underlying.

Article 318-19

A general investment recommendation, as referred to in Article 318-16, shall be subject to the legal and regulatory provisions on marketing communications and to the following requirements:

1° It is clearly identified as such;

2° It contains a clear warning that it has not been prepared in accordance with regulatory provisions designed to promote the independence of financial analysis, and that the asset management company is not subject to any prohibition on dealing in the relevant financial instrument ahead of the publication of the marketing communication.

In the case of verbal communication, it must be accompanied by a similar warning.

SECTION 8 - PROFESSIONAL LICENCE

PARAGRAPH 1 - GENERAL PROVISIONS

Article 318-20

The compliance and internal control officer must hold a professional licence issued by the AMF, pursuant to Article 318-29.

Article 318-21

The persons referred to in Article 318-56 shall fulfil the function of compliance and internal control officer.

Article 318-22

A natural person may perform the function of compliance and internal control officer, on a probationary or temporary basis, without holding the required professional licence, for a maximum period of six months, that can be renewable once.

The function of compliance and internal control officer may only be performed on a probationary or temporary basis with the prior consent of the AMF.

Article 318-23

Issuance of a professional license shall require the applicant to compile an application for authorisation, which shall be submitted to the AMF.

The authorisation application shall include the items stipulated in an AMF instruction.

Article 318-24

The application for authorisation shall be kept on file by the AMF for ten years after the licensee has ceased to perform the functions that gave rise to the issuance of the professional licence.

Article 318-25

Where a person provisionally ceases to perform the activity that required a professional licence, such interruption shall not result in withdrawal of the licence.

The person shall be deemed to have permanently ceased to perform the activity that gave rise to the issuance of the license when the interruption exceeds twelve months, except in exceptional cases as assesses by the AMF.

Article 318-26

When a person definitively ceases to perform the function for which a professional licence was issued, the licence shall be withdrawn. This withdrawal is performed by the AMF.

The asset management company on behalf of which the licensee is acting informs the AMF promptly when a person definitively ceases the activity as referred to in the previous paragraph.

Article 318-27

Whenever an asset management company takes disciplinary measures against a person holding a professional licence because of a breach of their professional obligations, it shall notify the AMF to this effect within one month.

Article 318-28

The AMF shall keep a register of professional licences.

It is kept informed of the appointment of the compliance and internal control officer.

The information in the register of professional licences shall be kept on file for ten years after the professional licence has been withdrawn.

PARAGRAPH 2 - COMPLIANCE AND INTERNAL CONTROL OFFICER PROFESSIONAL LICENCE ISSUANCE

Article 318-29

The AMF shall issue compliance and internal control officer professional licenses to the persons performing such functions. For this purpose, the AMF shall organise a professional examination under the terms referred to in Articles 318-33 to 318-35.

However, where asset management companies appoint one of their senior managers to the function of compliance and internal officer, that person shall hold the relevant professional license. He or she shall not be required to take the examination provided for in the first paragraph.

Article 318-30

Before issuing the professional license, the AMF shall verify:

1° That the relevant natural person is fit and proper, that he is familiar with the professional requirements and capable of performing the functions of compliance and internal control officer.

2° That pursuant to Article 318-7, II, the asset management company has conducted an internal verification or an examination as provided for in Article 313-7-3, II, 3 to ensure that the person in question has the minimum knowledge referred to in Article 313-7-3, II, 1.

3° That the asset management company complies with Article 318-4.

Article 318-31

The AMF may waive the examination requirement for a person who has performed comparable functions with another asset management company having equivalent business activities and organisational structures, provided that person has already passed the examination and that the asset management company planning to appoint him or her has already presented a candidate who passed the examination.

Article 318-32

If an asset management company requires compliance and internal control officer professional licenses to be issued to several persons, the AMF shall ensure that the number of license holders is proportionate to the nature and risks of the asset management company's business activities, size and organisational structure.

Asset management companies shall provide precise written definitions of the attributions of each professional license holder.

Article 318-33

The examination shall consist of an interview of the professional license applicant by a jury. The applicants shall be presented by the asset management companies on whose behalf they are to perform their functions.

An AMF instruction shall specify the examination programme and procedures.

The AMF shall hold the examinations at least twice a year. It shall decide who sits on the jury, set the examination dates and determine the amount of examination fees. This information shall be made known to asset management companies.

The AMF shall collect the examination fees from the asset management companies presenting applicants.

Article 318-34

The members of the jury referred to in the first paragraph of Article 318-33 shall be:

1° A serving compliance officer, chair;

2° A person holding an operational function in an asset management company;

3° A member of the AMF staff.

If an applicant considers that a member of the jury has a conflict of interest with regard to him, he or she may ask the AMF to be examined by another jury.

Article 318-35

If the jury deems that the conditions referred to in Article 318-30 have been met, it shall propose that the AMF issue a professional license.

However, if the jury considers that the applicant has the necessary qualities to perform the function of compliance and internal control officer, but that the asset management company does not allow him proper independence or does not provide him with adequate resources, the jury may propose that issuance of a professional license be subject to the condition that the asset management company remedies the situation and notifies the AMF of the measures taken to this effect.

If outsourcing of the compliance and internal control officer function is being considered, the jury may be asked for its opinion.

SECTION 9 - RECORD KEEPING

Article 318-36

The asset management company shall comply with Articles 64 to 66 of Commission Delegated Regulation (EU) n° 231/2013 of 19 December 2012.

SECTION 10 - ANNUAL DATA SHEET

Article 318-37

Within four and a half months of the close of the financial year, asset management companies shall send the AMF the information specified on a data sheet, as described in an AMF instruction.

SECTION 11 - RISK MANAGEMENT

Article 318-38

Asset management companies shall functionally and hierarchically separate the functions of risk management from the operating units, including from the functions of portfolio management.

Article 318-39

The functional and hierarchical separation of the functions of risk management, pursuant to Article 318-38, shall be examined in accordance with the principle of proportionality, on the understanding that the asset management company shall, in any event, be able to demonstrate that specific safeguards against conflicts of interest allow for the independent performance of risk management activities and that the risk management process satisfies the requirements of this Article and is consistently effective.

Article 318-40

The asset management company shall implement adequate risk management systems in order to identify, measure, manage and monitor appropriately all risks relevant to each AIF investment strategy and to which each AIF is or may be exposed.

In particular, the asset management company shall not make exclusive or mechanical use of credit ratings issued by credit ratings agencies within the meaning of Article 3, Paragraph 1, point b of Regulation (EC) n° 1060/2009 of the European Parliament and Council of 16 September 2009 on credit ratings agencies, to assess the creditworthiness of AIF assets.

The asset management company examines the risk management systems, at appropriate intervals and at least once a year, and adapts them if necessary.

Article 318-41

Asset management companies shall at least:

1° Implement an appropriate, documented and regularly updated due diligence process when investing on behalf of the AIF, according to the investment strategy, objectives and risk profile of the AIF;

2° Ensure that the risks associated with each investment position of the AIF and their overall effect on the AIF's portfolio can be properly identified, measured, managed and monitored on an ongoing basis, including through the use of appropriate stress testing procedures;

3° Ensure that the risk profile of the AIF shall correspond to the size, portfolio structure and investment strategies and objectives of the AIF as laid down in the AIF rules or instruments of incorporation, prospectus and offering documents.

Article 318-42

The asset management company shall set a maximum level of leverage which they may employ on behalf of each AIF they manage as well as the extent of the right to reuse collateral or any guarantee that could be granted under the leveraging arrangement, taking into account, inter alia:

1° The type of the AIF;

2° The investment strategy of the AIF;

3° The sources of leverage of the AIF;

4° Any other interlinkage or relevant relationships with other financial services institutions, which could pose systemic risk;

5° The need to limit the exposure to any single counterparty;

6° The extent to which the leverage is collateralised;

7° The asset-liability ratio;

8° The scale, nature and extent of the activity of the asset management company on the markets concerned..

Article 318-43

The asset management company shall comply with Articles 38 to 45 of Commission Delegated Regulation (EU) n° 231/2013 of 19 December 2012.

SECTION 12 - LIQUIDITY MANAGEMENT

Article 318-44

Asset management companies shall, for each AIF that they manage which is not an unleveraged closed-ended AIF, employ an appropriate liquidity management system and adopt procedures which enable them to monitor the liquidity risk of the AIF and to ensure that the liquidity profile of the investments of the AIF complies with its underlying obligations.

Asset management companies shall regularly conduct stress tests, under normal and exceptional liquidity conditions, which enable them to assess the liquidity risk of the AIFs and monitor the liquidity risk of the AIFs accordingly.

Article 318-45

Asset management companies shall ensure that, for each AIF that they manage, the investment strategy, liquidity profile and redemption policy are consistent.

Article 318-46

The asset management company shall comply with Articles 46 to 49 of Commission Delegated Regulation (EU) n° 231/2013 of 19 December 2012.

SECTION 13 - INFORMATION TRANSMISSION ON FINANCIAL CONTRACTS

Article 318-47

Asset management companies shall, for each AIF they manage, send the AMF and update at least once a year, on the terms provided by an AMF instruction, information providing a true image of the types of financial contracts, underlying risks, quantitative limits and methods chosen to estimate the risks related to operations on financial contracts.

The AMF may check that this information is regular and exhaustive and ask for explanations relating to it.

SECTION 14 - INTERNAL AUDIT

Article 318-48

The asset management company shall comply with Article 62 of Commission Delegated Regulation (EU) n° 231/2013 of 19 December 2012.

SECTION 15 - ORGANISATION OF COMPLIANCE AND INTERNAL CONTROL FUNCTIONS

Sub-section 1 - Compliance and internal control systems

Article 318-49

The compliance and internal control system includes monitoring described in Article 318-50, periodic audits described in Article 318-48 and consulting and assistance assignments.

Article 318-50

Monitoring includes the compliance function referred to in of Article 61, 2, a of Commission Delegated Regulation (EU) n° 231/2013 of 19 December 2012, the control system referred to in Article 57, 6 of the same Regulation and the control system for compliance with the professional obligations referred to in Article L. 621-15, II of the Monetary and Financial Code and the risk control system provided for in Section 11 of this Chapter.

Article 318-51

First-level control shall be exercised by persons in operational functions.

Monitoring shall be conducted through second-level controls to ensure proper execution of first-level controls.

Monitoring shall be performed exclusively, subject to the provisions of Article 318-55, by staff appointed solely to that function.

Sub-section 2 - Compliance and internal control officers

Article 318-52

Compliance and internal control officers shall be responsible for the compliance function referred to in Article 61, 2 of Commission Delegated Regulation n° 231/2013 of 19 December 2012, for the monitoring referred to in Article 318-50 and for the internal audits referred to in Article 318-48.

Article 318-53

If an asset management company establishes a separate and independent internal audit function pursuant to Article 318-48, that function shall be performed by an internal audit manager who is not the same person as the compliance and continuing monitoring officer.

Article 318-54

Asset management companies may give responsibility for monitoring, other than compliance monitoring, and responsibility for compliance monitoring to two different people.

Article 318-55

When the manager carries out the function of compliance and internal control officer, he or she shall also be responsible for internal audit and monitoring, other than compliance monitoring.

Article 318-56

The following persons shall hold professional licenses:

1° The officer referred to in Article 318-52;

2° The compliance and monitoring officer referred to in Article 318-53;

3° The officer for monitoring, other than compliance monitoring, referred to in Article 318-54 and the compliance officer referred to in the said Article, if the two functions are separate.

Employees of asset management companies or employees of other entities in their group or under the same central body may hold professional licenses if the asset management companies present them for the examination.

The AMF shall ensure that the number of professional license holders is proportionate to the nature and the risks of the asset management company's business activities, scale and organisational structure.

The internal audit officer referred to in Article 318-53 shall not hold a professional license.

Article 318-57

Asset management companies shall establish a procedure that enables all their employees and all natural persons acting on their behalf to discuss questions they might have about deficiencies they have noted in the actual implementation of compliance obligations with the compliance and internal control officer.

SECTION 16 - DELEGATION OF AIF MANAGEMENT

Article 318-58

I. - When an asset management company delegates the management of an AIF, the following conditions shall be met:

1° It shall notify the AMF of the delegation before the delegation arrangements become effective;

2° It must be able to justify its entire delegation structure on objective reasons;

3° The delegate must dispose of sufficient resources to perform the respective tasks and the persons who effectively conduct the business of the delegate must be of sufficiently good repute and sufficiently experienced;

4° Where the delegation concerns asset management or risk management, it may be conferred only on a person authorised for the purposes of asset management and subject to supervision within the meaning of and as set forth under Article 78 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 or, if those conditions cannot be met subject to prior approval by the AMF;

5° Where the delegation concerns asset management or risk management of an AIF that is open to professional investors and is conferred upon a third country undertaking, under the conditions specified in point 4°, cooperation between the AMF and the supervisory authority of the undertaking must be ensured;

6° The delegation must not prevent the effectiveness of supervision of the asset management company, and, in particular, must not prevent the asset management company from acting, or the AIF from being managed, in the best interests of its unit or shareholders;

7° The asset management company must be able to demonstrate that the delegate is qualified and capable of undertaking the functions in question, that it was selected with all due care and that the asset management company is in a position to monitor effectively at any time the delegated activity, to give at any time further instructions to the delegate and to withdraw the delegation with immediate effect when this is in the interest of the unit or shareholders of the AIF.

The asset management company shall review the services provided by each delegate on an ongoing basis.

II. - No delegation of portfolio management or risk management shall be conferred upon:

1° The depositary or a delegate of the depositary;

2° Any other entity whose interests may conflict with those of the asset management company or the unit or shareholders of the AIF, unless such entity has functionally and hierarchically separated the performance of its portfolio management or risk management tasks from its other potentially conflicting tasks, and the potential conflicts of interest are properly identified, managed, monitored and disclosed to the unit and shareholders of the AIF.

III. - The liability of the asset management company towards the AIF and its unit or shareholders shall not be affected by the fact that it has delegated functions to a third party, or by any further sub-delegation. The asset management company shall not delegate its functions to the extent that it becomes a letter-box entity.

IV. - The delegate may sub-delegate any of the functions delegated to it, provided that the following conditions are met:

1° The delegating asset management company consented prior to the sub-delegation;

2° The delegating asset management company notified the AMF before the sub-delegation arrangements become effective;

3° The conditions set out in Paragraph I are met, on the understanding that all references to the "delegate" are read as references to the "sub-delegate".

V. - No sub-delegation of portfolio management or risk management shall be conferred upon entities referred to in Paragraph II.

The relevant delegate shall review the services provided by each sub-delegate on an ongoing basis.

VI. - Where the sub-delegate further delegates any of the functions delegated to it, the conditions set out in Paragraph 4 shall apply mutatis mutandis.

VII. - The asset management company shall comply with Articles 75 to 82 of Commission Delegated Regulation (UE) n° 231/2013 of 19 December 2012.

CHAPTER IV – CONDUCT OF BUSINESS RULES

SECTION 1 – GENERAL PROVISIONS

Article 319-1

This Chapter shall apply to management of AIFs by asset management companies, except, for branches established in other European Union Member States, for the AIFs they manage in that State.

Pursuant to Article L. 532-21-3 of the Monetary and Financial Code, this Chapter shall also apply to management of French AIFs by branches established in France by management companies.

Pursuant to Article L. 532-30 of the Monetary and Financial Code, this Chapter shall also apply to management of AIFs by branches established in France by managers.

Asset management companies shall ensure that the relevant persons are reminded that they are bound by the obligation of professional confidentiality, subject to the terms and penalties prescribed by law.

For the application of this Chapter, the term "client" shall designate existing and potential clients, including, where relevant, AIFs or their unit holders or shareholders.

Sub-section 1 - Approval of codes of conduct

Article 319-2

Where a professional organisation draws up a code of conduct applicable to AIF management, the AMF shall verify whether the code's provisions are consistent with this General Regulation.

The professional organisation may ask the AMF to approve all or part of the code as professional standards.

If, having sought the opinion of the *Association Française des Etablissements de Crédit et des Entreprises d'Investissement* (AFECEI), the AMF considers that some or all the provisions of such code should be recommended to investment services providers, the AMF shall announce its decision by publishing it on its website.

Sub-section 2 - Primacy of the client's interest and market integrity

Article 319-3

The asset management company shall:

1° Act honestly, with due skill, care and diligence and fairly in conducting their activities;

2° Act in the best interests of the AIFs or the unit and shareholders of the AIFs they manage and the integrity of the market;

3° Have and employ effectively the resources and procedures that are necessary for the proper performance of their business activities;

4° Take all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, to identify, manage and monitor and, where applicable, disclose, those conflicts of interest in order to prevent them from adversely affecting the interests of the AIFs and their unit and shareholders and to ensure that the AIFs they manage are fairly treated;

5° Comply with all regulatory requirements applicable to the conduct of their business activities so as to promote the best interests of the AIFs or the unit and shareholders of the AIFs they manage and the integrity of the market;

6° Treat all AIF unit or shareholders fairly. No unit or shareholder in an AIF shall obtain preferential treatment, unless such preferential treatment is disclosed in the relevant AIF's rules or instruments of incorporation.

7° Comply with Articles 17 to 23 Of Commission Delegated Regulation (EU) n° 231/2013 of 19 December 2012.

SECTION 2 - CLIENT CATEGORISATION

Article 319-4

Asset management companies that market units or shares in AIFs shall comply with the provisions relating to client categorisation provided by Section 2 of Chapter IV of Title I of this Book.

SECTION 3 - INFORMATION TO CUSTOMERS

Article 319-5

Asset management companies that market units or shares in AIFs shall comply with the provisions relating to client information provided by Section 3 of Chapter IV of Title I of this Book.

SECTION 4 - ASSESSMENT OF THE SUITABILITY AND APPROPRIATENESS OF THE SERVICE TO BE PROVIDED

Article 319-6

Asset management companies that market units or shares in AIFs shall comply with the provisions relating to the assessment of the suitability and appropriateness of the service to be provided set out in Section 4 of Chapter IV of Title I of this Book.

SECTION 5 - CLIENT AGREEMENTS

Article 319-7

Asset management companies that market units or shares in AIFs shall comply with the provisions relating to client agreements set out in Section 5 of Chapter IV of Title I of this Book.

SECTION 6 - ORDER HANDLING AND EXECUTION

Article 319-8

Asset management companies shall comply with Articles 25 to 29 of Commission Delegated Regulation (EU) n° 231/2013 of 19 December 2012.

SECTION 7 - FEES

Sub-section 1 - Inducements

Article 319-9

Asset management companies shall comply with Articles 24 of Commission Delegated Regulation (EU) n° 231/2013 of 19 December 2012.

Sub-section 2 - Remuneration policy within the framework of AIF management

Article 319-10

I. - When establishing and applying the total remuneration policies, inclusive of salaries and discretionary pension benefits, for those categories of staff referred to in Article L. 533-22-2 of the Monetary and Financial Code, asset management companies shall comply with the following principles in a way and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities:

1° The remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the AIFs they manage;

2° The remuneration policy is in line with the business strategy, objectives, values and interests of the asset management company and the AIFs it manages or the unit and shareholders in such AIFs, and includes measures to avoid conflicts of interest;

3° The management body of the asset management company, in its supervisory function, adopts and periodically reviews the general principles of the remuneration policy and is responsible for its implementation;

4° The implementation of remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the management body in its supervisory function;

5° Staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control;

6° The remuneration of the senior officers in the risk management and compliance functions is directly overseen by the remuneration committee;

7° Where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit or AIF concerned and of the overall results of the asset management company. When assessing individual performance, financial as well as non-financial criteria are taken into account;

8° Assessment of performance is set in a multi-year framework appropriate to the life-cycle of the AIFs managed by the asset management company, in order to ensure that it is based on longer term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes account of the redemption policy of the AIFs it manages and their investment risks;

9° Guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year;

10° Fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy, on variable remuneration components, including the possibility to pay no variable remuneration;

11° Payments related to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;

12° The measurement of performance, when used to calculate individual or collective variable remuneration components, includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;

13° Subject to the legal structure of the AIF and its rules or instruments of incorporation, a substantial portion, and in any event at least 50% of any variable remuneration consists of units or shares of the AIF concerned, or equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments, unless the management of AIFs accounts for less than 50% of the total portfolio managed by the asset management company, in which case the minimum of 50% does not apply.

The instruments referred to in this paragraph shall be subject to an appropriate retention policy designed to align incentives with the interests of the asset management company and the AIFs it manages and the unit or shareholders of such AIFs;

14° Payment of a substantial portion, and in any event at least 40%, of the variable remuneration component, is deferred over a period which is appropriate in view of the life cycle and redemption policy of the AIF concerned. This portion is fairly proportionate to the nature of the risks of the AIF in question.

The period referred to in the previous paragraph shall be at least three to five years unless the life cycle of the AIF concerned is shorter. The remuneration payable under deferral arrangements vests no faster than on a pro-rata basis.

In the case of a variable remuneration component of a particularly high amount, at least 60% of the amount is deferred;

15° The variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the asset management company as a whole, and justified according to the performance of the business unit, the AIF and the individual concerned.

The total variable remuneration shall generally be considerably reduced where subdued or negative financial performance of the asset management company or of the AIF concerned occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or clawback arrangements;

16° The pension policy is in line with the business strategy, objectives, values and long-term interests of the asset management company and the AIFs it manages.

If the employee leaves the asset management company before retirement, discretionary pension benefits shall be held by the asset management company for a period of five years in the form of instruments defined in point 13. In the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments defined in point 13, subject to a five-year retention period;

17° Staff are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;

18° Variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements of the legislative and regulatory provisions applicable to asset management companies.

II. - The principles set out in paragraph I shall apply to remuneration of any type paid by the asset management company, to any amount paid directly by the AIF itself, including carried interest, and to any transfer of units or shares of the AIF, made to the benefits of those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on their risk profile or the risk profiles of the AIF that they manage.

III. - Asset management companies that are significant in terms of their size or the size of the AIFs they manage, their internal organisation and the nature, the scope and the complexity of their activities shall establish a remuneration committee. The remuneration committee shall be constituted in a way that enables it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk.

The remuneration committee shall be responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the asset management company or the AIF concerned and which are to be taken by the management body in its supervisory function. The remuneration committee shall be chaired by a member of the management body who does not perform any executive functions in the asset management company concerned. The members of the remuneration committee shall be members of the management body who do not perform any executive functions in the asset management company concerned.

Article 319-11

The asset management company shall comply with Article 107 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012.

Sub-Section 3 - Other provisions

Article 319-12

Asset management companies shall be remunerated for their management of AIFs by a management fee and, if applicable, a proportionate share of subscription and redemption fees or by incidental fees, under the conditions and within the limits set by Articles 319-13 to 319-20 and 422-91. These conditions and limits shall apply whether the fees are charged directly or indirectly.

Article 319-13

The management fee referred to in Article 319-12 may include a variable portion tied to the outperformance of the AIF relative to the investment objective, provided that:

1° It is expressly provided for in the key investor information document or, failing this, in the information document for investors in the AIF;

2° It is consistent with the investment management objective as set out in the prospectus and the key investor information document or, failing this, in the information document for investors in the AIF;

3° The share in the outperformance of the AIF allocated to the asset management company must not induce that company to take excessive risk with regard to the investment strategy, investment objective and risk profile set out in the prospectus and the key investor information document or, failing this, in the information document for investors in the AIF.

Article 319-14

All fees and commissions paid by the AIF for transactions in the portfolios under management, with the exception of subscription and redemption transactions relating to AIFs or investment funds, shall be trading costs. They include:

1° Intermediation costs, taxes and duties included, charged directly or indirectly by third parties that provide:

a) The reception and transmission of orders service referred to in Article L. 321-1 of the Monetary and Financial Code;

b) The investment decision assistance service specified in an AMF Instruction;

2° As appropriate, a turnover commission shared exclusively between the asset management company and the depositary of the AIF.

This turnover commission may also benefit:

a) A company to which the financial management of the portfolio has been delegated;

b) Persons to which the depositary of the AIF has delegated all or part of the responsibility for safekeeping of portfolio assets;

c) An affiliated company conducting only AIF management business, order reception, transmission and execution services, principally on behalf of AIFs managed by the asset management company or by an affiliated company as part of its AIF management activity.

These provisions shall not apply to fees and commissions incurred in connection with advisory and arrangement services, financial engineering, advice on industrial strategy, mergers and acquisitions, or initial public offerings of unlisted securities in which a venture capital fund (fonds de capital investissement), a specialised professional fund or professional venture capital fund has invested.

The sharing of any of the fees or commissions referred to in Point 1 is prohibited unless it would be exclusively and directly of benefit to the AIF. Agreements under which the asset management company shares some of the intermediation fees referred to in Point 1, a, on the occasion of a transaction in a financial instrument shall be prohibited.

Article 319-15

The provisions of Article 319-14 shall not apply to fees and commissions for real-estate advice or operations relating to the purchase or sale of the assets referred to in Article L. 214-36, I, 2, a to c of the Monetary and Financial Code in which the assets of a real-estate collective investment scheme or a special management contract are invested.

The nature and terms of calculation of these fees and commissions are expressly mentioned in the prospectus and the detailed note of the real-estate collective investment scheme or special management contract.

Pursuant to Article 319-14, the sharing of fees or commissions shall be prohibited unless it would be exclusively and directly of benefit to the real-estate collective investment scheme or a special management contract. Agreements under which the broker, intermediary or counterparty in a transaction involving one of the assets referred to in Article L. 214-36, I, 2, a to c of the Monetary and Financial Code shares the fees referred to in Point 1° of Article 319-14 or the fees referred to in the first paragraph of this Article shall constitute such sharing of fees and commissions.

Article 319-16

Without prejudice to Article 319-13, the income, fees and capital gains generated by AIF management, along with any rights attached thereto, shall belong to the unit and shareholders. The AIF shall be the sole beneficiary of the sharing of management fees and subscription and redemption commissions arising from its investments in FIAs or investment funds.

The asset management company, the delegate of the asset management company for financial management, the depositary, the delegate of the depositary and the company referred to in Article 319-14, 2, c may receive a share of the income from temporary acquisitions and disposals of securities belonging to the AIF on the terms set out in the prospectus or, failing that, the information document for investors in the AIF.

The prospectus or, failing that, the information document for investors in the AIF may provide for payment of a donation to one or several organisations complying with at least one of the following conditions:

1° It holds an administrative ruling certifying that it falls under the category of associations exclusively for purposes of assistance, charity, scientific or medical research, or a religious association;

2° It holds a tax ruling attesting that it is eligible for the scheme of Articles 200 or 238a of the French General Tax Code entitling to tax rebates on donations;

3° It is a religious congregation that has been legally recognised by decree further to an opinion issued by the *Conseil d'Éta*t in compliance with Article 13 of the Law of 1st July 1901.

Article 319-17

Asset management companies may enter into written commission-sharing agreements under which the investment services provider providing the order execution service shares the portion of the intermediation fees that it charges for investment decision-making aid services and order execution services with the third party providing such services.

Asset management companies may enter into such agreements provided that they comply with the principles referred to in Articles 319-18 and 319-19.

Article 319-18

The intermediation fees referred to in Article 319-14 shall pay for services that are of direct interest to the AIF. These services are the subject of a written contract under the terms of Article 314-59.

These fees shall be assessed periodically by the asset management company.

If the asset management company uses investment decision aid and order execution services and if the intermediation fees for the previous year came to more than EUR 500,000, it shall compile a document entitled "Report on Intermediation Fees" that shall be updated as needed. The report shall specify the terms and conditions on which the asset management company used such investment decision aid and order execution services, along with the breakdown between:

1° Intermediation fees related to order reception, transmission and execution services;

2° Intermediation fees related to investment decision aid and order execution services.

The breakdown of costs shall be expressed as a percentage and based on an established method using relevant and objective criteria. It may be applied to:

1° Either all the assets in a single category of AIF;

2° Or any other procedure suited to the method used for applying costs.

If applicable, the "Report on Intermediation Fees" shall specify the percentage of all intermediation fees in the previous year paid to third parties under the terms of the commission sharing agreements referred to in Article 319-17 for the fees referred to in Article 319-14, 1, b.

It shall also give an account of the measures implemented to prevent or deal with any potential conflicts of interest in the selection of service providers.

This document shall be posted to the asset management company's website, if it has one. The management report of each AIF shall refer expressly to this document. If the asset management company does not have a website, the document shall be included in the management report for each AIF.

Article 319-19

The intermediation fees referred to in Article 319-14, 1, b:

1° Must be directly related to order execution;

2° Must not cover:

a) The provision of goods or services that correspond to resources that the portfolio management should have for its programme of activity, such as administrative or accounting management, the purchase or leasing of premises, or compensation for staff;

b) The provision of services for which the asset management company receives a management commission.

Article 319-20

Where units or shares in AIFs or investment funds managed by an asset management company are purchased or subscribed by that asset management company or an affiliated company on behalf of an AIF, subscription and redemption commissions shall be prohibited, except for the portion retained by the AIF in which the investment has been made.

SECTION 8 - INFORMATION ABOUT AIF MANAGEMENT

Article 319-21

Asset management companies shall draw up a document entitled "Voting Policy", which shall be updated as necessary and sets out the terms and conditions on which they intend to exercise the voting rights attached to the securities held by the AIFs that they manage under paragraphs 1, 2 and 6 of sub-section 2, of paragraph 2 or sub-paragraph 1 of paragraph 1 of sub-section 3, or sub-section 4 of section 2 of Book II, Title I, Chapter IV of the Monetary and Financial Code.

In particular, this document shall describe:

1° The organisational structure within the asset management company that enables it to exercise such voting rights. It shall specify which bodies within the asset management company are responsible for examining and analysing the resolutions put forward and which bodies are responsible for deciding how the votes shall be cast;

2° The principles to which the asset management company intends to refer in determining in which cases it will exercise the voting rights. These principles may include holding thresholds that the asset management companies set for taking part in voting on resolutions submitted to general meetings. In such cases, asset management companies shall explain their choice of threshold. These principles may also concern the nationality of the issuing companies whose securities are held by AIFs managed by the asset management company, the investment policy of the AIFs and the use of securities financing transactions by the asset management company;

3° The principles to which the asset management company intends to refer when exercising voting rights. The asset management company's document shall present its voting policy, heading by heading, corresponding to the types of resolution submitted at general meetings. The headings shall cover, inter alia:

a) Decisions requiring an amendment of the instruments of incorporation;

b) Approval of the financial statements and allocation of any profits or losses;

c) Appointment and dismissal of governing bodies;

d) "Regulated" agreements;

e) Equity security issuance and buyback programmes;

f) Appointment of statutory auditors;

g) Any other specific type of resolution that the asset management company wishes to identify;

4° A description of procedures to detect, prevent and manage conflicts of interest that might affect the asset management company's independent exercise of voting rights;

5° An indication of the way in which it customarily exercises voting rights, such as by physically attending general meetings, using proxies without indicating a specific proxy holder, or voting by mail.

This document shall be held at the disposal of the AMF. It may be viewed on the asset management company's website or at its registered office under the terms and conditions specified in the prospectus. It is placed at the disposal, free of charge, of the holders of units or shares in the AIF upon request.

The asset management company shall comply with Article 37 of Delegated Regulation (EU) No. 231/2013 of the Commission of 19 December 2012.

Article 319-22

In a report drawn up within four months of the end of its financial year and appended to the management report of the board of directors or executive board, as the case may be, asset management companies shall report on how they have exercised voting rights in the past year.

This report shall specify, inter alia:

1° The number of companies in which the asset management company exercised voting rights, compared with the total number of companies in which it had voting rights;

2° The cases in which the asset management company considered that it could not adhere to the principles set out in its voting policy document;

3° The conflicts of interest that the asset management company had to deal with in exercising voting rights attaching to securities held by the AIFs that it manages.

This report shall be held at the disposal of the AMF. It must be available for viewing on the asset management company's website or at its registered office under the terms and conditions specified in the prospectus.

Where an asset management company has not exercised any voting rights during the financial year, further to the voting policy it has drawn up under Article 319-21, it does not prepare the report referred to in this article but shall ensure that clients and investors can access said voting policy on its website.

Article 319-23

At the request of the AMF, asset management companies shall disclose to the AMF how they voted, or whether they abstained from voting, on each resolution and the reasons for those votes or abstentions.

To any AIF unit or shareholder who so requests, asset management companies shall make disclosures available relating to the exercise of voting rights on each resolution submitted to the general meeting of an issuer, whenever the number of that issuer's securities held by the AIF managed by the asset management company reaches or exceeds the holding threshold specified in the voting policy document referred to in Article 319-21.

These disclosures must be available for viewing at the registered office of the asset management company and on its website.

Article 319-24

In the annual reports of venture capital funds, specialised professional funds and professional venture capital funds, asset management companies shall report on their practice for the use of voting rights attaching to securities held in the funds.

The measures referred to in Articles 319-21 to 319-23 shall apply for securities held by venture capital funds, specialised professional funds and professional venture capital funds that are traded on a regulated market of a State that is a party to the European Economic Area agreement or on a recognised foreign market.

Article 319-25

The diligence referred to in Articles 319-21 to 319-23 shall apply to asset management companies for the Employee Investment Funds (FCPE) they manage, when they have received a delegation to exercise the voting rights attaching to securities held by the funds.

Article 319-26

Pursuant to Article L. 621-8-4 of the Monetary and Financial Code, asset management companies shall provide the AMF with data on the composition of the AIFs they manage, in accordance with the modalities provided by an AMF instruction.

CHAPTER V - OTHER PROVISIONS

SECTION 1 - PRODUCTION AND DISSEMINATION OF INVESTMENT RECOMMENDATIONS

Article 320-1

When they produce or disseminate investment recommendations, asset management companies governed by the present Title shall comply with Title I, Chapter V, Section 1 of the present Book.

SECTION 2 - MANAGEMENT OF INSIDE INFORMATION AND RESTRICTIONS TO BE APPLIED WITHIN THE ASSET MANAGEMENT COMPANIES OF AIFS

Sub-section 1 - Rules to prevent undue circulation of inside information

Article 320-2

Asset management companies shall establish and maintain effective and adequate procedures to control the circulation and use of inside information, as defined in Article 7 of the market abuse regulation (regulation n° 596/2014/EU), with the exception of paragraph 1.c of that same Article, taking account of the activities conducted by the group to which they belong and the organisation adopted by the company. These procedures, referred to as "information barriers", shall provide for:

1° Identification of business segments, divisions, departments or any other entities likely to possess inside information;

2° The organisation, in particular physical organisation, implemented so as to separate entities within which the relevant persons referred to in point 2 of Article 1 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012 are likely to possess inside information;

3° The prohibition of disclosure of inside information by the persons possessing it to other persons, except as provided for in Article 10 the market abuse regulation (regulation n° 596/2014/EU) and after informing the compliance and internal control officer;

4° The conditions in which the asset management company may authorise a relevant person assigned to a given entity to provide assistance to another entity, whenever one of the two entities is likely to possess inside information. The compliance and internal control officer shall be informed whenever the relevant person assists the entity possessing inside information;

5° The manner in which the relevant person benefiting from the authorisation provided for in 4° is informed of the temporary consequences thereof on the performance of his regular duties.

The compliance and internal control officer shall be informed when this person returns to his regular duties.

Sub-section 2 - Watch list

Article 320-3

To ensure compliance with the abstention requirement set out in Articles 8,10 and 14 of the market abuse regulation (regulation n° 596/2014/EU), asset management companies shall establish and maintain an appropriate procedure for supervising the issuers and financial instruments on which they have inside information. Such supervision shall cover:

1° Transactions in financial instruments by the asset management company for its own account;

2° Personal transactions, as defined in Article 318-11, made by or on behalf of the relevant persons referred to in point 2 of Article 1 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012;

3° General investment recommendations, within the meaning of Article 318-16, disseminated by the asset management company.

To this end, the compliance and internal control officer shall draw up a watch list of the issuers and financial instruments on which the asset management company has inside information.

The relevant entities shall inform the compliance and internal control officer when they believe they possess inside information.

In such case, the issuer or the financial instruments to which the inside information pertains shall be put on the watch list, under the supervision of the compliance and internal control officer.

The watch list shall indicate the reason for adding an issuer or financial instrument to the list and the names of the persons who have access to the inside information.

The provisions of the foregoing paragraph shall not apply where the asset management company, in its capacity as issuer of financial instruments, maintains the list provided for in Article 18 of the market abuse regulation (regulation n° 596/2014/EU).

The relevant entities shall inform the compliance and internal control officer when they believe that information they had previously reported pursuant to the sixth paragraph has ceased to be inside information.

The contents of the watch list are confidential. Dissemination of items in the watch list is restricted to the persons designated by name in the procedures referred to in the first paragraph of Article 320-2.

Article 320-4

The asset management company shall exercise its supervision in accordance with the procedures set out in Article 320-3. It shall take appropriate measures whenever it detects an anomaly.

The asset management company shall keep a record on a durable medium of the measures it has taken in the event of a material anomaly or, if it takes no measures, of the reasons for so doing.

Sub-section 3 - Restricted list

Article 320-5

I. - Asset management companies shall establish and maintain an appropriate procedure for monitoring compliance with any restrictions that apply to:

1° Transactions in financial instruments by the asset management company for its own account;

2° Personal transactions, within the meaning of Article 318-11, made by or on behalf of the relevant persons referred to in point 2 of Article 1 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012;

3° General investment recommendations, within the meaning of Article 318-16, disseminated by the asset management company.

II. - To this end, the compliance and internal control officer shall establish a restricted list. This list includes those issuers or financial instruments in which the authorised provider must restrict its activities, or the activities of relevant persons, because of:

1° Legal or regulatory provisions to which the asset management company is subject, other than those resulting from the abstention requirements set out in Articles 8,10 and 14 of the market abuse regulation (regulation n° 596/2014/EU);

2° The application of undertakings given on the occasion of a financial transaction.

When an asset management company deems it necessary to prohibit or restrict the performance of an investment service, an investment activity or an ancillary service in respect of certain issuers or financial instruments, those issuers and financial instruments shall also be included on the restricted list.

Article 320-6

Asset management companies shall determine, based on the restricted list, which entities are subject to the restrictions referred to in Article 320-5 and how those restrictions shall apply.

They shall inform the relevant persons affected by the restrictions of the list and the nature of the restrictions.

SECTION 3 - REPORTING SUSPICIOUS TRANSACTIONS TO THE AMF

Article 320-7

[Empty]

Article 320-8

[Empty]

Article 320-9

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SECTION 4 - PUBLICATION OF TRANSACTIONS IN SHARES LISTED ON A REGULATED MARKET

Article 320-10

I. – The publication of transaction details referred to in the first paragraph of Article L. 533-24 of the Monetary and Financial Code shall be as close to real time as possible, under reasonable business conditions, and in a form that is easily accessible to other market participants.

Such information shall be made public in accordance with the conditions set out in Commission Regulation (EC) No 1287/2006 of 10 August 2006.

II. – Under the terms of the last sentence of the second paragraph of Article L. 533-24 of the Monetary and Financial Code, the publication of transactions on units or shares of the collective investment schemes referred to in II of Article D. 214-22-1 and II of Article D. 214-32-31 of the Monetary and Financial Code shall be as close to real time as possible, under reasonable business conditions, and in a form that is easily accessible to other market participants.

The publication of transactions for which the service provider acted as counterparty may be delayed under the following conditions:

- by one hour for transactions the amount of which is comprised between EUR 10 million and EUR 50 million inclusive;
- until the end of the trading session for transactions exceeding EUR 50 million.

SECTION 5 - REPORTING TRANSACTIONS TO THE AMF

Article 320-11

I. - Asset management companies shall report to the AMF on the transactions they carry out on any financial instrument admitted to trading on a regulated market in a State that is a party to the European Economic Area agreement or on an organised multilateral trading facility within the meaning of Article 524-1, regardless of where and how said transactions are executed.

This requirement also applies to the branches established in French by management companies with respect to the transactions they carry out on French territory. Such branches also have the option of informing the AMF of reports relating to transactions executed outside French territory.

Transactions carried out by a branch of a management company need not be reported to the AMF if they are reported to the competent authority of State in which the branch is established.

II. - The transactions referred to in I include transactions executed for own account by an entity mentioned therein that have been entrusted for execution to an investment services provider authorised in a State that is a party to the European Economic Area agreement or by an equivalent foreign institution.

III. - The report shall pertain to the transactions specified in Article 5 of Regulation (EC) No 1287/2006 of 10 August 2006 and shall be made once the transaction has been effected or by the following business day at the latest.

IV. - The provisions of this article shall not apply where the entity provides the services of receiving and transmitting orders for third parties, as defined in Article D. 321-1 of the Monetary and Financial Code.

V. - An AMF instruction shall stipulate the conditions for applying the provisions of this Article.

Article 320-12

The content of the report referred to in Article 320-11 shall be specified in an AMF instruction.

Article 320-13

I. - Subject to the provisions of paragraph II, asset management companies shall report their transactions to the AMF, in accordance with the technical procedures specified in an AMF instruction:

1° Either directly, using the direct procedure established with the AMF and described in an AMF instruction;

2° Or by appointing a third party to implement said procedure.

II. - Asset management companies are not required to report their transactions to the AMF if the report referred to in Article 320-12 is sent to the AMF, in accordance with the technical procedures specified in an AMF instruction, either:

1° By a regulated market or a multilateral trading facility in a State that is a party to the European Economic Area agreement, for transactions effected on their systems, provided that the rules of said facility distinguish between own-account dealing and transactions undertaken on behalf of its members, or

2° By an order matching or reporting system that meets the criteria specified in an AMF instruction.

SECTION 6 - OBLIGATIONS RELATING TO PREVENTION OF MONEY LAUNDERING AND FINANCING OF TERRORISM

Article 320-14

Asset management companies shall have organisational structures and procedures that enable them to comply with the vigilance and disclosure requirements provided for in Book V, Title VI of the Monetary and Financial Code relating to the prevention of money laundering and terrorist financing.

Article 320-15

The asset management company shall be subject to the provisions of this section by virtue of the marketing of shares or units in an AIF, either by itself or through an agent, whether it manages the fund or not.

Article 320-16

The asset management company shall establish systems for assessing and managing the risks of money laundering and terrorist financing.

It shall set up suitable organisational structures, internal procedures and a supervision system to ensure compliance with the obligations relating to the prevention of money laundering and terrorist financing.

Article 320-17

The asset management company shall appoint a member of management to be responsible for implementing the anti-money laundering and terrorist financing system stipulated in Article L. 561-32 of the Monetary and Financial Code.

This manager may delegate some or all of the implementation under the following conditions:

1° The empowered person must have the necessary authority, resources and skills, and access to all relevant information;

2° The empowered person must not be involved in the execution of the services and activities under supervision.

The manager shall remain responsible for the delegated activities.

Article 320-18

The asset management company shall ensure that the reporting party and correspondent referred to in Articles R. 561-23 and R. 561-24 of the Monetary and Financial Code have access to all the information they need to perform their duties. The company shall provide them with the appropriate tools and resources to comply with their obligations relating to the prevention of money laundering and terrorist financing.

The abovementioned reporting party and correspondent shall also be informed of:

1° Incidents relating to the prevention of money laundering and terrorist financing that are brought to light by internal control systems.

2° Shortcomings found by domestic or foreign supervisory authorities in the implementation of provisions relating to the prevention of money laundering and terrorist financing.

Article 320-19

In order to establish the systems referred to in Article 320-16, the asset management company shall compile and periodically update a classification of the money laundering and terrorist financing risks involved in the services that it provides. It shall assess its exposure to these risks in accordance with the terms and conditions under which the services are provided and the characteristics of its clients.

For this purpose, it shall consider the information published by the international body for cooperation and coordination in the prevention of money laundering and by the Minister for the Economy.

Article 320-20

The asset management company shall draft and implement written internal procedures to ensure compliance with the provisions relating to the prevention of money laundering and terrorist financing. It shall update them periodically.

These internal procedures shall focus on:

1° Assessing, monitoring and managing the risks of money laundering and terrorist financing;

2° Implementing vigilance measures, such as:

a) The requirements and procedures for accepting new clients and occasional clients;

b) Due diligence for identifying and obtaining knowledge about clients, beneficial owners and the purpose and nature of the business relationship. The frequency of these information updates shall be specified;

c) The additional vigilance measures referred to in Articles L. 561-10 and L. 561-10-2 of the Monetary and Financial

Code and the requirements and procedures for their implementation.

d) The information to be gathered and retained about the transactions referred to in II of Article L. 561-10-2 of the Monetary and Financial Code;

e) The vigilance measures to be implemented with regard to any other risks identified by the risk classification referred to in Article 320-19;

f) The procedures for implementing these vigilance obligations through a third party pursuant to Article L. 561-7 of the Monetary and Financial Code;

g) The vigilance measures for determining the conditions in which it needs to sign the agreement referred to in Article R. 561-9 of the Monetary and Financial Code.

3° If the asset management company belongs to a financial group, a mixed group or a financial conglomerate, the procedures for circulating the information needed to organise the prevention of money laundering and terrorist financing within the group as stipulated in Article L. 511-34 of the Monetary and Financial Code, while ensuring that this information is not used for any other purpose than the prevention of money laundering and terrorist financing;

4° Detecting and dealing with unusual or suspicious transactions;

5° Implementing the obligation to report and send information to the national financial intelligence unit;

6° Procedures for sharing information about suspicious transaction reports sent to the national financial intelligence unit, when the entities concerned belong to a group or act on behalf of the same client and in the same transaction as stipulated in Articles L. 561-20 and L. 561-21 of the Monetary and Financial Code;

7° The record-keeping procedures for the purposes of 2, as well as:

a) The results of the enhanced examination referred to in Article R. 561-22 of the Monetary and Financial Code;

b) The information, documents and reports about the transactions referred to in Article L. 561-15 of the Monetary and Financial Code.

Article 320-21

The internal procedures shall also specify under what conditions the asset management company applies the provisions of Article L. 561-34 of the Monetary and Financial Code in terms of vigilance and record-keeping with regard to its branches and subsidiaries in other countries.

Article 320-22

When it implements its investment policies for its own account or for third parties, the asset management company shall assess the risk of money laundering and terrorist financing and establish procedures to oversee the investment selections made by its employees.

Article 320-23

When recruiting employees, the asset management company shall consider the risks relating to the prevention of money laundering and terrorist financing, in accordance with employees' level of responsibility.

At the time of hiring, and periodically thereafter, it shall provide its personnel with information on and training in the applicable regulations and amendments, current money-laundering techniques, prevention and detection measures, and the procedures and terms referred to in Article 320-17. They shall be adapted to the functions performed, members, locations and risk classification.

It shall draft and implement written procedures to ensure compliance with the provisions relating to the prevention of money laundering and terrorist financing.

SECTION 7 - MISCELLANEOUS PROVISIONS

Article 320-24

Chapters III, IV and V of this Title apply to the relevant persons referred to in point 2 of Article 1 of Delegated Regulation (EU) N° 231/2013 of the Commission of 19 December 2012.

The rules adopted by the asset management company under the provisions of Chapters III, IV and V of this Title and applying to the relevant persons referred to in point 2 of Article 1 of Delegated Regulation No. 231/2013 mentioned above shall constitute professional obligations for those persons.

Chapters IV and V of this Title shall apply to the relevant persons referred to in point 2 of Article 1 of Delegated Regulation N° 231/2013 mentioned above in branches established in France by management companies or managers.

For the management of securitisation schemes, the asset management company must comply with Articles 50 and 56 of abovementioned Delegated Regulation (EU) No. 231/2013.

TITLE II - OTHER SERVICE PROVIDERS

CHAPTER II - CUSTODY ACCOUNT-KEEPERS

SINGLE SECTION - PROVISIONS RELATING TO CUSTODY ACCOUNT-KEEPING - TERMS OF REFERENCE FOR THE CUSTODY ACCOUNT-KEEPER

Sub-section 1 - Scope of application of the terms of reference and definition of the activity of custody account-keeping

PARAGRAPH 1 – SCOPE OF TERMS OF REFERENCE FOR THE CUSTODY ACCOUNT-KEEPER

Sub-paragraph 1 – Persons, services and financial instruments concerned

Article 322-1

I. - The provisions of the present section are applicable to the persons mentioned in Article L. 542-1 of the Monetary and Financial Code when they supply the service of custody account-keeping for financial instruments on behalf of third parties and the ancillary services such as the cash account management corresponding to these financial instruments or the management of the financial guarantees mentioned in Article L. 321-2 (1°) of the Monetary and Financial Code.

II. - The financial instruments concerned are the financial securities mentioned in II of Article L. 211-1 of the Monetary and Financial Code and, in application of Article L. 211-41 of the said code, or equivalent instruments or rights pertaining to a financial instrument in an entity issued on the basis of a foreign right.

Sub-paragraph 2 - Form of the financial securities

Article 322-2

I. - In application of Article R. 211-2 of the Monetary and Financial Code, where the financial securities are recorded in a securities account held by one of the intermediaries mentioned in 2° to 7° of Article L. 542-1 of the Monetary and Financial Code, they are considered to be in "bearer" form.

Securities likely to be in bearer form are, in application of Article L. 211-7 of the Monetary and Financial Code, financial securities admitted to the operations of the central depository. As an exception, units or shares in a collective investment scheme which are not admitted for operations by the central depository may be recorded in securities accounts held by one of the intermediaries mentioned in 2° to 7° of Article L. 542-1 of the Monetary and Financial Code.

II. - In application of Article R. 211-2 of the Monetary and Financial Code, where the financial securities are recorded in a securities account kept by an issuer or by a person acting on its behalf, they are considered to be in "registered" form. When registered securities are administered by the issuer, they are referred to as "pure registered". Where they are administered by an intermediary mentioned in 2° to 7° of Article L. 542-1 of the Monetary and Financial Code, in accordance with the conditions defined in the following article, they are referred to as "administered registered".

PARAGRAPH 2 - DEFINITION OF THE ACTIVITY OF CUSTODY ACCOUNT-KEEPING

Article 322-3

The activity of custody account-keeping consists:

1° Of recording in a securities account the financial securities in the name of their owner, i.e., recognising the owner's rights over the said financial securities.

Where registered financial securities are concerned, in application of Article R. 211-4 of the Monetary and Financial Code, an owner of registered financial securities may charge an intermediary with maintaining its securities account opened at the issuer. In this case, the entries appearing on the securities account also appears in an administration account held in the name of this owner by this intermediary. The securities are then considered to be in "administered registered" form;

2° Of keeping the corresponding assets;
For the keeping of the assets corresponding to the financial securities mentioned in I of Article 322-2, the intermediary custody account-keeper mentioned in 2° to 7° of Article L. 542-1 of the Monetary and Financial Code:

- Opens one or more accounts with the central depository, or opens one or more accounts with another custody account-keeper or a foreign entity which has equivalent status;
- Opens one or more accounts with the issuer or the person acting on behalf of this latter, if the financial securities are units or shares of a collective investment scheme which are not admitted to the operations of the central depository.

3° Of processing the events occurring in the life of the retained financial securities.

Sub-section 2 - Professional obligations of the keepers of securities accounts other than the issuing entities

PARAGRAPH 1 - OBLIGATIONS RELATING TO THE PREVENTION OF MONEY-LAUNDERING AND THE FINANCING OF TERRORISM

Article 322-4

The custody account-keeper shall be equipped with an organisation and procedures which allow it to meet the prescriptions of vigilance and information relating to the prevention of money-laundering and the financing of terrorism, as stipulated in title VI of book V of the Monetary and Financial Code and in the texts issued for their application.

PARAGRAPH 2 - RELATIONSHIPS WITH CUSTOMERS

Sub-paragraph 1 - General provisions relating to the start of a relationship

Article 322-5

Prior to the supply of the custody account-keeping service, the custody account-keeper shall conclude an agreement with each holder of a securities account.

This agreement shall define the principles for the operation of the securities account and identify the respective rights and obligations of the parties.

I. - It shall include the following information:

1° The identity of the person or persons with which the agreement is established:

a) Where this involves a legal entity, the modalities for informing the service provider of the name of the persons authorised to act in the name of the said legal entity;

b) Where this involves a natural person, his/her capacity, where applicable, as a French resident, a resident of a State which is a party to the European Economic Area agreement or a resident of a third country, plus, where applicable, the identity of the persons authorised to act in the name of the said natural person;

2° The type of services supplied as well as the categories of financial securities to which the services relate;

3° The pricing of the services supplied by the custody account-keeper and the terms for remuneration of this latter;

4° The validity period of the agreement;

5° The obligations of confidentiality of the custody account-keeper in accordance with the laws and regulations in force concerning professional secrecy.

II. - It shall also specify:

1° The terms according to which the information stipulated in Article 322-12 shall be sent to the holder of the securities account;

2° The conditions for the sending, by the custody account-keeper, of the securities operation notes, depending on the regulations specific to the country of residence of the parties concerned and, where applicable, the restrictions imposed by the issuer in the issue prospectus. In the event of specific regulations or restrictions, the agreement shall set out the measures to be taken as a consequence by the custody account-keeper;

3° If the custody account-keeper is also the service provider which supplies the client with the investment service of receipt and transmission of orders, the conditions according to which its client sends to it his/her orders for execution and the terms on which the custody account-keeper completes in good time the settlement in question, by borrowing securities on behalf of the client and by lending the necessary cash if required;

4° The terms, and in particular the deadline, for transmission by the client of his/her instructions relating to a securities operation in order that these instructions can be taken into account by the custody account-keeper, as well as the measures adopted by the latter if the said instructions are not transmitted to it in accordance with the terms set out in the agreement. In the event that these measures consist of the systematic sale by the custody account-keeper of the rights of the holder, the agreement shall specify this explicitly;

5° The information set out in Article 314-39 in terms of the modalities for the holding of securities and the terms for the use of the securities;

6° The information relating to the tax situation of the holder of financial securities which the custody account-keeper must possess in order to be able to fulfil its professional obligations.

Article 322-5-1

Where the custody account-keeper does not supply the service of receipt and transmission of orders to the client, the agreement shall provide, without prejudice to the provisions of Article 322-5:

1° The terms according to which the client transmits to the custody account-keeper the instructions to engage in a settlement and delivery process;

2° The level, the nature and the timing for constitution of the securities or cash provision and, where applicable, the coverage required by the custody account-keeper for the settlement and delivery operations concerned;

3° Subject to the conditions set out in 1° and 2° both being fulfilled and the agreement not requiring that the provision is constituted on the date of settlement and delivery, the terms and conditions according to which the custody account-keeper carries out, on behalf of the client, settlement of the instructions:

- In the event of an insufficient provision of securities, a loan or a repurchase of securities, unless exceptional market conditions make borrowing or repurchase impossible;
- In the event of an insufficient provision of cash, a loan of cash;

4° That, in the specific case:

- Of a delivery instruction from the client to the custody account-keeper of securities which are themselves to be received from a matching operation by the custody account-keeper and the counter-party which is due to deliver to it the securities concerned; and
- Of non-settlement of this latter operation on the planned date as a result of a failure by the said counter- party, the custody account-keeper shall take, immediately on recording the default, all the measures necessary for borrowing or re-purchase in order to ensure the settlement of the delivery instructions as quickly as possible, subject to the conditions set out in 1° and 2° both being fulfilled, except where exceptional market conditions make these measures impossible.

Article 322-6

On entering into a relationship with any new client, the custody account-keeper shall carry out the same identity checks as those stipulated by the legislative and regulatory texts in force relating to the prevention of money-laundering and the financing of terrorist activities.

The custody account-keeper shall ensure that the client has the legal capacity and the status required to carry out this operation.

Where the client has appointed a person to act on his/her behalf, the custody account-keeper shall obtain any documents attesting to this appointment.

Where a legal entity client is concerned, the custody account-keeper shall verify that the representative of this legal entity has the capacity to act, either by virtue of his/her capacity as legal representative, or under the terms of a delegation or mandate in his/her possession. For this purpose, the custody account-keeper shall request the production of any documents which allow it to verify the authorisation or appointment of the representative.

The custody account-keeper may ask natural persons and legal entities which are subject to the legislation of a foreign State to present a certificate in accordance with normal practice attesting to the validity of the envisaged operations under the terms of this legislation.

The securities account must mention the identification information concerning the persons in the name of whom it was opened and any specificities affecting the exercise of their rights.

Sub-paragraph 2 - General provisions relating to the services provided and to the protection afforded to clients

Article 322-7

Articles 313-8, 313-13 to 313-17-1 apply to all custody account-keepers, even when they are not investment service providers.

The custody account-keeper shall in all circumstances comply with the following obligations:

1° It shall take every care to carry out all the security and cash movements in line with the instructions from its clients;

2° It shall take every care in the conservation of the financial securities and, in this respect, ensure the strict account-recording of these latter and their movements in compliance with the procedures in force; it shall also take every care to facilitate the exercise of the rights attached to these financial securities, in compliance with the regulations applicable to the said securities;

3° It shall ensure that the assets of its clients are distinguished from its own assets in the books of third parties with which, in application of 2° of Article 322-3, it keeps the corresponding assets;

4° In accordance with the provisions of Article 313-17, it may neither make use of the financial securities recorded in the account or the rights attached thereto, nor transfer the ownership thereof without the express agreement of their owner. It shall organise its internal procedures in such a way as to guarantee that any movement related to the holding of financial securities on behalf of third parties for which it is responsible is justified by a validly registered operation in an account of the holder;

5° Subject to the provisions of Article 322-35, it shall have the obligation to return the financial securities which are recorded in a securities account in its books. If the securities are not represented by any medium apart from the accounting entry, it shall transfer them to the custody account-keeper which the holder of the securities account shall designate. This return shall be carried out as quickly as possible, on condition that the said holder has fulfilled his/her own obligations.

Article 322-8

The custody account-keeper shall ensure that, unless a legal or regulatory provision to the contrary applies, any movement of financial securities affecting the securities account of a client shall be carried out exclusively on the instructions of the latter, of his/her representative or, in the event of a transfer, of an authorised third party.

If the holder has entrusted the management of his/her portfolio under the terms of a mandate, the custody account-keeper shall have him/her complete an attestation signed by the holder and the representative, based on the template included in an instruction from the AMF. The custody account-keeper is not obliged to have knowledge of the terms of the portfolio management mandate.

Any operation which creates or modifies the rights of a holder of a securities account shall be the subject of recording as soon as the right is acknowledged.

Where the operation involves a movement of cash and financial securities or a movement of cash, rights and financial securities, these movements will be recorded concomitantly.

Article 322-9

A securities account must not have a debit balance on the date of settlement and delivery of the financial securities disposed of and the custody account-keeper shall in all circumstances comply with the provisions of 4° of Article 322-7 relating to the rule of non-utilisation of financial securities belonging to a client without his/her express agreement.

Article 322-10

In application of Article 322-9, the custody account-keeper shall establish and keep operational the procedures:

1° Enabling the highlighting of any trading or disposal of financial securities liable to produce a debit balance on a securities account on the date of settlement and delivery;

2° Providing for its intervention with the clients in order to ensure that they take measures:

- To avoid any settlement and delivery default; or,
- Where applicable, to remedy such a default which may have occurred;

3° Implementing as required the measures provided for in II (3°) of Article 322-5 and 3° of Article 322-5-1 in accordance with the terms set out in the agreement mentioned in the same articles.

Article 322-11

Where it carries out operations for its own account, which oblige it to deliver financial securities, whether related or not to operations carried out by clients, the custody account-keeper shall be obliged to ensure that it is able to proceed with this delivery on the planned date of settlement and delivery and shall take, where applicable, any measure enabling it to proceed with the delivery of the said securities on the said date.

Sub-paragraph 3 - General provisions relating to the information provided to clients

Article 322-12

I. - The custody account-keeper shall send, on a durable medium, at least once annually to its client, and on each request by this latter, a statement of his/her financial securities. The statement shall include the information mentioned in II of Article 314-105.

II. - The custody account-keeper shall send, as quickly as possible, to each holder of a securities account the following information:

1° Information relating to operations in financial securities which require a response from the account holder, which it receives individually from the issuers of financial securities;

2° Information relating to the other operations in financial securities which give rise to a modification to the assets recorded on the client's account, which it receives individually from the issuers of financial securities;

3° Subject to them having been identified as such by the collective investment scheme or the asset management company which, where applicable, represents it, and in accordance with the conditions set out in 6° of Article 411-70, the specific information which must, in application of the provisions of Article 411-15, be sent individually to the holders of the collective investment scheme, which it receives from the said collective investment scheme or from its asset management company.

III. - The custody account-keeper shall be obliged, as quickly as possible, to inform each holder of a securities account:

1° Of the information necessary for the preparation of his/her tax return;

2° Of all the movements relating to the financial securities and cash recorded in his/her name.

However, where the holder of the securities account subscribes to a pensions saving plan scheme which contractually includes repetitive and systematic operations, the custody account-keeper may inform the holder of the execution of these operations only twice a year.

Article 322-13

Where it is the responsibility of the custody account-keeper to inform its client about the conditions for execution or transmission of his/her orders concerning the financial securities, it shall send to this latter the information mentioned in Articles 314-86 to 314-90. This information shall include details of the costs or commissions charged by the service providers involved and by the custody account-keeper.

For operations carried out in foreign currencies, the execution price of the order in foreign currencies, the amount of the costs charged in foreign currencies as well as the exchange rate used for the recording of the operation shall be provided.

Article 322-14

The custody account-keeper shall forward to the issuing companies the requests for preparatory documents for their general meetings made by the shareholders or shall hold these documents at the disposal of these latter, subject to the issuing legal entity having fulfilled its contractual obligations with regards to the custody account-keeper.

Sub-paragraph 4 - General provisions relating to orders with deferred settlement and delivery service

Article 322-15

The provisions of Articles 516-1 to 516-13 are applicable to keepers of securities accounts.

PARAGRAPH 3 - RESOURCES AND PROCEDURES OF THE CUSTODY ACCOUNT-KEEPER

Sub-paragraphe 1 – General provisions

Article 322-16

I. - The custody account-keeper shall continuously use resources, particularly material, financial and human resources, which are suitable and sufficient.

II. - It shall establish and keep operational suitable procedures for decision making and an organisational structure which specifies in a clear and documented form the hierarchical structure and the distribution of functions and responsibilities.

III. - It shall ensure that the persons concerned are fully informed of the procedures which must be followed for the appropriate exercise of their responsibilities.

IV. - It shall establish and keep operational appropriate internal control mechanisms, designed to guarantee compliance with the decisions and procedures at all levels of the custody account-keeper.

V. - It shall employ staff with the qualifications, knowledge and expertise required to exercise the responsibilities which are entrusted to it.

VI. - It shall establish and keep operational an efficient system for feedback up the hierarchical chain and communication of information at all the relevant levels.

VII. - It shall record in a suitable and ordered manner the details of its activities and of its internal organisation.

VIII. - It shall ensure that the fact of entrusting multiple functions to the persons concerned does not prevent them or is not liable to prevent them from carrying out, in an adequate, honest and professional way, any of these functions.

Sub-paragraph 2 - IT resources

Article 322-17

The custody account-keeper shall establish and keep operational systems and procedures for safeguarding the security, integrity and confidentiality of information in a manner which is appropriate with regard to the nature of the information consulted.

Article 322-18

The custody account-keeper shall establish and keep operational business continuity plans in order to guarantee, in the event of the interruption of its systems and procedures, the safeguarding of its data and essential functions and the continuity of its custody account-keeping activities or, where this is impossible, in order to enable the recovery as quickly as possible of this data and these functions and the restarting of its activities as quickly as possible.

Sub-paragraph 3 - Accounting procedures

Article 322-19

The custody account-keeper shall describe its accounting organisation in an appropriate document.

It shall maintain its securities account records in accordance with the rules of double entry accounting.

The nomenclature of the accounts and their rules for operation shall be fixed by an instruction from the AMF. The purpose of this nomenclature is in particular, for the purposes of audit, to classify the financial securities in collective investment schemes in separate categories from those of the other clients and those belonging to the custody account-keeper.

Article 322-20

The custody account-keeper shall proceed with the accounting input of the operations as soon as it becomes aware thereof.

Article 322-21

Where operations remain to be confirmed between the custody account-keeper and its counter-parties, the corresponding commitments are the subject of commitments recorded in accounting entries, or of non-accounting records.

Article 322-22

The custody account-keeper shall record, as quickly as possible, any information necessary to manage settlement of the operations.

Article 322-23

All accounting entries are supported:

1° Either by a written document;

2° Or by computerised and unalterable data.

Article 322-24

Where the holders of administered registered financial securities accounts are concerned, the custody account-keeper shall proceed, based on a reasonable periodicity, with the reconciliation of its accounting records with those held by the issuing entity. Where required, it shall justify any difference.

The custody account-keeper shall establish a daily report on the nominative references not transmitted to the central depository concerned within the required deadlines and for which the transmission remains to be completed.

Article 322-25

The custody account-keeper shall organise its processing procedures in such a way as to guarantee the complete input, the reliability and the retention of the basic data, particularly that relating to the holders of accounts, to the financial securities held, to the counter-party service providers and to the movements occurring related to the financial securities.

Article 322-26

The custody account-keeper shall organise its processing system in order that it is capable of producing the following documents, for each of the financial securities held:

1° The history of the movements in the financial securities;

2° The history of the financial security accounts opened in all classes of the accounting plan.

Article 322-27

The custody account-keeper shall process and retain the data relating to customers and to the operations which they carry out, in compliance with the professional secrecy mentioned in Article 314-1.

Article 322-28

The custody account-keeper shall establish an audit trail between the securities and accounting entries and the cash corresponding to the same operation, with the aid either of common references, or of management rules.

Article 322-29

The custody account-keeper shall design the system of accounting for financial securities in such a way that it is capable of justifying, on the one hand, the balances of each financial security based on the balances of each of the holders and the balances of the operations in transit and, on the other hand, the reconstitution of each balance based on the detailed operations which are at the source thereof.

It shall carry out these justifications based on a reasonable periodicity.

Article 322-30

The custody account-keeper shall implement continuous audit procedures relating to the accuracy of the processing procedures.

For each financial security, it shall verify on a daily basis:

1° The equilibrium between the total of credit entries on the accounts and the total of debit entries thereon;

2° The equilibrium between the accounts with credit balances and the accounts with debit balances.

It shall also organise the system of accounting for the financial securities, in such a way that it allows, by the implementation of appropriate procedures, for the audit of the data.

Article 322-31

The custody account-keeper shall implement continuous procedures for the verification of the accuracy of the available asset accounts, with the aid of the supporting documents for the corresponding assets supplied by the central depository, the keepers of securities accounts in which are kept the financial securities and the issuing entities which make public offerings. The custody account-keeper shall justify any difference.

Article 322-32

The custody account-keeper shall record the normal dates on which the receipt or delivery of the financial securities is anticipated. This recording shall take account of the specificities of cross-border operations.

The custody account-keeper shall organise its procedures in such a way as to continuously monitor suspense items as follows:

- The report on financial security and cash suspense items, for all the financial securities concerned, shall be supplied daily to the department which has operational responsibility for the delivery and settlement operations with the counter-parties;
- The suspense items mentioned in the second paragraph include:

1° Operations which are not matched within the normal deadlines;
2° Deliveries and settlements which are pending, relating to operations which have been matched with the counter-parties and for which the normal settlement dates have been exceeded;

- The suspense items are monitored by counter-party and by the date of delivery which was foreseen at the outset;
- In addition, the agreement of the counter-parties concerning the identified suspense items, both in financial securities and in cash, shall be regularly sought.

Sub-paragraph 4 - Relationships with other service providers

Article 322-33

I. - The custody account-keeper may make use of a third party for:

1° Preserving the assets corresponding to the financial securities which it records in the holders' accounts in accordance with the conditions specified in 2° of Article 322-3;

2° Recording the financial securities in a securities account, in the capacity of representative of the custody account-keeper, in the name of their holder.

II. - The custody account-keeper may make use of a third party to carry out, on its behalf, other essential operational tasks or functions within the meaning of Article 313-74.

Article 322-34

Where, in application of 2° of I of Article 322-33, the custody account-keeper makes use of a third party which, in its capacity of representative, records financial securities in a securities account in the name of their holder, this third party shall be another custody account-keeper or a foreign entity which has a similar status.

Article 322-35

When it makes use of a third party, in application of Article 322-33, and apart from cases where it retains the assets corresponding to the securities of its clients in one or more accounts opened with a central depository or issuer, the custody account-keeper shall apply the provisions of Articles 313-14 to 313-16 and 313-72 to 313-75.

The responsibility of the custody account-keeper to the holder of the securities account shall not be affected by the fact that it makes use of a third party mentioned in Article 322-33.

However, where a custody account-keeper retains, on behalf of a professional client, financial securities issued on the basis of a foreign right, it may agree on a clause which exempts it totally or partially from its liability to this professional client.

Article 322-36

A contract shall be established between the custody account-keeper and the third-party mentioned in Article 322-33, which shall specify in particular:

1° The tasks entrusted to this third party;

2° The responsibilities of the custody account-keeper and the third party;

3° The obligations on the third party to provide information to the custody account-keeper;

4° The modalities for verification implemented by the custody account-keeper in respect of the operations carried out by the third party;

5° Where required, the necessity to comply with local practices.

Article 322-37

When, in application of 2° of I of Article 322-33, a third party is appointed by the custody account-keeper to record financial securities in a securities account in the name of their holders, the third party shall ensure that its principal applies the procedures established in application of Article 322-9. If, in particular, it observes that these procedures have not been implemented in the case of a client who is selling securities, it shall not proceed with the delivery of the said securities.

However, in the event that, for technical reasons related to the operation of the settlement and delivery system, it is incapable of preventing the delivery of the securities, it shall ensure that no financial instrument belonging to clients will be used for this purpose, without their express agreement, as provided for in 4° of Article 322-7.

Article 322-38

Where the custody account-keeper is caused to complete, on the instructions of a holder, a transfer of a financial securities portfolio to another custody account-keeper, in accordance with the conditions mentioned in 5° of Article 322-7, it shall, as quickly as possible, supply to the new custody account-keeper all the information which is necessary to it, particularly that relating to the precise identification of the holders concerned as well as detailed information enabling it to prepare the tax returns.

Sub-paragraph 5 - Verification of the custody account-keeping activity

Article 322-39

Custody account-keepers shall ensure compliance with the provisions which are applicable to them, as well as compliance by the persons placed under their authority or acting on their behalf, with the provisions applicable to custody account-keepers themselves and to these persons.

For this purpose, they shall designate an audit manager who, at custody account-keepers which are investment service providers, is a compliance officer for the investment services.

The audit manager shall have the authority, resources and expertise necessary and access to all relevant information. He/she shall not be involved in the execution of the operations which he/she audits.

He/she shall ensure the quality of the procedures specific to the custody account-keeping activity and the reliability of the internal controls and management tools.

He/she shall have access to regularly-updated documentation describing the organisation of the departments, the operational procedures and all the risks incurred as a result of the custody account-keeping activity.

He/she should be held to consult the principal reporting systems and shall be an addressee of the files of anomalies and complaints made by clients or professional partners, relating in particular to any malfunctions and any failures in ethical business practices.

Article 322-40

The audit manager shall organise the verification of the custody account-keeping activity by distinguishing:

1° The systems which ensure day-to-day verification of operations;

2° The systems which, as a result of recurrent or random checks and detailed audits of operational procedures, ensure the consistency and efficiency of the verification of the operations.

Article 322-41

The audit manager shall be involved in the validation of any new accounting system and verifications of updates to the accounting plan.

Article 322-42

The audit manager shall ensure the existence of continuous monitoring of the risks with regard to the counter-parties, whether credit risks, operational risks or risk relating to the settlement of operations.

Article 322-43

The audit manager shall define the rules for monitoring of positions considered sensitive with regard to the continuity and integrity of the processing or confidentiality of operations.

Article 322-44

The audit manager shall ensure the existence and application of procedures guaranteeing the taking into account, in compliance with the instructions from clients and sundry operations in financial instruments, concerning both the time taken for execution and the modalities for the updating of the financial instrument and cash accounts.

Article 322-45

The audit manager shall ensure the efficiency of the procedures for forward planning of the flows of financial instruments and cash intended to prevent the suspense items mentioned in Article 322-32 and breaches of the prescriptions in 4° of Article 322-7.

In the event that suspense items should nevertheless occur, the audit manager shall verify the terms and deadlines for the clearance thereof.

Sub-section 3 - Provisions applicable to the domiciliation of negotiable loan notes and Treasury bonds

Article 322-46

Prior to the issue of negotiable loan notes, a written agreement shall be concluded between the issuer and a domiciliation establishment which will supervise the validity of the issue terms.

Authorised to be domiciliation agents are the establishments mentioned in Article 3 of the ministerial order of 31 December 1998 relating to the conditions which must be fulfilled by issuers of negotiable loan instruments mentioned in 2° to 10° of Article L.213-3 of the Monetary and Financial Code.

The domiciliation agent is in particular responsible for the accuracy of the amount of the issue with regard to the instructions received from the issuer. It shall be obliged to account to the issuer for the characteristics of the issues in accordance with the modalities set out in the above-mentioned agreement.

The domiciliation agent shall ensure the financial service for the issue and fulfil, vis-à-vis the Bank of France, the statistical declaration obligation provided for in the ministerial order mentioned in the second paragraph and the regulations issued for its application.

Article 322-47

Where an issuer decides to have the account for the issue of negotiable loan instruments kept at a central depository, it shall inform the latter of the domiciliation agent which it mandates in order to transmit its instructions to it. The central depository shall open a specific account for each issue. The central depository shall be the guarantor of the equilibrium between the number of securities issued and the number of securities recorded in its books in the name of the custody account-keepers.

Article 322-48

Where an issuer decides not to have the account for the issue of negotiable loan securities held at a central depository, its domiciliation agent shall be the guarantor of the equilibrium between the number of securities issued and the number of securities registered in its books in the name of the other custody account-keepers.

Article 322-49

Only the provisions referred to in Articles 322-46 and 322-47 shall apply to Treasury bonds.

Sub-section 4 - Professional obligations of the issuer entities considered in their capacity as custody account-keepers and provisions relating to the administration of registered financial securities

PARAGRAPH 1 - GENERAL PROVISIONS

Article 322-49-1

In application of 1° of Article L. 542-1 of the Monetary and Financial Code, legal entities which issue financial securities which were the subject of a public offering are authorised to carry on a custody account-keeping activity for the securities.

Article 322-50

Where a holder of registered financial securities uses the option which is given to it by Article R. 211-4 of the Monetary and Financial Code to entrust to a custody account-keeper intermediary, mentioned in Article L. 211-3 of the said code, the responsibility for their administration, it shall sign with this latter a mandate based on a template set out in an instruction from the AMF. This mandate shall be notified by the said intermediary to the issuer entity.

Where the administration mandate entrusted to this custody account-keeper intermediary is terminated, this latter shall so inform the issuer entity.

Article 322-51

The issuer entities shall maintain specific accounting records for each of the financial securities which they issued.

This accounting system shall distinctly record the pure registered financial securities and the administered registered financial securities mentioned in Article 322-2.

A chronologically-completed general journal shall retrace all the operations concerning each of the financial securities issued.

A general account, "Issue of registered financial securities", opened for each financial security shall register, on the debit side, all the financial securities registered at the issuer.

Its credit counterpart shall appear in the individual accounts of the pure registered holders, on the one hand, and administered registered holders, on the other hand, as well as in the various registered financial security accounts in the process of allocation.

Article 322-52

The recognition, in favour of the holders, of the rights detached from registered financial securities is carried out exclusively by the custody account-keeper intermediaries of administered registered financial securities, where administered registered financial securities are concerned and by the issuer entities where pure registered financial securities are concerned.

These rights take the "bearer" form if they arise from administered registered financial securities, and the "pure registered" form if they arise from pure registered financial securities.

Regardless of the form in which they are registered, these rights circulate in bearer reform.

Article 322-53

The accounts of the issuers at the central depository for the issue shall retrace the assets of the issuer in pure registered financial securities.

The accounts of the custody account-keeper intermediaries at the central depository for the issue shall separately register the assets of the holders of financial securities held in "bearer" form and in the "administered registered" form.

Accounts which are specific to essentially registered financial securities, open only at investment service providers carrying on the business of order-execution on behalf of third parties and trading on their own account, shall register at the central depository for the issue the movements in financial securities consecutive to the operations made by their intermediary on a regulated market.

Article 322-54

In the event of a change in the holder of an administered registered financial security or a change in the method of administration of the account or any other modification affecting the registration on the account of a holder of an administered registered financial security, each custody account-keeper intermediary concerned shall establish the list of nominative references for the holder mentioned in Article L. 211-19 of the Monetary and Financial Code and shall proceed, where appropriate, with the agreed operations of cash settlement and delivery of the financial securities.

Where a holder of registered financial securities charges a custody account-keeper intermediary with administering his/her account opened at an entity which is an issuer of financial securities admitted to the operations of a central depository, this issuer entity shall establish a sheet of nominative references. Where it holds an administration account, the custody account- keeper intermediary will alone be authorised to receive from the holder the orders relating to the financial securities in question; consequently, it shall establish the sheet of nominative references in accordance with the conditions set out in the first paragraph.

Any sheet of nominative references shall be materialised by a collection of computerised data, established in accordance with the standards set out in an instruction from the AMF and intended to be transmitted remotely.

The registered financial securities not admitted to the operations of a central depository, but which were issued by a public offering, shall circulate in accordance with the professional standards in force.

Article 322-55

In the event of the change of the holder of an administered registered financial security, following the execution of an order on the financial security, the custody account-keeper intermediary in question shall forward to the central securities depositary concerned the sheet of nominative references no later than midday the second trading day following the date of execution of the order. The central securities depositary in its turn shall transmit the sheet of nominative references to the issuing entity, no later than the second trading day following the date of execution of the order, specifying the date on which it is recording the said sheet.

No later than the trading day following the receipt of the sheet of nominative references, the issuing entity shall update its accounting records. No later than the second trading day following the receipt of the sheet of nominative references, the issuing entity shall return the sheet of nominative references to the central securities depositary. This latter shall forward the sheet of nominative references to the intermediary in question no later than the trading day following the receipt of the sheet.

The date of the movements recorded by the issuing entity is the date specified by the central depository referenced in the first paragraph, on which it records the sheet.

Article 322-56

The issuing entity or the custody account-keeper intermediary responsible for the preparation of a sheet of nominative references following a change in the method of administration of the account of a holder of a financial security shall send, no later than two trading days from the date on which it records the change to the account of the said holder held in its books, this sheet to the central depository. The central depository shall forward the sheet of nominative references to the custody account-keeper in question no later than the trading day following the receipt of the said sheet.

Article 322-57

The sheets of nominative references circulate via the intermediary of the central depositaries.

The rules of operation for the central depositaries and their application instructions establish the technical standards determining the computerised data making up the sheets of nominative references and organise the circulation of the sheets.

Article 322-58

The rules of operation of the central depositaries shall establish the penalties which may be imposed on the custody account-keeper intermediaries and issuer entities which do not establish the sheets of nominative references within the required deadlines. Consequently, the rules set out the delays which give rise to penalties and their amounts.

Article 322-59

If, in the event of the rejection by an issuer entity of a sheet of nominative references, the issue of a regularisation sheet by the custody account-keeper intermediary is required, the delay which gives rise to a penalty for the issue of this regularisation sheet cannot exceed seven trading days following the date of the recording of the rejection at the central depository.

Article 322-60

For any sheet of nominative references not mentioned in Articles 322-55 and 322-56, and for which the deadline for issue does not arise from the modalities of a operation carried out at the initiative of the issuer of financial securities, the delay giving rise to a penalty for the issue of the sheet by the custody account-keeper intermediary cannot exceed three trading days following the date of the event at the origin of this issue and recorded on the sheet.

The delay giving rise to the penalty to which is subject the issuer entity which received the said sheet cannot exceed three trading days following the date of the registration mentioned in the first paragraph of Article 322-55.

PARAGRAPH 2 - STIPULATIONS OF THE TERMS OF REFERENCE OF THE CUSTODY ACCOUNT-KEEPER APPLICABLE TO LEGAL ENTITIES ISSUING FINANCIAL SECURITIES VIA PUBLIC OFFERINGS AND RECORDING THE FINANCIAL SECURITIES ISSUED IN PURE REGISTERED ACCOUNTS

Article 322-61

The hierarchical reporting line of the departments responsible for providing the function of maintaining the securities account shall appear on the general organisation chart of the legal entity issuing the financial securities via a public offering and recording the financial securities issued in pure registered accounts.

Article 322-62

A pure registered securities account must not have a debit balance on the date of settlement and delivery in respect of any financial security sold.

Article 322-63

The issuer entity shall organise the procedures for processing in such a way as to guarantee the recording of the sheets of nominative references in chronological order, the complete input, the reliability and retention of the basic data, in particular that relating to the holders of accounts, to the financial securities safeguarded, to the intermediaries and to any events affecting the securities.

For financial securities not admitted to the operations of a central depository but which were issued by a public offering, the issuer entity shall retain, in chronological order, the supporting documents resulting from the professional standards in force and any modifications made to the holders' accounts.

Article 322-64

The issuer entity shall process and retain the data relating to the holders of pure registered financial securities and to the operations which they make, in compliance with professional secrecy, in accordance with the regulations in force.

Article 322-65

The issuer entity shall design the system of accounting for financial securities in such a way that it is capable of justifying, on the one hand, the balances of each financial security based on the balances of each of the holders of pure registered financial securities and the balances of the operations in transit and, on the other hand, the reconstitution of each balance based on the detailed operations which are at the source thereof.

It shall carry out these reconciliations based on a reasonable periodicity.

Article 322-66

The issuer entity shall organise its procedures in such a way that the report on the suspense items in terms of financial securities is supplied on a monthly basis to the audit manager mentioned in Article 322-72.

Suspense items mean operations rejected by the issuer entity and not regularised by the intermediaries. These operations are:

1° Negotiations on an essentially registered financial security;

2° Elementary operations;

3° Transfers, sales and rectifications of account names;

4° Sundry operations in financial securities;

5° Transfers of portfolios.

The report on the suspense items is filed by the intermediary and each line therein is completed with the accounting reference of the operation.

All suspense items shall be regularised as quickly as possible.

To the extent required, a procedure for bilateral reconciliation between the issuer entity and the intermediaries shall be implemented with a view to resolution of the suspense items.

Article 322-67

For all accounting input into its books in the name of a new holder of pure registered financial securities, the issuer entity shall:

1° Verify the identity of the said holder;

2° Ensure that it has the legal capacity and the status required to open the account;

3° Verify, where a legal entity holder of pure registered financial securities is concerned, that the representative of this legal entity has the capacity to act, either by virtue of his/her capacity as legal representative, or under the terms of a delegation or mandate in his/her favour; for this purpose, the issuer entity shall request the production of any documents enabling it to verify the authorisation or appointment of the representative;

4° Establish an account-opening agreement with the holder of the pure registered financial securities. The establishment of the agreement may take place subsequently to the first accounting entries, within a reasonable deadline.

Article 322-68

The account opening agreement shall contain:

1° The identity of the holder of the pure registered financial securities;

2° Where a legal entity is concerned, the modalities for informing the issuer entity about the name of the person or persons authorised to act in the name of the said legal entity; where a natural person is concerned, his/her capacity as a French resident, a resident of another State which is a party to the European Economic Area agreement or a resident of a third country and the identity, where applicable, of the person or persons authorised to act in the name of the said natural person;

3° The information relating to the tax situation of the holder of the financial securities, which are necessary to the issuer entity in order to fulfil its professional obligations.

4° If a service of receipt and transmission of orders is supplied to the holder of pure registered financial securities, the characteristics of the orders likely to be sent to the issuer entity, the method of receipt and transmission of the orders, the modalities for informing the holder when the transmission of the order was not able to be completed, and the content and modalities for informing the holder following execution of the order;

5° The modalities for information relating to movements recorded on the holder's account.

Article 322-69

Where the receipt of an order concerning financial securities is sent by a holder of pure registered financial securities, the issuer entity shall verify, prior to transmission of this order for execution on the market, that the conditions necessary for the said execution have in fact been fulfilled. In particular, it shall ensure the existence:

1° Of an adequate cash provision or, failing that, suitable coverage, for a purchase of securities;

2° Of an adequate provision in securities in the case of a sale, at least on the date of settlement and delivery.

Article 322-70

Where the issuer entity is caused to complete, on the instructions of a holder of pure registered financial securities, a transfer of a portfolio of financial securities to another custody account-keeper intermediary, in accordance with the conditions mentioned in 5° of Article 322-7, it shall, as quickly as possible, supply to the new custody account-keeper all the information which is necessary to it, particularly that relating to the precise identification about the holders concerned as well as detailed information enabling it to prepare the tax returns, in particular the information about the taxable cost base.

Article 322-71

Where an issuer entity uses a representative and decides to change it, it will ensure that the new representative completes the effective transfer of the archives concerning the issuer entity with the representative which it is replacing.

Article 322-71-1

The issuer entity shall establish and keep operational and efficient and transparent procedure for the reasonable and rapid processing of complaints sent to it by holders of registered financial securities.

These holders shall be able to send complaints to the issuer entity free of charge.

The issuer entity shall respond to the complaint by the registered financial security holder within a maximum deadline of two months with effect from the date of receipt of this complaint, except in the event of duly justified specific circumstances.

It shall put in place a system for equitable and harmonised processing of complaints by holders of registered financial securities.

It shall record each complaint and the measures taken for its handling. It shall put in place a system for monitoring complaints allowing it in particular to identify any malfunctions and to implement the appropriate corrective actions.

Information about the procedure for handling complaints is made available free of charge to holders of registered financial securities.

The procedure put in place shall be proportionate to the number of holders of registered financial securities and to the size and the structure of the issuer entity.

An AMF instruction will set out the modalities for application of the present article.

Article 322-72

The issuing entity will charge an employee, appointed by name, to ensure compliance with the rules applicable to the activity of custody account-keeping and, where applicable, the service of receipt and transmission of orders. This audit manager shall carry out the function set out in Articles 322-39 to 322-45.

The audit manager will have the appropriate autonomy of decision-making, as well as the human and technical resources necessary for the accomplishment of his/her assignment and which shall be adapted to the nature and volume of the activities carried out.

Each year, he/she will prepare a report including a description of the audit organisation, a listing of the tasks completed in the exercise of his/her assignment, the recommendations which he/she has been led to make and the measures adopted as a result of his/her remarks. This report shall be forwarded to the management of the custody account-keeping function of the issuer entity and to the executive body of the said entity.

Sub-section 5 - Provisions relating to the keeping of securities accounts within the framework of an employee savings scheme

Article 322-73

The present sub-section concerns the keeping of securities accounts for units or shares in a collective investment scheme acquired within the framework of an employee savings scheme. It also concerns other financial securities acquired in the framework of such a scheme.

For the purposes of the present sub-section, the following definitions will apply:

1° "Units", units or shares in a collective investment scheme offered within the framework of an employee savings scheme;

2° "Funds", the collective investment schemes of which the units and shares are offered within the framework of an employee savings scheme;

3° "Bearers", the beneficiaries of an employee saving scheme;

4° "Management companies", the portfolio management companies and open-ended investment companies which do not delegate their asset management.

PARAGRAPH 1 - ACCOUNT-OPENING AGREEMENT

Article 322-74

Prior to the opening of a financial securities account within the framework of an employee savings scheme, the custody account-keeper shall verify the identity of the company as well as the validity of the powers delegated to its representative.

The account-opening agreement mentioned in Article 322-5 shall be established, subject to the provisions of the third paragraph, between the company which has put in place the employee savings scheme on behalf of its employees and other bearers and the custody account-keeper specified in the savings plan or participation agreement.

Where, within the framework of an employee savings scheme, the company is an issuer entity carrying on the business of custody account-keeping and keeping of pure registered bearer accounts, it is not obliged to establish with the said bearers an account-opening agreement or to have it established by its representative.

Article 322-75

Prior to the opening of the individual accounts mentioned in Article 322-77, the custody account-keeper shall ask the company or its delegated keeper of the register of administrative rights, hereafter the registered keeper, to provide it with the list of the beneficiaries of the employee savings scheme. Failing this, the accounts shall not be opened.

Article 322-76

The account-opening agreement shall specify:

1° The method for the transmission of the orders for payment, redemption, modification of the choice of investment or transfer of the role incumbent on the custody account-keeper in terms of order execution.

The orders shall be transmitted directly to the custody account-keeper when it is the agent of the company to receive the orders and to check that they are valid, or by the intermediary of the company which, in this case, is responsible for checking that they are valid;

2° The modalities for the update of the individual information relating to the bearers, including bearers who have left the company and the processing related to the loss of the capacity of employee. It shall provide that a bearer who loses this capacity remains covered by this agreement or by any other agreement in force which may subsequently be substituted therefor;

3° The role of custody account-keeper in terms of informing the company and the bearers, and the modalities for this provision of information, without prejudice to the legal and regulatory provisions concerning the responsibilities of the company where providing information to bearers is concerned. This information concerns the investment of the profit share and the payments made under the terms of the savings plan, operations in financial securities, operations for changing the custody account-keeper, individual transfers, changes in the appropriation of bearers' assets and other individual operations by the bearers.

The custody account-keeper, if it is distinct from the registered keeper, shall agree with it the modalities for the sending to bearers of a report summarising the nature and number of the financial securities registered on their account, mentioned in Article 322-12 and in article R. 3332-16 of the Employment Code;

4° The level, periodicity and modalities for the payment of the expenses due by the company and by the bearer;

5° The extent of the right of usage of the custody account-keeper with regard to the files on the bearers;

6° The existence of agreements applicable to the custody account-keeper in its relations with the other parties concerned, within the framework of employee savings schemes, as stipulated in Articles 322-79 to 322-81;

7° The deadlines for reimbursement to the bearer, where there are no stipulations provided for by the regulations or Articles of Association of the fund;

8° The deadlines for investment of the sums paid on behalf of the bearers. These deadlines will run with effect from the receipt by the securities account-keeper of the information about the destination fund and the corresponding financial flows.

PARAGRAPH 2 - MAINTENANCE AND CONSULTATION OF THE ACCOUNTS

Article 322-77

The custody account-keeper shall keep an account of the units in the name of each bearer. In application of Article 322-6, this account shall mention the identification information for the bearer in the name of whom it was opened and the specificities affecting the exercise of the rights of the said bearer. This identification data and the specificities shall be forwarded by the company.

A merger between two accounts held for a single bearer may only be carried out on the basis of a formal request by the company.

The closure of a bearer's account may only take place if the entirety of the assets has been liquidated and if he/she has no further rights due.

The custody account-keeper shall also keep accounts for "operations in progress" intended to receive the sums paid by the company or the bearers and to record the sums in the process of payment, due to the bearers.

Article 322-78

When, in application of Article 322-33, a custody account-keeper charges a third party with providing it with technical resources, it shall ensure that this latter implements the provisions of the present sub-section.

Where it charges this third party with accounting record-keeping relating to the bearers, the custody account-keeper shall not be obliged to duplicate the said records in its own information system.

When, in application of Article 322-34, an OEIC holds, in the capacity of custody account-keeper, pure registered bearer accounts and where it makes use of a representative, it will ensure that this latter implements the provisions of the present sub-section.

In application of Article 322-35:

1° The securities account-keeper mentioned in the first paragraph shall not be exempted from its responsibility to the company and the bearers, where a third party provides it with resources;

2° The OEIC mentioned in the third paragraph shall not be exempted from its responsibility to the company and the bearers where it makes use of a representative.

PARAGRAPH 3 - RELATIONS BETWEEN THE CUSTODY ACCOUNT-KEEPER AND THE OTHER PARTIES CONCERNED, WITHIN THE FRAMEWORK OF AN EMPLOYEE SAVINGS SCHEME

Article 322-79

The custody account-keeper shall establish, with the asset management company and the entity holding the unit issue account, an agreement defining the exchanges of information which enable:

1° The asset management company to proceed with the investments or disinvestments for the funds;

2° The custody account-keeper to account for the number of units of each employee, after notification of the net asset values by the asset management company;

3° The entity holding the unit issue account to create or cancel units and, where applicable, to proceed with dealing with the difference between the number of units transmitted to it by the custody account-keeper and that which it recorded.

Article 322-80

If it is separate from the depository, the custody account-keeper shall establish with it an agreement defining the exchanges of information between them, enabling:

1° The custody account-keeper and the depository to organise the financial flows, in compliance with the deadlines for settlement announced in the account-opening agreement or fixed by the regulations or Articles of Association of the fund;

2° The depository to receive the information necessary for its audit role.

Article 322-81

Where the custody account-keeper is caused to complete, in compliance with the regulations in force, a transfer of units or cash held by a bearer or by all the bearers to another custody account-keeper, it shall, as quickly as possible and no later than the time of the transfer to the new custody account-keeper, transfer all the information which is necessary to it, particularly that relating to the precise identification of the holders concerned and their units, as well as detailed information for the preparation of the tax returns.

PARAGRAPH 4 - OPERATIONS FOR PAYMENT, REDEMPTION, MODIFICATION OF INVESTMENT DECISION AND OF INDIVIDUAL TRANSFER OF BEARER

Sub-paragraph 1 - Payment operations

Article 322-82

The custody account-keeper shall provide the company with the statement of bank account identity for the bearer who is the holder of the "operations in progress" accounts mentioned in Article 322-77 and who receives the payments on this account(s).

On receipt of the instructions for the appropriation of the sums, by bearer and by fund, and on the recording of the receipt of the corresponding sums on the "operations in progress" account concerned, it shall debit the said account in order to credit the accounts of the funds on the date of the next asset valuation. It shall inform the asset management company of this operation. Simultaneously, it shall calculate and record the number of individual units on the basis of the net asset value or values notified by the asset management company of the fund(s) concerned.

The custody account-keeper shall notify to the depository, to the asset management company and to the entity holding the unit issue account, the summary of the subscriptions, in amounts and in units, which concern them.

It shall send to the bearers and to the company or its delegated register-keeper the details of the operations completed.

Article 322-83

Where the custody account-keeper has not received instructions for the appropriation, by bearer and by fund, of the sums paid by the company, it shall pay the sum into the fund specified, where applicable, for this purpose by the savings plan or the profit-sharing agreement. The units thereby created ("units in the process of allocation") shall be retained by the custody account- keeper on behalf of the bearers in a separate account.

The individual distribution of the units or cash in favour of the bearers shall only be carried out when the company or its delegated register-keeper notifies the custody account-keeper of the information necessary for this purpose.

In the absence of a fund specified for this purpose, the custody account-keeper shall retain the sums received until receipt of the instructions for allocation.

Sub-paragraph 2 - Redemption operations

Article 322-84

Where the bearers decide to proceed with redemptions, the custody account-keeper:

1° Accepts the redemption instructions after verification of their validity by the company or its delegated registered keeper;

2° Determines, on the basis of the net asset value notified by the asset management company for each fund, the amount to be paid to the bearers or to any substituted beneficiary and debits the account of the bearers with the corresponding number of units;

3° Notifies the depository, the asset management company and the entity holding the unit issue account of the summary of redemptions, in amounts and in units;

4° Sends to the bearers and to the company or to its delegated registered keeper the details of the operations carried out;

5° Issues or gives instructions to issue the means of payment corresponding to the payment for the redemptions by the bearers.

Sub-paragraph 3 - Operations for modification of the bearers' investment decisions

Article 322-85

Where the bearers modify their choice of investment, the custody account-keeper:

1° Accepts the instructions for modification of the choice of investment after verification of their validity by the company or its delegated registered keeper;

2° Executes these instructions like the succession of redemption instructions and subscription instructions, in accordance with the terms set out in the three previous articles and taking account of the specificities of the regulations concerning modifications by bearers of the choice of investments, made within the framework of an employee savings scheme;

3° Sends to the bearers and to the company or to its delegated registered keeper the details of the operations carried out.

Sub-paragraph 4 - Transfer operations

Article 322-86

In the event of individual transfers by bearers, the custody account-keeper:

1° Accepts the individual transfer instructions from the bearers, after verification of their validity by the company or its delegated registered keeper;

2° To the extent required, determines, on the basis of the net asset value notified by the asset management company, the amount of the sums to be transferred;

3° Notifies the depository, the asset management company and the entity holding the unit issue account of the summary of transfers, in amounts and in units, and the total balance of units for each fund held by the bearers;

4° Forwards to the new custody account-keeper all the information which is necessary to it and, at the same time, transfers the assets concerned to this new custody account-keeper;

5° Sends to the bearers and to the company or to its delegated registered keeper the details of the operations carried out.

PARAGRAPH 5 - THE ACCOUNTING PROCEDURES

Article 322-87

By derogation from the stipulations of Article 322-19, the custody account-keeper for financial securities acquired within the framework of an employee saving scheme may decide not to keep the accounts of the beneficiaries in accordance with the principle of double entry bookkeeping, on condition that it has a specific audit procedure which offers equivalent security.

Article 322-88

The reconciliations mentioned in the first paragraph of Article 322-29 must be able to be carried out at the time of each valuation of a fund.

The custody account-keeper shall participate, on request by the entity holding the unit issue account, in the process of reconciliation between the number of units which it holds and the number which is recorded by the entity holding the unit issue account.

Article 322-89

Within the framework of the audit procedures provided for by Article 322-30, the custody account-keeper shall verify, for each fund and at the time of each valuation:

1° The data relating to the number of units: the equilibrium between the balance of the operations entered to the credit and to the debit of the bearers' accounts and the corresponding total number of units recorded by it for the fund;

2° The data relating to the amounts debited or credited: the equality between the balance of the amounts received from the bearers and paid to the bearers on the "operations in progress" accounts, on the one hand and, on the other hand, the total of the corresponding payments or withdrawals, made on the account of each fund;

3° The matching between the amounts to be credited or to be debited on the account of a fund and the number of units created or cancelled.

Article 322-90

The suspense items, mentioned in Article 322-32, include in particular the following operations, where they are not completed within the normal deadlines:

1° Payments received, to be allocated to a fund;

2° Payments to the bearers;

3° Sundry operations on a fund (merger, etc.);

4° Account transfers;

5° The handling of the difference between the number of units transmitted by the custody account-keeper to the entity holding the unit issue account and the number of units recorded by this latter.

To the extent required, with a view to the resolution of the suspense items, a procedure of reconciliation with the various entities concerned (company, asset management company, entity holding the unit issue account, register-keeper, etc.) shall be implemented by the custody account-keeper.

CHAPTER III - DEPOSITARIES OF UCITS

Article 323-1-A

Prior to issuance of a UCITS depositary authorisation by the Prudential Supervision and Resolution Authority, the investment firm mentioned in Article L. 214-10-1, I, 5 of the Monetary and Financial Code must obtain approval from the AMF for the programme of operations referred to in III of the same article in accordance with Articles L. 532-1 to L. 532-5 of the same code.

The approval procedure for the programme of operations and the content of the programme of operations are stipulated in an AMF instruction.

SECTION 1 - DUTIES OF THE UCITS DEPOSITARY

Article 323-1

Pursuant to Article L. 214-10-5, I of the Monetary and Financial Code, the depositary shall ensure that the cash flows of the UCITS are properly monitored, and, in particular, that all payments made by, or in the name of, investors upon the subscription of units or shares of the UCITS have been received, and that all cash of the UCITS has been booked in cash accounts that are:

1° Opened in the name of the UCITS, of the asset management company acting on behalf of the UCITS, or of the depositary acting on behalf of the UCITS;

2° Opened at one or more of the following entities:

a) A central bank;

b) A credit institution authorised in a Member State of the European Union or a State party to the EEA agreement;

c) A bank authorised in a third country;

d) Caisse des dépôts et consignations, when it is the UCITS depositary;

3° Maintained in accordance with the principles set out in Article 313-13.

Where the cash accounts are opened in the name of the depositary acting on behalf of the UCITS, no cash of one of the entities referred to in point 2 and none of the own cash of the depositary shall be booked on such accounts.

Article 323-2

As regards the custody of financial instruments and pursuant to Article L. 214-10-5, II, 1 of the Monetary and Financial Code, the depositary shall ensure that all financial instruments that can be registered in a financial instruments account opened in the depositary's books are registered in the depositary's books within segregated accounts in accordance with the principles set out in Article 313-13, opened in the name of the UCITS or the management company acting on behalf of the UCITS, so that they can be clearly identified as belonging to the UCITS at all times.

For the purposes of record keeping of other assets by the depositary, and pursuant to Article L. 214-10-5, II, 2 of the Monetary and Financial Code, the depositary shall verify the ownership by the UCITS or by the asset management company of such assets based on information or documents provided by the UCITS or by the asset management company and, where available, on external evidence.

Article 323-3

The custody of the financial instruments included in the assets of the UCITS shall be governed by the provisions of Chapter II of this Title, with the exception of Article 322-7, 4.

To carry on the business of depositary under the same conditions as the credit institutions referred to in Article L. 214-10-1, I, 3 of the Monetary and Financial Code, the depositary mentioned in I, 4 of the same article shall have, within French territory, the necessary resources and organisation and shall meet the obligations referred to in the previous sub-paragraph.

Article 323-4

[Empty]

Article 323-5

[Empty]

SECTION 2 - ORGANISATIONAL STRUCTURES AND RESOURCES OF THE DEPOSITARY

Sub-section 1 - Performance specifications for depositaries

Article 323-6

The depositary shall draft a set of performance specifications that describes the conditions under which it carries on its business and that is approved by the AMF pursuant to Article L. 214-10-1, II of the Monetary and Financial Code.

The content of the specifications and the requirements for their approval by the AMF are stipulated in an AMF instruction.

Article 323-7

The depositary shall all times have at adequate human and material resources, compliance and internal control systems, and organisational structures and procedures to conduct its business.

Article 323-8

The depositary shall designate a person to take charge of the depositary function. It shall notify the AMF of the identity of this person.

Article 323-9

[Empty]

Article 323-10

The depositary's statutory auditor shall conduct a special annual audit of the accounts opened by the depositary for the UCITS.

Within seven weeks of the end of UCITS's financial year, the depositary shall certify:

1° The assets for which it keeps a custody account;

2° The keeping of positions of other assets listed in the inventory, which it shall produce and carry out in accordance with the provisions of Article 323-2.

The depositary shall send this certification to the management company in lieu of a periodic account.

Sub-section 2 - Relations between the depositary and the UCITS

Article 323-11

In accordance with Article L. 214-10 of the Monetary and Financial Code, the depositary shall enter into a written agreement with the SICAV or the UCITS management company.

Where this agreement concerns a French UCITS managed by a management company established in another European Union member state or in another State that is a party to the European Economic Area, the agreement shall be governed by French law.

Article 323-12

[Empty]

Sub-section 3 - Relations between the depositary and other service providers

Article 323-13

If the depositary does not effect the clearing of financial contracts, it shall sign a written agreement with the institution that provides this service.

This agreement shall specify the obligations of the depositary and the clearing institution, as well as the procedures for transmitting information so as to enable the depositary to register the positions in the financial instruments and the cash positions concerned in a position-keeping book.

This agreement shall stipulate:

1° The list of financial instruments and markets, including, where appropriate, over-the-counter transactions, in which the clearing institution operates;

2° The list of data about the positions recorded on the accounts that the UCITS holds with the clearing institution. The latter institution shall send the list to the depositary;

3° Where appropriate, the transfer of full ownership of the cash and financial instruments to the keeper of the clearing account.

Article 323-14

I.-Pursuant to the second sub-paragraph of Article L. 214-10-6 of the Monetary and Financial Code, the depositary may delegate some of the duties related to its custody of the assets of the UCITS, provided that the following conditions are satisfied:

1° The tasks are not delegated with the intention of avoiding the requirements laid down under the depositary's professional obligations;

2° The depositary can demonstrate that there is an objective reason for the delegation;

3° The depositary has exercised all due skill, care and diligence in the selection and the appointment of any third party to whom it intends to delegate parts of its tasks, and continues to exercise all due skill, care and diligence in the periodic review and ongoing monitoring of any third party to which it has delegated parts of its tasks and of the arrangements of the third party in respect of the matters delegated to it;

4° The depositary shall ensure that the third party satisfies the following conditions at all times during the performance of the tasks delegated to it:

a) The third party has structures and expertise that are adequate and proportionate to the nature and complexity of the assets of the SICAV or the management company acting on behalf of the UCITS which have been entrusted to it;

b) For custody tasks referred to in Article L. 214-10-5, II, 1 of the Monetary and Financial Code, the third party is subject to:

i) effective prudential regulation, including minimum capital requirements, and supervision;

ii) an external periodic audit to ensure that the financial instruments are in its possession;

c) The third party segregates the assets of the clients of the depositary from its own assets and from the assets of the depositary in such a way that they can, at any time, be clearly identified as belonging to clients of a particular depositary;

d) The third party takes all necessary steps to ensure that in the event of insolvency of the third party, assets of a UCITS held by the third party in custody are unavailable for distribution among, or realisation for the benefit of, creditors of the third party; and

e) The third party complies with the general obligations and prohibitions laid down in Articles L. 214-9, L. 214-10-2 and L. 214-10-5, II of the Monetary and Financial Code.

II. –Notwithstanding point I 4° b) i), where the law of a third country requires that certain financial instruments be held in custody by a local entity and no local entities satisfy the delegation requirements laid down in that point i), the depositary may delegate its functions to such a local entity only to the extent required by the law of that third country, only for as long as there are no local entities that satisfy the delegation requirements, and only where:

a) The investors of the relevant UCITS are duly informed, prior to their investment, of the fact that such a delegation is required due to legal constraints in the law of the third country, of the circumstances justifying the delegation and of the risks involved in such a delegation;

b) The SICAV or the asset management company of the UCITS has instructed the depositary to delegate the custody of such financial instruments to such a local entity.

III. - The third party may, in turn, sub-delegate those functions, subject to the same requirements. In such a case, Article L. 214-11-1 of the Monetary and Financial Code shall apply mutatis mutandis to the relevant parties.

For the purposes of this article, the provision of services as specified by Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 by securities settlement systems as designated for the purposes of that directive or the provision of similar services by third-country securities settlement systems shall not be considered to be a delegation of custody functions.

When a central securities depositary (CSD), as defined in point (1) of Article 2(1) of Regulation (EU) No. 909/2014 of the European Parliament and of the Council, or a third-country CSD provides the services of operating a securities settlement system as well as at least either the initial recording of securities in a book-entry system through initial crediting or providing and maintaining securities accounts at the top tier level, as specified in section A of the annex to that regulation, the provision of those services by that CSD with respect to the securities of the UCITS that are initially recorded in a book-entry system through initial crediting by that CSD should not be considered to be a delegation of custody functions. However, entrusting the custody of securities of the UCITS to any CSD, or to any third-country CSD should be considered to be a delegation of custody functions.

Article 323-15

[Empty]

SECTION 3 - PROCEDURES FOR SAFEKEEPING OF CERTAIN ASSETS BY THE UCITS DEPOSITARY

Sub-section 1 - Procedures for keeping register in financial contracts

Article 323-16

Pursuant to Article L. 214-10-5, III, 3 of the Monetary and Financial Code, acting on instructions from the SICAV or the asset management company of the UCITS, the depositary shall execute transfers of the cash and the financial instruments needed to constitute initial margin and respond to margin calls. It shall notify the SICAV or the asset management company of the UCITS of any problems encountered at this time.

These instructions shall be transmitted to the depositary in accordance with the procedures and intervals defined in the agreement referred to in Article 323-11.

As soon as it becomes aware of them, the asset management company shall send the following to the depositary:

1° Information about the characteristics of a new framework agreement signed on financial contracts or amendments to an existing framework agreement;

2° Copies of the signed trade confirmation slips or trade confirmations with regard to financial contracts, which identify the transactions and their specific characteristics;

3° The list of framework agreements with regard to financial contracts at intervals to be defined in the agreement referred to in Article 323-11. Where applicable, the list shall indicate amendments made to the characteristics of the framework agreements. The depositary may ask for copies of the framework agreements and any further information required for the performance of its tasks.

At intervals to be defined in the agreement referred to in Article 323-11, the depositary shall send the asset management company a statement with the list of financial contracts held by the UCITS, along with the list of security provided, indicating security involving transfers of full ownership.

Sub-section 2 – Record-keeping procedures for pure registered financial instruments, deposits and cash accounts

Article 323-17

Acting on the instructions of the SICAV or the asset management company of the UCITS, the depositary shall make the cash payments related to transactions in pure registered financial instruments, deposits and between cash accounts opened in the name of the UCITS. It shall notify the SICAV or the asset management company of any problems encountered at this time.

The instructions of the SICAV or of the asset management company of the UCITS shall be transmitted to the depositary in accordance with the procedures and intervals defined in the agreement referred to in Article 323-11.

As soon as it has knowledge of them, the SICAV or the asset management company of the UCITS shall send the following to the depositary

1° Documents evidencing the purchase and sale of registered financial instruments;

2° Documents related to any deposits made and cash accounts open at another institution;

3° Documents that provide the depositary with information about the characteristics and events affecting pure registered financial instruments and deposits and cash accounts, such as certifications by the issuer, which shall be transmitted to the depositary in accordance with the procedures stipulated in the agreement referred to in Article 323-11.

SECTION 4 - PROCEDURES FOR SUPERVISING LEGAL AND REGULATORY COMPLIANCE OF DECISIONS MADE BY THE UCITS OR ITS MANAGEMENT COMPANY

Article 323-18

[Empty]

Article 323-19

The depositary shall establish and implement a control plan. This plan shall define the purpose, nature and regularity of the controls concerned.

Controls shall be carried out ex post and exclude any discretionary review. They shall include verifications of the following:

1° Compliance with the investment and asset composition rules;

2° Minimum asset size;

3° The regularity of UCITS valuations;

4° The rules and procedures for establishing the net asset value;

5° Justification of the content of UCITS suspense accounts;

6° Elements specific to certain types of UCITS;

7° The inventory reconciliation report communicated by the asset management company.

The control plan, reports of controls carried out and notes on any anomalies shall be retained for five years.

Article 323-20

[Empty]

Article 323-21

[Empty]

Article 323-22

The depositary shall ensure that the terms of the winding up of the UCITS comply with the provisions of the UCITS' rules or articles of association.

CHAPTER III A - AIF DEPOSITARIES

Article 323-23-A

This chapter applies to AIFs and to “Other collective investments” referred to in Article L. 214-191 of the Monetary and Financial Code.

SECTION 1 - DUTIES OF THE DEPOSITARY OF AIF

Article 323-23

Pursuant to Article L. 214-24-8, I of the Monetary and Financial Code, the depositary shall in general ensure that the AIF's cash flows are properly monitored, and shall in particular ensure that all payments made by or on behalf of investors upon the subscription of units or shares of an AIF have been received and that all cash of the AIF has been booked in cash accounts opened in the name of the AIF or in the name of the portfolio management company acting on behalf of the AIF or in the name of the depositary acting on behalf of the AIF with one or more of the following entities:

1° A central bank;

2° A credit institution authorised in a Member State of the European Union or a State party to the EEA agreement;

3° A bank authorised in a third country;

4° Caisse des dépôts et consignations or another entity of the same nature as those referred to in points 1, 2 and 3 in the relevant market where cash accounts are required provided that such entity is subject to effective prudential regulation and supervision which have the same effect as Union law and are effectively enforced and in accordance with the principles set out in Article 313-13.

Where the cash accounts are opened in the name of the depositary acting on behalf of the AIF, no cash of the entity referred to in the first paragraph and none of the depositary's own cash shall be booked on such accounts.

The terms of application of this Article are specified in Articles 85 to 87 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012.

Article 323-24

Custody of the financial instruments in the assets of the AIF is subject to Chapter II of the present Title, without prejudice to the application of the particular provisions of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012 and Articles 323-32 to 323-35 of the present Regulation.

Article 323-25

As regards the custody of the financial instruments and pursuant to Article L. 214-24-8, II of the Monetary and Financial Code, the depositary shall ensure that all those financial instruments that can be registered in a financial instruments account opened in the depositary's books are registered in the depositary's books within segregated accounts in accordance with the principles set out in Article 313-13, opened in the name of the AIF or in the name of the asset management company acting on behalf of the AIF, so that they can be clearly identified as belonging to the AIF.

For the purposes of record keeping of the other assets by the depositary, and pursuant to Article L. 214-24-8, II, 2 of the Monetary and Financial Code, the depositary checks their ownership by the AIF or its asset management company on the basis of information or documents provided by the AIF or its asset management company and, where available, on external evidence.

The terms of application of this Article are specified in Articles 88 to 91 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012.

SECTION 2 - ORGANISATIONAL STRUCTURES AND RESOURCES OF THE AIF DEPOSITARY

Sub-section 1 - Performance specifications for AIF depositaries

Article 323-26

The depositary shall draft a set of performance specifications that describes the conditions under which it carries on its business. The content of the specifications and the requirements for providing the specifications to the AMF are stipulated in an AMF instruction.

Article 323-27

The depositary shall all times have adequate human and material resources, compliance and internal control systems, and organisational structures and procedures to conduct its business.

Article 323-28

The depositary shall designate a person to take charge of the depositary function. It shall notify the AMF of the identity of this person.

Article 323-29

The depositary's statutory auditor shall conduct a special annual audit of the accounts opened by the depositary for the AIFs.

Within seven weeks of the end of the AIF's financial year, the depositary shall certify:

1° The existence of the assets for which it keeps a custody account.

2° Keeping positions in other assets listed in the inventory, which it shall produce and carry out in accordance with the terms set out in Article L. 214-24-8, II of the Monetary and Financial Code Article.

The depositary shall send this certification to the asset management company. This annual certification shall serve as the periodic statement of account.

Sub-section 2 - Relations between the depositary and the AIF

Article 323-30

Pursuant to Article L. 214-24-4 of the Monetary and Financial Code, the AIF or its asset management company shall draw up a written contract with the depositary, containing at least the clauses set out in Article 83 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012.

Sub-section 3 - Relations between the depositary and other service providers

Article 323-31

For the purposes of keeping positions of financial contracts, the depositary shall sign a written agreement with the institution responsible for clearing financial contracts when it does not execute this service itself.

This agreement shall specify the obligations of the depositary and the clearing institution, as well as the procedures for transmitting information so as to enable the depositary to act as record-keeper for the financial instruments and cash positions concerned.

This agreement shall stipulate:

1° This list of financial instruments and markets in which the clearing institution operates;

2° The list of data about the positions recorded on the accounts that the AIF holds with the clearing institution. The latter institution shall send the list to the depositary;

3° Where applicable, the transfer of full ownership of the cash and financial instruments to the keeper of the clearing account.

Article 323-32

I. - Pursuant to Article L. 214-24-9 of the Monetary and Financial Code, the depositary may delegate its safekeeping functions for the assets of the AIF, subject to the following conditions:

1° The tasks are not delegated with the intention of avoiding their professional obligations;

2° The depositary can demonstrate that there is an objective reason for the delegation;

3° The depositary has exercised all due skill, care and diligence in the selection and the appointment of any third party to whom it wants to delegate parts of its tasks, and keeps exercising all due skill, care and diligence in the periodic review and ongoing monitoring of any third party to whom it has delegated parts of its tasks and of the arrangements of the third party in respect of the matters delegated to it;

4° The depositary ensures that the third party meets the following conditions at all times during the performance of the tasks delegated to it:

a) The third party has the structures and the expertise that are adequate and proportionate to the nature and complexity of the assets of the AIF or its asset management company, which have been entrusted to it;

b) For financial instrument custody tasks referred to in Article L. 214-24-8, II, 1 of the Monetary and Financial Code, the third party is subject to effective prudential regulation, including minimum own funds requirements, and supervision in the jurisdiction concerned and the third party is subject to an external periodic audit to ensure that the financial instruments are in its possession;

c) The third party segregates the assets of the depositary's clients from its own assets and from the assets of the depositary in such a way that they can at any time be clearly identified as belonging to clients of a particular depositary;

d) The third party does not make use of the assets without the prior consent of the AIF or its asset management company and without prior notification to the depositary;

e) The third party complies with the general obligations and prohibitions referred to in Articles L. 214-24-3, L. 214-24-6 and L. 214-24-8, II of the Monetary and Financial Code.

II. - Where the law of a third country requires that certain financial instruments be held in custody by a local entity and no local entities satisfy the delegation requirements laid down in Paragraph I, Point 4, the depositary may delegate its functions to such a local entity only to the extent required by the law of the third country and only for as long as there are no local entities that satisfy the delegation requirements, subject to the following requirements:

1° The investors of the relevant AIF must be duly informed that such delegation is required due to legal constraints in the law of the third country and of the circumstances justifying the delegation, prior to their investment;

2° The AIF or its asset management company must instruct the depositary to delegate the custody of such financial instruments to such local entity.

III. - The third party may, in turn, sub-delegate those functions, subject to the same requirements. In such a case, Article L. 214-24-10, II and III of the Monetary and Financial Code shall apply mutatis mutandis to the relevant parties.

For the purposes of this paragraph, the provision of services as specified by Directive 98/26/EC of the European Parliament and Council of 19 May 1998, by securities settlement systems as designated for the purposes of that Directive or the provision of similar services by third-country securities settlement systems shall not be considered a delegation of its custody functions.

The terms of application of this Article are specified in Articles 98 to 99 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012.

Article 323-33

The terms on which the loss of financial instruments, as referred to in Article L. 214-24-10, I of the Monetary and Financial Code, may incur the liability of the depositary to the AIF or the unit or shareholders, are specified in Articles 100 and 101 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012.

Article 323-34

The terms of application of Article L. 214-24-10, III of the Monetary and Financial Code are specified in Article 102 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012.

Article 323-35

Pursuant to Article L. 214-24-10, IVof the Monetary and Financial Code, where the law of a third country requires that certain financial instruments are held in custody by a local entity and there are no local entities that satisfy the requirements of being subject to effective regulation and prudential supervision and to external periodic audit, as laid down in Article 323-32, I, 4, b, the depositary can discharge itself of liability provided that the following conditions are met:

1° The rules or instruments of incorporation of the AIF concerned expressly allow for such a discharge under the conditions set out in this sub-section ;

2° The unit or shareholders of the relevant AIF have been duly informed of that discharge and of the circumstances justifying the discharge prior to their investment;

3° The AIF or its asset management company has instructed the depositary to delegate the custody of such financial instruments to a local entity;

4° There is a written contract between the depositary and the AIF or its asset management company, which expressly allows such a discharge;

5° There is a written contract between the depositary and the third party that expressly transfers the liability of the depositary to that local entity and makes it possible for the AIF or its asset management company to make a claim against that local entity in respect of the loss of financial instruments or for the depositary to make such a claim on their behalf.

SECTION 3 - PROCEDURES FOR CUSTODY OF CERTAIN ASSETS BY THE AIF DEPOSITARY

Sub-section 1 - Procedures for keeping positions in financial contracts

Article 323-36

In accordance with Article L. 214-24-8, III, 3 of the Monetary and Financial Code, the depositary, acting on instructions from the asset management company, shall execute transfers of the cash and the financial instruments needed to constitute initial margin and respond to margin calls. It shall notify the asset management company of any problems encountered at this time.

These instructions shall be transmitted to the depositary in accordance with the procedures and intervals defined in the agreement referred to in Article 323-30.

As soon as it has knowledge of them, the asset management company shall send the following to the depositary:

1° Information about the characteristics of a new framework agreement signed on financial contracts or amendments to an existing framework agreement;

2° Copies of the signed trade confirmation slips or trade confirmations with regard to financial contracts, which identify the transactions and their specific characteristics;

3° The list of framework agreements with regard to financial contracts at intervals to be defined in the agreement referred to in Article 323-30. Where applicable, the list shall indicate amendments made to the characteristics of the framework agreements. The depositary may ask for copies of the framework agreements and any further information required for the performance of its tasks.

At intervals to be defined in the agreement referred to in Article 323-30, the depositary shall send the asset management company a statement with the list of financial contracts held by the AIF, along with the list of security provided, indicating security involving transfers of full ownership.

Sub-section 2 - Procedures for keeping positions in pure registered financial instruments, deposits and cash accounts

Article 323-37

Acting on the instructions of the portfolio management company, the depositary shall make the cash payments related to transactions in pure registered financial instruments, deposits and between cash accounts opened in the name of the AIF. It shall notify the portfolio management company of any problems encountered at this time.

The asset management company's instructions shall be transmitted to the depositary in accordance with the procedures and intervals defined in the agreement referred to in Article 323-30.

As soon as it has knowledge of them, the asset management company shall send the following to the depositary:

1° Documents evidencing the purchase and sale of registered financial instruments;

2° Documents related to any deposits made and cash accounts open at another institution;

3° Documents that provide the depositary with information about the characteristics and events affecting pure registered financial instruments and deposits, such as certifications by the issuer, which shall be transmitted to the depositary in accordance with the procedures stipulated in the agreement referred to in Article 323-30.

SECTION 4 - PROCEDURES FOR SUPERVISING COMPLIANCE OF THE DECISIONS MADE BY THE AIF OR ITS ASSET MANAGEMENT COMPANY

Article 323-38

The terms of application of Article L. 214-24-8, III of the Monetary and Financial Code are specified in Articles 92 to 97 of Delegated Regulation (EU) n° 231/2013 of the Commission of 19 December 2012.

Article 323-39

The depositary checks notably the existence and application, within the asset management company, of appropriate and consistent procedures to verify:

1° The maximum number of unit or shareholders for AIFs limited to twenty holders at most;

2° Dissemination by the asset management company of regulatory disclosures to the unit or shareholders of the AIF;

3° The criteria relating to the eligibility of the subscribers and purchasers, if the depositary does not verify their eligibility.

The depositary also ensures compliance with the procedures for sharing information with the asset management company stipulated in the agreement referred to in Article 323-30.

Article 323-40

The depositary establishes and implements a supervision plan. The plan shall define the object, nature and frequency of supervision for this purpose.

Supervision shall be carried out *ex post* and shall exclude any discretionary review (*contrôle d'opportunité*). Supervision shall focus on the following:

1° Compliance with investment and asset structure rules;

2° The minimum asset amount;

3° The frequency of valuation of the AIF;

4° The rules and procedures for determining the net asset value;

5° Substantiation of the contents of the AIF's suspense accounts;

6° Information that is specific to certain types of AIF, such as the tracking error of index AIFs;

7° The statement of reconciliation with the inventory transmitted by the asset management company. The asset management company shall take an inventory of the AIF's assets, as specified in Articles L. 214-24-49, L. 214-50, L. 214-135 and L. 214-175 of the Monetary and Financial Code, at least once every six months under the supervision of the depositary.

The characteristics of the supervision plan shall take account of the information gathered during the initial contact with the AIF or the asset management company. The plan shall be updated at intervals suited to the characteristics of the activity engaged in and be made available to the AMF.

The supervision plan, audit reports and reports on problems revealed shall be kept for five years.

The depositary shall have access to all of the AIF's accounting information at all times. It shall also have access at all times to all the detailed accounting and non-accounting information pertaining to the assets referred to in Article L. 214-36, I, 1 of the Monetary and Financial Code. The manner and means of transmitting this information shall be provided for in the contract referred to in Article 323-30.

Article 323-41

The depositary shall ensure that the terms of the winding up of the AIF comply with the provisions of the AIF's rules or articles of association.

Chapter III B- DEPOSITARIES OF SECURITISATION VEHICLES

Article 323-42

This chapter applies to securitisation vehicles governed by Article L. 214-167, I of the Monetary and Financial Code.

SECTION 1 - DUTIES OF THE DEPOSITARY OF SECURITISATION VEHICLES

Article 323-43

Pursuant to Articles L. 214-178 and L. 214-183 of the Monetary and Financial Code, the depositary shall have custody of the securitisation vehicle's cash and claims and make sure that the management company's decisions regarding said securitisation vehicle comply with applicable laws and regulations.

The provisions of this section shall apply to financial instruments issued under French law or the law of another country.

Article 323-44

The custody duties of the depositary with regard to the securitisation vehicle's cash and claims shall include:

1° Keeping the custody account for the financial securities referred to in Article L. 211-1, II of the Monetary and Financial Code, except for pure registered financial instruments;

2° Registering in a position-keeping book the assets of the securitisation vehicle other than the financial securities referred to in point 1 and pure registered financial instruments.

If the depositary administers registered financial instruments issued under the laws of another country and included in the assets of the securitisation vehicle, custody shall be provided under the terms applying to the administered registered financial instruments referred to in Article 322-4 and hereafter.

The depositary shall open one or more cash accounts in its books in the name of the securitisation vehicle to record and centralise the securitisation vehicle's cash transactions, as well as one or more securities accounts and any other accounts necessary for the custody of the securitisation vehicle's cash and claims.

Article 323-45

The custody account for the financial instruments included in the assets of the securitisation vehicle shall be governed by the provisions of Chapter II of this Title.

Article 323-46

Position keeping consists in establishing a register of open positions in the assets referred to in Article 323-44, 2. This register shall identify the characteristics of the assets and record their movements to ensure traceability.

Article 323-47

Pursuant to Articles L. 214-178 and L. 214-183 of the Monetary and Financial Code, the depositary shall ensure compliance with the statutory and regulatory provisions applying to the securitisation vehicle under the terms referred to in Articles 323-60 to 323-64.

Supervision shall be carried out ex post and shall exclude any discretionary review (*contrôle d'opportunité*).

SECTION 2 – ORGANISATIONAL STRUCTURES AND RESOURCES OF THE DEPOSITARY OF SECURITISATION VEHICLES

Sub-section 1 - Performance specifications for depositaries

Article 323-48

The depositary shall draft a set of performance specifications that describes the conditions under which it carries on its business. These specifications shall be made available to the AMF.

Article 323-49

The depositary shall at all times have adequate human and material resources, compliance and internal control systems, and organisational structures and procedures to conduct its business.

Article 323-50

The depositary shall designate a person to take charge of the depositary function. It shall notify the AMF of the identity of this person.

Article 323-51

The depositary of a securitisation vehicle shall conduct its business diligently, honestly and fairly, respecting the primacy of interest of the securitisation vehicle, its unit holders or shareholders, and market integrity. The depositary shall make every effort to avoid conflicts of interest and, when such conflicts cannot be avoided, shall see to it that all clients are treated fairly.

Article 323-52

The depositary's statutory auditor shall conduct a special annual audit of the accounts opened by the depositary for the securitisation vehicle.

Within seven weeks of the end of the securitisation vehicle's year, the depositary shall certify:

1° The assets for which it keeps a custody account;

2° The positions in other assets listed in the inventory, which it shall produce and retain in accordance with Article 323-44.

The depositary shall transmit this certification to the management company in accordance with the procedures referred to in Article 323-53, 3. This annual certification shall serve as the periodic statement of account mentioned in the last sub-paragraph of Article 322-5.

Sub-section 2 - Relations between the depositary and the securitisation vehicle

Article 323-53

The depositary shall establish with the securitisation vehicle or, where relevant, its management company, a written agreement containing at least the following clauses:

1° A description of the procedures, including those related to custody, to be adopted for each type of asset of the securitisation vehicle entrusted to the depositary;

2° A description of the procedures to be followed where the securitisation vehicle envisages a modification of its rules or articles of association or prospectus, and identifying when the depositary should be informed, or where a prior agreement from the depositary is needed to proceed with the modification;

3° A description of the means and procedures by which the depositary will transmit to the securitisation vehicle all relevant information that the securitisation vehicle needs to perform its duties including a description of the means and procedures related to the exercise of any rights attached to financial instruments, and the means and procedures applied in order to allow the securitisation vehicle to have timely and accurate access to information relating to its accounts;

4° A description of the means and procedures by which the depositary will have access to all relevant information it needs to perform its duties;

5° A description of the procedures by which the depositary has the ability to enquire into the conduct of the securitisation vehicle and to assess the quality of information transmitted, including by way of on-site visits;

6° A description of the procedures by which the securitisation vehicle can review the performance of the depositary in respect of the depositary's contractual obligations;

7° The following elements related to the exchange of information and to obligations on confidentiality and money laundering:

a) A list of all the information that needs to be exchanged between the securitisation vehicle and the depositary related to the subscription, redemption, issue, cancellation and repurchase of units or shares of the securitization vehicle;

b) The confidentiality obligations applicable to the parties to the agreement pursuant to prevailing laws and regulations on professional secrecy;

c) Information on the tasks and responsibilities of the parties to the agreement in respect of obligations relating to the prevention of money laundering and the financing of terrorism, where applicable;

8° Where the parties envisage appointing third parties to carry out their respective duties, they shall include at least the following particulars in that agreement;

a) An undertaking by both parties to the agreement to provide details, on a regular basis, of any third parties appointed by the depositary or the securitisation vehicle to carry out their respective duties;

b) An undertaking that, upon request by one of the parties, the other party will provide information on the criteria used for selecting the third party and the steps taken to monitor the activities carried out by the selected third party;

c) A statement that a depositary's liability shall not be affected by the fact that the depositary has entrusted to a third party all or some of the assets in its safekeeping;

9° The following elements related to potential amendments and the termination of the agreement:

a) The period of validity of the agreement;

b) The conditions under which the agreement may be amended or terminated;

c) The conditions which are necessary to facilitate transition to another depositary and, in case of such transition, the procedure by which the depositary shall send all relevant information to the other depositary;

10° Where the parties to the agreement agreed to the use of electronic transmission for part or all of information flows between them, the agreement shall contain provisions ensuring that a record is kept of such information;

11° The parties may provide that the agreement shall cover more than one securitisation vehicle managed by the management company. In this case, a list of the securitisation vehicles concerned shall be included in the agreement;

The parties may include details of the means and procedures referred to in points 3 and 4 in a separate written agreement.

Article 323-54

On the day that termination takes effect or the agreement referred to in Article 323-53 expires, the former depositary shall transfer all data and information relating to the custody of cash and claims to the new depositary.

The former depositary shall provide the asset management company and the new depositary with the inventory referred to in Article 323-52.

Sub-section 3 - Relations between the depositary and other service providers

Article 323-55

If the depositary does not effect the clearing of financial contracts, it shall sign a written agreement with the institution that provides this service.

This agreement shall specify the obligations of the depositary and the clearing institution, as well as the procedures for transmitting information so as to enable the depositary to register the positions in the financial instruments and the cash positions concerned in a position-keeping book.

This agreement shall stipulate:

1° The list of financial instruments and markets, including, where appropriate, over-the-counter transactions, in which the clearing institution operates;

2° The list of data about the positions recorded on the accounts that the securitisation vehicle holds with the clearing institution. The latter institution shall send the list to the depositary;

3° Where appropriate, the transfer of full ownership of the cash and financial instruments to the keeper of the clearing account.

Article 323-56

The depositary may use one or more agents to carry out all or some of the duties related to its custody of the securitisation vehicle's cash and claims. This agent shall be a person authorised to provide administration and custody of financial instruments under the terms of Article L. 542-1 of the Monetary and Financial Code.

If the depositary delegates custody of the securitisation vehicle's cash and claims, it shall draw up an agreement that specifies the scope of the delegated tasks, along with the procedures and resources established to ensure supervision of the transactions carried out by the agent.

Each agent shall provide the depositary with an annual certification from its statutory auditor regarding the audit of the accounts held in its books for the securitisation vehicle.

The fact that the depositary names a third party to maintain custody of the securitisation vehicle's cash and claims shall not affect the depositary's liability.

Article 323-57

The depositary may not delegate the task of supervising the legal and regulatory compliance of decisions made by the securitisation vehicle.

SECTION 3 – PROCEDURES FOR CUSTODY OF CERTAIN ASSETS BY THE DEPOSITARY

Sub-section 1 - Procedures for keeping positions in financial contracts

Article 323-58

Acting on instructions from the asset management company, the depositary shall execute transfers of the cash and the financial instruments needed to constitute initial margin and respond to margin calls. It shall notify the asset management company of any problems encountered at this time.

These instructions shall be transmitted to the depositary in accordance with the procedures and intervals defined in the agreement referred to in Article 323-53.

As soon as it becomes aware of them, the asset management company shall send the following to the depositary:

1° Information about the characteristics of a new framework agreement signed on financial contracts or amendments to an existing framework agreement;

2° Copies of the signed trade confirmation slips or trade confirmations with regard to financial contracts, which identify the transactions and their specific characteristics;

3° The list of framework agreements with regard to financial contracts, at intervals to be defined in the agreement referred to in Article 323-53. Where applicable, the list shall indicate amendments made to the characteristics of the framework agreements. The depositary may ask for copies of the framework agreements and any further information required for the performance of its tasks.

At intervals to be defined in the agreement referred to in Article 323-53, the depositary shall send the asset management company a statement with the list of financial contracts held by the securitisation vehicle, along with the list of security provided, indicating security involving transfers of full ownership.

Sub-section 2 - Custody procedures for pure registered financial instruments and deposits

Article 323-59

Acting on the instructions of the asset management company, the depositary shall make the cash payments related to transactions in pure registered financial instruments and deposits. It shall notify the asset management company of any problems encountered at this time.

The asset management company's instructions shall be transmitted to the depositary in accordance with the procedures and intervals defined in the agreement referred to in Article 323-53.

As soon as it has knowledge of them, the asset management company shall send the following to the depositary:

1° Documents evidencing the purchase and sale of registered financial instruments;

2° Documents related to any deposits made at another institution;

3° Documents that provide the depositary with information about the characteristics and events affecting pure registered financial instruments and deposits, such as certifications by the issuer, which shall be transmitted to the depositary in accordance with the procedures stipulated in the agreement referred to in Article 323-53.

SECTION 4 – PROCEDURES FOR SUPERVISING LEGAL AND REGULATORY COMPLIANCE OF DECISIONS MADE BY THE MANAGEMENT COMPANY OF SECURITISATION VEHICLE

Article 323-60

The depositary of the securitisation vehicle shall put in place a monitoring and contact procedure that enables it to:

1° Familiarise itself with and assess the organisational structure and internal procedures of the securitisation vehicle and its management company, having regard to its duties. This assessment shall also consider factors relating to the delegation of financial functions and the delegation of administrative and accounting functions. The management company shall make available to the depositary the information necessary for this periodic review on-site or off-site.

   For this purpose, the depositary shall ensure that the management company has suitable and auditable procedures to verify the dissemination of regulatory disclosures to holders of shares or units by the management company.

2° Familiarise itself with the accounting system of the securitisation vehicle;

3° Ensure compliance with the procedures for sharing information with the management company stipulated in the agreement referred to in Article 323-53.

The information referred to in points 1, 2 and 3 shall be updated at the intervals stipulated in the supervision plan referred to in Article 323-61.

Article 323-61

For the purposes of Article 323-47, the depositary shall establish and implement a supervision plan. The plan shall define the object, nature and frequency of supervision for this purpose.

Supervision shall focus on the following:

1° Compliance with investment and asset structure rules;

2° The minimum asset amount;

3° The frequency of valuation of the securitisation vehicle;

4° The rules and procedures for determining the net asset value;

5° Substantiation of the contents of the suspense accounts of the securitisation vehicle;

6° Information that is specific to certain types of securitisation vehicle;

7° The statement of reconciliation with the inventory transmitted by the management company.

The management company shall take an inventory of the securitisation vehicle's assets at least once every six months under the supervision of the depositary.

The characteristics of the supervision plan shall take account of the information gathered during the initial contact with the asset management company. The plan shall be updated at intervals suited to the characteristics of the activity engaged in and be made available to the AMF.

The supervision plan, audit reports and reports on problems revealed shall be kept for five years.

The depositary shall have access to all of the accounting information of the securitisation vehicle at all times. The manner and means of transmitting this information shall be provided for in the agreement referred to in Article 323-53.

Article 323-62

The asset management company shall notify the depositary of any changes regarding the securitisation vehicle in accordance with the procedures and time limits stipulated in the agreement referred to in Article 323-53.

The asset management company shall obtain the consent of the depositary before applying to the AMF for authorisations.

Article 323-63

The securitisation vehicle's depositary shall establish an alert procedure for problems revealed by its supervision. This procedure shall be appropriate to the nature of the problems revealed and shall require notification of the managers of the management company, followed by notification of the entities responsible for supervising and monitoring the securitisation vehicle.

Article 323-64

The depositary shall ensure that the terms of the winding up of the securitisation vehicle comply with the provisions of the securitisation vehicle's rules or articles of association.

CHAPTER IV - CLEARERS

Article 324-1

The clearing member shall enter into an agreement with each of the brokers and clients whose transactions it clear.

The agreement shall stipulate:

1° The clauses referred to in Article 541-20;

2° The arrangements for recording transactions;

3° Provisions relating to deposit, margins, and, generally, all types of guarantees that the clearing member must call from clients whose accounts they keep, as well as the assets or collateral accepted to cover their exposure to these clients;

4° The applicable procedure in the event of default by one of the signatories, and notably that the clearing member may liquidate all or part of the commitments or positions of a client that has failed to fulfil its obligations with regard to settlement of market transactions or the cover or collateral referred to the paragraph hereabove and to in Article 541-30, in particular when that client is the subject of any of the proceedings referred to in Book VI, Title II of the Commercial Code.

CHAPTER V – FINANCIAL INVESTMENT ADVISERS

SECTION 1 – PROFESSIONAL ENTRANCE REQUIREMENTS

Article 325-1

Before commencing business, a financial investment adviser shall demonstrate that is has one of the following:

1° a national degree demonstrating three years of higher education study in law, economics or management, or a credential or diploma of the same level suitable for the carrying out of the operations mentioned in I of Article L. 541-1 of the Monetary and Financial Code;

2° relevant professional training in carrying out the transactions mentioned in I of Article L. 541-1 of the Monetary and Financial Code;

3° at least two years' professional experience in positions related to the conduct of transactions in the categories specified in I of Article L. 541-1 of the Monetary and Financial Code, gained during the five years before commencing business.

An AMF instruction will set out the modalities for the application of the present article.

Article 325-2

For the purposes of this Chapter, each financial investment adviser shall belong to only one of the associations authorised by the AMF to represent and defend the rights and interests of financial investment advisers.

SECTION 2 - CONDUCT OF BUSINESS RULES

Article 325-3

When establishing a relationship with a new client, the financial investment adviser shall give the client a document including the following references:

1° his/her name or company name, his/her business address or that of his/her registered office, his/her status as a financial investment adviser and his/her registration number in the register mentioned in I of Article L. 546-1 of the Monetary and Financial Code;

2° the name of the professional association to which he belongs;

3° where applicable, his/her capacity as a direct marketer and the identities of the principals for which he/she carries on a direct marketing business;

4° where applicable, the name(s) of any institution(s) promoting products mentioned in point 1° of Article L. 341-3 of the Monetary and Financial Code in which he has a material ownership or commercial interest;

5° where applicable, any other regulated status that he holds.

Article 325-4

Before offering investment advice, the financial investment adviser shall submit a letter of engagement to the client. This letter shall be drawn up in duplicate and signed by both parties.

The letter of engagement shall be drawn up in accordance with a standard agreement drafted by the association to which the financial investment adviser belongs and shall contain, inter alia, the following indications:

1° acknowledgment by the client that he has received and read the document mentioned in Article 325-3;

2° the nature of and arrangements for the service to be provided, the description of which is suited to the client's status as an individual or legal entity and to his principal characteristics and motivations;

3° the means by which information is to be given to the client, specifying the special arrangements for reporting on the advisory activity and for updating the information mentioned in points 3° and 4° of Article 325-3 whenever the relationship is expected to be a lasting one;

4° the terms and conditions of remuneration of the financial investment adviser, specifying the calculation of the fees charged for the advisory service and, where applicable, the existence of any remuneration received from institutions mentioned in point 4° of Article 325-3 in respect of products acquired pursuant to advice given by the adviser.

A signed copy of the letter of engagement shall be remitted to the client.

Article 325-5

All information, including advertisements, sent by a financial investment adviser shall be fair, clear and not misleading.

Article 325-5-1

Any correspondence or communication of a promotional nature, regardless of the medium, issued by a financial investment adviser acting in this capacity, shall indicate:

1° His/her name or, where he/she operates in the form of a legal entity, his/her business name;

2° His/her business address or, where he/she operates in the form of a legal entity, that of his/her registered office;

3° His/her status as a financial investment adviser and the identity of the professional association of which he/she is a member; and

4° His/her registration number in the register mentioned in I of Article L. 546-1 of the Monetary and Financial Code.

Article 325-6

A financial investment adviser is regarded as acting honestly, fairly and professionally in accordance with the best interests of a client if, in relation to the provision of advice to such client, he pays or is paid any fee a commission, or provides or is provided with any of the following non-monetary benefits:

1° A fee, commission or non-monetary benefit paid or provided to or by the client or a person on behalf of the client;

2° A fee, commission or non-monetary benefit paid or provided to or by a third party or a person acting on behalf of a third party, where the following conditions are satisfied:

a) the existence, nature and amount of the fee, commission or benefit, or, where the amount cannot be ascertained, the method of calculating that amount, must be clearly disclosed to the client, in a manner that is comprehensive, accurate and understandable, prior to the provision of the advisoory service. The financial investment adviser is permitted to discloe the essential terms of the agreements relating to the fee, commission or non-monetary benefit in summary form, provided that it undertakes to disclose further details at the request of the client and provided that it honours that undertaking;

b) Payment of the fee or commission, or provision of the non-monetary benefit, is intended to enhance the quality of the advisory service to the client and does not impair compliance with the financial investment adviser's duty to act in the best interests of the client;

3° Appropriate fees allowing the advisory service to be provided or necessary for said service and which, by their nature, cannot come into conflict with the obligation of the financial investment adviser to act towards his/her clients honestly, fairly and professionally in accordance with their best interests.

Article 325-7

Advice to the client shall be formalised in a written report giving reasons for the adviser's proposals and stating the attendant advantages and risks.

The adviser's proposals shall be predicated on:

1° an assessment of the client's financial situation and experience in financial matters;

2° the client's investment objectives.

These two items shall be set forth in the report in a detailed manner appropriate to the client's status as an individual or legal entity.

Article 325-8

The financial investment adviser shall have resources and written procedures to enable him to prevent, manage and deal with any conflicts of interest that might harm the interests of his client.

Article 325-9

Except with the express agreement of the client, the financial investment adviser shall refrain from disclosing and using for his own benefit or the benefit of another, outside the scope of its engagement, the client-related information that he holds in his professional capacity.

SECTION 3 - ORGANISATIONAL RULES

Article 325-10

The financial investment adviser must at all times have resources and procedures appropriate to the conduct of his business, in particular:

1° sufficient technical resources;

2° secure data storage facilities.

Article 325-10-1

The financial investment adviser shall ensure that the people which he/she employs to carry on the activity of financial investment adviser meet the conditions of professional competence provided for in Article 325-1 and the conditions of respectability provided for in Articles L. 500-1 and D. 541-8 of the Monetary and Financial Code. The financial investment adviser shall forward to the association of which he/she is a member the list of these people, before they begin their activities.

Article 325-11

Where a financial investment adviser employs several persons especially for his advisory activity, he shall adopt an organisational structure and written procedures that enable him to conduct his business in compliance with applicable laws, regulations and ethical provisions.

Article 325-11-1

I. - The financial investment adviser shall inform the association of which he/she is a member of any modification of the information concerning him/her and any event which may have consequences on his/her membership as a financial investment adviser, such as a change in the place of business or the cancellation of the registration for the activity of financial investment adviser from the register mentioned in I of Article L. 546-1 of the Monetary and Financial Code. The information shall be forwarded no later than during the month which precedes the event or, when it cannot be anticipated, during the month which follows.

II. - No later than 30 April each year, the financial investment adviser shall send the association of which he/she is a member the information set out on a data sheet, in accordance with the modalities provided by an AMF instruction.

Article 325-12

The financial investment adviser shall apply Articles 315-51 to 315-58, with the exception of Article 315-57.

If the financial investment adviser does not do business as a legal entity, he or she shall be responsible for implementing the system stipulated in Article L. 561-32 of the Monetary and Financial Code.

Article 325-12-1

Financial investment advisers shall establish and maintain operational an effective and transparent procedure for reasonable and prompt handling of complaints received from clients or potential clients.

Clients can file complaints free of charge with the financial investment adviser.

Financial investment advisers shall respond to the complaint from the client within a maximum of two months from the date of receipt of the complaint, except in duly justified exceptional circumstances.

They shall implement an equal and consistent procedure for handling complaints from clients.

Financial investment advisers shall record each complaint and the measures taken to handle it. They shall also implement a complaint monitoring system enabling them to identify problems and implement the appropriate corrective measures.

Information on the complaint handling procedure shall be made available to clients free of charge.

The procedure put in place shall be proportionate to the size and structure of the financial investment adviser.

An AMF instruction shall set out the procedures for applying this article.

Article 325-12-2

I. The natural person financial investment adviser, the natural persons having the power to manage or administer the legal entity which is authorised in the capacity of financial investment adviser and the natural persons employed to carry on the activity of financial investment adviser shall prove they have the minimum level of knowledge level specified in 1° of II of Article 325-12-4.

II. – Between 1 January 2017 and 31 December 2019, associations authorised under Section 5 shall verify the knowledge level of the people described in paragraph I when they are in office before 1 January 2017 or when they take office during this period.

An AMF instruction shall set out the modalities for the knowledge verification referred to in the previous paragraph and the conditions under which the verification period may be extended on an exceptional basis to 31 December 2020.

III. – As from 1 January 2020, the verification of the knowledge level of the people described in paragraph I shall be made with one of the examinations described in 3° of II of Article 313-7-3.

The people described in paragraph I shall have six months from the date on which they start to carry out their activity to demonstrate the minimum knowledge level described in paragraph I.

However, where an employee is recruited to carry out the business of a financial investment adviser under a temporary employment contract, an apprenticeship or training contract or a training course, the financial investment adviser may not require that person to meet the condition stated in I. If the financial investment adviser decides to recruit that employee at the end of the contract or training course, it must ensure that he or she has sufficient level of knowledge as described in paragraph I, under the terms referred to in the preceding paragraph.

The financial investment adviser shall ensure that employees whose minimum knowledge has not been fully verified are appropriately supervised.

IV. – People described in paragraph I that have passed one of the examinations described in 3° of II of Article 313-7-3 are deemed to have the minimum level of knowledge required to carry out the activities assigned to them.

Article 325-12-3

The persons referred to in Article 325-12-2, I shall each year take training courses adapted to their activity and experience, in accordance with the modalities set out by the professional association of which the financial investment adviser is a member.

These annual training courses may be dedicated to the verification of knowledge levels during the period and under the conditions specified in Article 325-12-2, II.

Article 325-12-4

I. – The Financial Skills Certification Board mentioned in Article 313-7-3 shall also issues opinions at the request of the AMF on the verification of the minimum knowledge of the people described in paragraph I of Article 325-12-2.

II. – Further to an opinion of the Financial Skills Certification Board, the AMF:

1° Determines the content of the minimum knowledge of the people described in paragraph I of Article 325-12-2, and publishes a description of this knowledge;

2° Ensures the content of minimum knowledge is updated;

3° Determines and verifies the ways in which minimum knowledge is verified.

Article 325-12-5

Where the financial investment adviser is a legal entity, the natural persons with the power to manage or administer this entity shall ensure that it complies with relevant laws, regulations and professional obligations.

SECTION 4 - RECEPTION AND TRANSMISSION OF UNITS OR SHARES IN COLLECTIVE INVESTMENT SCHEMES

Article 325-13

The financial investment adviser may agree to receive for transmission purposes an order for one or more units or shares in a collective investment scheme that a client to whom it has provided an advisory service intends to subscribe for or sell.

Prior to providing such service, the financial investment adviser shall enter into an agreement with its client, setting forth the rights and obligations of both parties.

The financial investment adviser must be able to prove that the order originates from its client. It shall keep a record of the time-stamping of the reception and transmission of the client's order.

SECTION 5 - AUTHORISATION OF REPRESENTATIVE ASSOCIATIONS

Sub-section 1 - Authorisation requirement

Article 325-14

The association shall have its registered office in France, and its principal purpose shall be the collective representation and defence of the rights and interests of financial investment advisers.

Article 325-15

The legal representatives of the association shall meet the fitness and properness criteria relevant to their functions.

Article 325-16

The association shall draw up a code of conduct setting forth the professional rules defined in Articles 325-3 to 325-12 as well as the rules for monitoring and oversight of the training programmes called for Article 325-19.

This code shall be submitted for approval by the AMF as professional rules.

Article 325-17

The association shall establish written admission and disciplinary procedures for its members who are financial investment advisers.

The association shall also establish written procedures to monitor members' compliance with applicable laws, regulations and ethical rules.

The association shall carry out an on-site verification of each of its members at least once every five years. Where applicable, the verifications delegated by the AMF to the association in application of Article L. 621-9 of the Monetary and Financial Code shall be taken into account for the purposes of the present paragraph.

Article 325-18

The association shall have the staff and technical resources needed to carry out its mission on an ongoing basis. Its technical resources shall include, inter alia:

1° A computerised tool to establish a list indicating, where applicable, for each member:

a) Where the activity of financial investment adviser is operated by a natural person:

- The surname, forenames, date of birth, place of birth and business address of the natural person financial investment adviser; and
- The surname, forenames, date and place of birth of the natural persons employed by the financial investment adviser to operate the financial investment advice business; or

b) Where the financial investment advice business is operated by a legal entity:

- The business name and address of this legal entity:
- The surname, forenames, date and place of birth and personal address of the natural persons who have the power to manage or administer this legal entity; and
- The surname, forenames, date and place of birth of the natural persons employed by the financial investment adviser to operate the financial investment advice business.

This list shall be held at the disposal of the AMF.

2° A data storage facility for the retention of documents, in particular control reports, for five years.

Article 325-19

The association shall seek to ensure that its members' knowledge is kept current by selecting or organising training programmes.

An AMF instruction will set out the modalities for the application of the present article.

Article 325-20

The association shall be independent of institutions promoting products mentioned in point 1° of Article L. 341-3 of the Monetary and Financial Code.

Sub-section 2 - Authorisation procedure

Article 325-21

Authorisation of a representative association within the meaning of Article L. 541-4 of the Monetary and Financial Code shall be subject to prior filing of an application with the AMF containing:

1° the articles (statuts) of the association;

2° the name, *curriculum vitae* and an extract from the judicial record (casier judiciaire) or equivalent document for each of the association' legal representatives;

3° a three-year projected budget for the association;

4° a draft code of conduct;

5° the standard letter of engagement for use by members of the association;

6° a description of the human and technical resources that will enable the association to meet its obligations under this Chapter.

Article 325-22

In deciding whether to issue authorisation to an association, the AMF shall review the application to assess whether the applicant, based on its filing, fulfils the conditions set forth in Articles 325-14 to 325-20. The AMF may ask the applicant to provide any further information it considers necessary to reach its decision.

Sub-section 3 - Reporting to the AMF

Article 325-23

I. - No later than 31 May of each year, the association shall provide to the AMF a copy of the balance sheet and the income statement for the most recent financial year and an activity report describing in particular, for the previous calendar year, the verifications carried out and their archival and the training courses undertaken or selected.

II. - No later than 30 June each year, the association shall provide the AMF with the data sheet for each of its members, collected pursuant to Article 325-11-1, II.

An AMF instruction will set out the modalities for application of the present article.

Article 325-24

The association shall inform the AMF promptly of any changes in key items in the initial authorisation application, notably concerning its senior management, organisation or supervision.

The AMF shall inform the association in writing of any consequences that such changes may have on the authorisation. Any modification to the code of conduct shall be submitted to the AMF for prior approval.

Article 325-25

The association shall inform the AMF promptly of disciplinary action taken against any of its members and shall make available to the AMF the reports of its verifications.

Sub-section 5 - Revocation of authorisation

Article 325-28

The AMF may revoke the authorisation of an association if it no longer meets the conditions of its initial authorisation or a subsequent authorisation, or if it fails to meet commitments undertaken at such time, or when the association has not made use of its authorisation within the past twelve months, or when it has been inactive for at least three months.

Article 325-29

When the AMF is considering revocation, it shall so inform the association and shall tell it the reasons therefor.

The association shall have one month from receipt of such notification to submit any observations it may have.

Article 325-30

When the AMF decides to withdraw an authorisation, the association shall be notified of the AMF's decision by registered letter with return receipt. The AMF shall inform the public of the revocation by means of an online news release posted on its website and placed in newspapers or other publications of its choosing.

The decision shall specify the timetable and method for implementing the revocation.

Pending revocation, the association shall be placed under the supervision of an agent appointed by the AMF. It must inform its members that its authorisation has been revoked.

The agent shall be bound by professional secrecy rules.

Article 325-31

Where an association asks for its authorisation to be revoked, it shall explain the reasons for its request to the AMF and shall specify how it intends to enable its members to continue practising their profession.

CHAPTER Va - CROWDFUNDING INVESTMENT ADVISERS

SECTION 1 - ADMISSION REQUIREMENTS

Article 325-32

Pursuant to Article L. 547-1, I of the Monetary and Financial Code, the website shall have the following characteristics:

- Access to details of the offers shall be reserved to potential investors who have provided their personal details, read the risks and expressly accepted them;
- Subscription to the offers shall imply that the potential investors have previously provided the information required by Article L. 547-9, 6) of the Monetary and Financial Code;
- The website shall propose several projects;
- The projects shall have been selected on the basis of criteria and in accordance with a procedure that have been predefined and published on the website.

Article 325-33

I. – Any natural persons having the power to manage or administer the legal entity exercising crowdfunding investment adviser activities shall provide evidence to the association, prior to admission, of the required level of professional skills:

- A national diploma demonstrating three years of higher education relevant to the advisory activity referred to in Article L. 547-1, I of the Monetary and Financial Code;
- Or professional training relevant to the advisory activity referred to in Article L. 547-1, I of the Monetary and Financial Code;
- Or two years of professional or associative activity in positions related to the advisory activity referred to in Article L. 547-1, I of the Monetary and Financial Code or to the activity referred to in Article L. 321-2, 3) of said Code, this experience having been gained within the five years prior to their taking up office.

II. – In order to carry out the business of registering financial securities in a securities account, crowdfunding investment advisers shall demonstrate to the association, above and beyond the knowledge level mentioned in paragraph I, before any of such business is carried out:

- that they are effectively directed by at least one person with the experience appropriate to this activity;
- that they have permanent access to sufficient material and human resources adapted to this activity; and
- that natural persons carrying out the business of entering financial securities on behalf of the crowdfunding investment adviser have the appropriate level of professional knowledge.

An AMF instruction shall set out the modalities explaining how this provision should be implemented.

III. – The association shall appraise the adequacy of the skills for the planned activities and the ability of the applicant to comply with all the business conduct and organisational rules applicable to them.

Article 325-34

For the purposes of this Chapter, each crowdfunding investment adviser shall belong to only one of the associations authorised by the AMF to monitor the individual professional activity of its member crowdfunding investment advisers.

SECTION 2 - CONDUCT OF BUSINESS RULES

Article 325-35

The public-access pages of the website of the crowdfunding investment adviser shall contain the following information presented in a prominent and freely-accessible manner:

1° Its company name, the address of its registered office, its status as a crowdfunding investment adviser and its registration number in the register referred to in Article L. 546-1, I of the Monetary and Financial Code;

2° The name of the professional association of which it is a member;

3° The risks inherent to the proposed investments and, in particular, the risk of total or partial loss of the capital and illiquidity risk and, in the case of offers for minibons described in Article L. 223-6 of the Monetary and Financial Code, the risks of the issuer's default. To that end, the website shall show the default rate observed on the platform during minibons offers over the previous thirty-six months or, if the website is more than three years old, since the start of its activity. The default rate shall be calculated and updated quarterly and should show:

(i) the principal remaining due in respect of the offers for minibons mentioned in Article L. 223-6 above with any payment more than two months overdue and the number of projects corresponding to the principal remaining due in respect of all offers for minibons mentioned in Article L. 223-6 above; and

(ii) the number of projects for which scheduled repayments have not been made every month divided by the total number of projects for which repayments are on schedule.

Article 325-36

I.-All information, including marketing information, issued by a crowdfunding investment adviser shall be fair, clear and not misleading. It shall be presented in a balanced manner.

The content of such information must comply with Articles 314-10 to 314-17.

II. - All marketing information issued by a crowdfunding investment adviser shall indicate:

1° Its company name;

2° Its registered office;

3° Its status as a crowdfunding investment adviser and the name of the professional association of which it is a member; and

4° Its registration number in the register referred to in Article L. 546-1, I of the Monetary and Financial Code.

This information shall also contain a prominent and easily-accessible reference to the risks inherent to the investments the crowdfunding investment adviser is authorised to propose and, in particular, the risk of total or partial loss of the capital and illiquidity risk and, in the case of offers for minibons described in Article L. 223-6 of the Monetary and Financial Code, the risks of the issuer's default, including the default rate described in 3° of Article 325-35, calculated in compliance with that same Article.

Article 325-37

The crowdfunding investment adviser shall be regarded as acting honestly, fairly and professionally in accordance with the best interests of a client if, in relation to the provision of advice to such client, it pays or is paid any fee or commission, or provides or is provided with any of the following non-monetary benefits:

1° A fee, commission or non-monetary benefit paid or provided to or by the client or a person on behalf of the client;

2° A fee, commission or non-monetary benefit paid or provided to or by a third party or a person acting on behalf of a third party, where the following conditions are satisfied:

a) The existence, nature and amount of the fee, commission or benefit, or, where the amount cannot be ascertained, the method of calculating that amount, must be clearly disclosed to the client, in a manner that is comprehensive, accurate and understandable, prior to provision of the advisory service. The crowdfunding investment adviser may disclose the essential terms of the agreements relating to the fee, commission or non-monetary benefit in summary form, provided that it undertakes to disclose further details at the request of the client and provided that it honours that undertaking;

b) Payment of the fee or commission, or provision of the non-monetary benefit, is intended to enhance the quality of the advisory service to the client and does not impair compliance with the crowdfunding investment adviser's duty to act in the best interests of the client;

3° Appropriate fees allowing the crowdfunding investment adviser to provide the service or necessary for said service to be provided and which, by their nature, cannot come into conflict with the obligation of the crowdfunding investment adviser to act towards its clients honestly, fairly and professionally in accordance with their best interests.

Article 325-38

For each project proposed to a client and before any subscription, the crowdfunding investment adviser shall supply the information drawn up by the issuer pursuant to Article 217-1.

These items shall be completed by information on:

- The terms for collecting subscription applications and transmitting them to the issuer, and the rules applied in the event of oversubscription;
- Detail of the fees charged to the investor and the possibility of obtaining, on request, a description of the services provided to the issuer of the securities to which subscription is being considered, and the related fees;
- The risks inherent to the project and, in particular, the risk of total or partial loss of the capital, illiquidity risk and the risk of an absence of valuation.

The crowdfunding investment adviser is responsible for checking the consistency, clarity and balance of this information.

If the issuer is not the company carrying out the project, the crowdfunding investment adviser must provide the client, via its website and prior to any subscription, with the information referred to in Article 217-1 pertaining to the project and, where applicable, to those companies intervening between the company carrying out the project and that making the offer. Information must be provided on any contractual agreements between the abovementioned companies, whenever such agreements exist.

To make this information easily accessible, all these items must be written in non-technical language.

An AMF instruction shall stipulate the conditions for applying the provisions of this Article.

Article 325-39

The crowdfunding investment adviser shall ensure that the articles of association of the company carrying out the project presented to investors comply with the provisions of the laws and regulations on companies making offers that are not subject to publication of a prospectus and are made via a website.

This provision is applicable to those companies intervening between the company carrying out the project and that making the offer.

Article 325-40

Except with the express agreement of the client, the crowdfunding investment adviser shall refrain from disclosing and using for its own benefit or the benefit of another, outside the scope of its engagement, the client-related information that it holds in its professional capacity.

SECTION 3 - ORGANISATIONAL RULES

Article 325-41

The public-access pages of the website of the crowdfunding investment adviser shall contain the following information presented in a prominent and freely-accessible manner:

The crowdfunding investment adviser must at all times have sufficient dedicated resources and procedures appropriate to the conduct of his business, and in particular:

1° Appropriate technical resources;

2° Secure data storage facilities.

The crowdfunding investment adviser shall set out and organise monitoring and management procedures out to the conclusion of transactions relating to offers for minibons, including in the event that the crowdfunding investment adviser ceases its activity. For this purpose, the crowdfunding investment adviser shall conclude an agreement with a payment services provider or a payment agent to cover extinction management in the event that it is no longer in a position to provide it.

It shall retain records for five years of the services provided in order to enable the AMF to verify compliance with its professional obligations.

Article 325-42

The crowdfunding investment adviser shall have resources and written procedures to enable it to detect and manage any conflicts of interest that might harm the interests of its clients.

Article 325-43

The crowdfunding investment adviser shall ensure that the natural persons it employs to carry out the activity of crowdfunding investment advice have appropriate professional skills for their activities and meet the good repute requirements provided for in Articles L. 500-1 and D. 547-2 of the Monetary and Financial Code. The crowdfunding investment adviser shall forward to the association of which it is a member the list of these natural persons before they begin their activities.

Article 325-44

The crowdfunding investment adviser shall adopt an organisational structure and written procedures that enable it to conduct its business in compliance with applicable laws, regulations and ethical provisions.

Article 325-45

I. - The crowdfunding investment adviser shall inform the association of which it is a member of any modification of the information concerning it and any event which may have consequences on it membership as a crowdfunding investment adviser, such as a change in the place of business or the cancellation of the registration for the activity of crowdfunding investment adviser from the register mentioned in Article L. 546-1, I of the Monetary and Financial Code. The information shall be forwarded no later than during the month which precedes the event or, when it cannot be anticipated, during the month which follows.

II. - No later than 30 April each year, the crowdfunding investment adviser shall send the association of which it is a member the information set out on a data sheet, in accordance with the modalities provided by an AMF instruction.

Article 325-46

The crowdfunding investment adviser shall apply Articles 315-51 to 315-58, with the exception of Article 315-57.

Article 325-47

The crowdfunding investment adviser shall establish and maintain operational an effective and transparent procedure for reasonable and prompt handling of complaints received from clients or potential clients.

Clients may file complaints free of charge with the crowdfunding investment adviser.

The crowdfunding investment adviser shall respond to the complaint from the client within a maximum of two months from the date of receipt of the complaint, except in duly justified exceptional circumstances.

It shall implement a procedure allowing fair and consistent handling of complaints from clients.

It shall record each complaint and the measures taken to process it. It shall also implement a complaint monitoring system enabling it to identify any malfunctions and implement the appropriate corrective measures.

Information on the complaint handling procedure shall be made available to clients free of charge.

The procedure put in place shall be proportionate to the size and structure of the crowdfunding investment adviser.

An AMF instruction shall specify the modalities for applying this article.

Article 325-48

The natural persons having the power to manage or administer the legal entity which is authorised as a crowdfunding investment adviser and the natural persons employed to carry out the activity of crowdfunding investment advice shall each year take training courses adapted to their activity and experience, in accordance with the modalities set out by the professional association of which the crowdfunding investment adviser is a member.

Article 325-49

The natural persons having the power to manage or administer the crowdfunding investment adviser shall ensure that it complies with the laws, regulations and professional obligations applicable to the activity of crowdfunding investment adviser.

SECTION 4 - HANDLING AND MONITORING OF SUBSCRIPTION APPLICATIONS AND BOOK ENTRY

Article 325-50

The crowdfunding investment adviser may provide a subscription application handling and monitoring service.

This service provision shall be formalised in an agreement between the crowdfunding investment adviser and the mandating issuer, setting out in particular the obligations of the crowdfunding investment adviser and the fees charged. For this purpose, it shall collect notably the personal data of subscribers and transmit it to the issuer for registration in the records of the latter.

The crowdfunding investment adviser shall implement a procedure setting out the terms for handling and monitoring subscription application forms, notably in the event of oversubscription. This procedure shall provide for time stamping of the subscription applications on receipt.

The crowdfunding investment adviser shall act with diligence and professionalism when processing subscription applications. It

shall keep a record of the service provided on a durable medium.

If the offer is cancelled, it shall inform the client promptly.

Article 325-50-1

The crowdfunding investment adviser may provide a subscription application handling and monitoring service that includes the registration of financial securities in a securities account in accordance with I of Article L. 547-1 of the Monetary and Financial Code.

This service shall be formalised in an agreement between the crowdfunding investment adviser and the mandating issuer that includes the obligations of the crowdfunding investment adviser and the charged fees. For this purpose, it shall collect the personal data of subscribers for registration in the issuers' records of the latter.

The crowdfunding investment adviser shall implement a procedure setting out :

1° The terms for handling and monitoring subscription applications, notably in the event of oversubscription. This procedure shall provide for time stamping of subscription applications on receipt;

2° The procedure for registering financial securities in a securities account.

The crowdfunding investment adviser shall act with diligence and professionalism when processing subscription applications and entering financial securities in securities accounts.

The crowdfunding investment adviser shall retain records of services provided in a durable medium.

If the offer is cancelled, it shall inform the client without delay.

Article 325-50-2

I. – Where the crowdfunding investment adviser carries out the business of registering financial securities in a securities account, the following subscription application processing and monitoring tasks are essential:

1° Providing for the centralised receipt of subscription applications relating to offers not covered by a prospectus authorised by the AMF and proceeding with the corresponding registration;

2° Checking compliance with subscription application centralisation cutoff dates and times that will have been communicated to the client according to the provisions of Article 325-38;

3° Recording the amount, and where relevant, the number of securities subscribed for, stemming from the centralised receipt of subscription applications;

4° Recording the information required to create the securities issued;

5° Communicating information related to the processing of subscription applications to the issuer.

II. – The records shall include the following information:

1° The issuer;

2° The subscriber's identity;

3° The time and date of the order;

4° The number of securities subscribed;

5° The security subscription price.

Article 325-50-3

A subscription application that has been sent to the crowdfunding investment adviser is irrevocable upon the cutoff time and date that will have been communicated to the client according to the provisions of Article 325-38, and bounds the investor to pay for such securities.

Article 325-50-4

The following tasks related to the registration of financial securities in a securities account shall be carried out:

1° Registering in a justifiable and traceable manner in the issuer's books the number of securities created following the centralisation of subscription applications, thereby determining the number of securities resulting from the issue, together with the number of securities held by each subscriber;

2° Communicating to the issuer all of the information and documentation produced for the purpose of registering the number of securities created following the centralisation of subscription applications.

SECTION 5 – AUTHORISATION OF REPRESENTATIVE ASSOCIATIONS

Sub-section 1 - Authorisation requirements

Article 325-51

The association shall have its registered office in France, and its principal purpose shall be monitoring the individual professional activity of its member crowdfunding investment advisers.

Article 325-52

The legal representatives of the association shall meet the good repute and experience criteria relevant to their functions.

Article 325-53

The association shall draw up a code of conduct setting forth the professional rules defined in Articles 325-35 to 325-50, as well as the rules for monitoring and oversight of the training programmes provided for in Article 325-56.

This code shall be submitted for approval by the AMF as professional rules.

The code of conduct established for crowdfunding investment advisers shall specify:

- The professional rules set out in Articles 325-35 to 325-50;
- The terms for monitoring and oversight of the training courses organised by the association;
- The terms on which the crowdfunding investment adviser shall monitor the investments proposed via its website, notably transmission to investors of the information updated by the issuer or the project leader, including the information referred to in Article 217-1, the conditions under which investors will be represented at general meetings and the offices held in the corporate bodies of the issuer.

Article 325-54

The association shall establish written admission, individual professional activity monitoring and disciplinary procedures for its member crowdfunding investment advisers.

The procedures defining the admission criteria take account, inter alia, of the level of professional skill and the ability of the applicant to comply with the business conduct and organisational rules applicable to it.

The association shall inform the AMF promptly of any refusal to admit an applicant on account of its professional skills, and shall inform the applicant of the grounds for such refusal.

The association shall also establish written procedures to monitor members' compliance with applicable laws, regulations and ethical rules.

The association shall carry out an on-site verification of each of its members at least once every three years. Where applicable, the verifications delegated by the AMF to the association pursuant to Article L. 621-9-2 of the Monetary and Financial Code shall be taken into account for the purposes of the present paragraph.

Article 325-55

The association shall have the permanent human and material resources needed to carry out its mission on an ongoing basis.

These material resources shall include, inter alia:

1° A computerised tool to establish a list indicating, where applicable, for each member:

- The company name and address of the legal entity;
- The surname, forename, date of birth, place of birth and personal address of the natural persons having the power to manage or administer the legal entity; and
- The surname, forename, date and place of birth of the natural persons employed by the crowdfunding investment adviser to carry out crowdfunding investment advice activities.

This list shall be held at the disposal of the AMF.

2° A data storage facility for the retention of documents.

Article 325-56

The association shall ensure that its members' knowledge is kept current by selecting or organising training programmes.

An AMF instruction shall specify the modalities for applying this article.

Article 325-56-1

The association shall carry out the verification of knowledge levels of the people described in paragraph I of Article 325-12-2 during the period and under the conditions specified in paragraph II of that same Article.

Article 325-57

The association shall be independent of institutions promoting products mentioned in point 1 of Article L. 341-3 of the Monetary and Financial Code.

Sub-section 2 - Authorisation procedure

Article 325-58

Authorisation of a representative association within the meaning of Article L. 547-4 of the Monetary and Financial Code shall be subject to filing of an application with the AMF, comprising:

1° The articles of the association;

2° The name, a *curriculum vitae* and an extract from the judicial record of its legal representatives;

3° A three-year projected budget for the association;

4° A draft code of conduct;

5° A description of the human and technical resources that will enable the association to fulfil its obligations under the terms of this chapter.

6° Evidence of its representative nature and of its knowledge of crowdfunding investment advice.

Article 325-59

In deciding whether to issue authorisation to an association, the AMF shall assess whether the applicant, based on its filing, fulfils the conditions set forth in Articles 325-51 to 325-57. The AMF may ask the applicant to provide any further information it considers necessary to reach its decision.

Sub-section 3 - Reporting to the AMF

Article 325-60

I. - No later than 31 May of each year, the association shall provide the AMF with a copy of the balance sheet and the income statement for the most recent financial year and an activity report describing in particular, for the previous calendar year, the verifications carried out and their archiving and the training courses undertaken or selected.

II. - No later than 30 June each year, the association shall provide the AMF with the data sheet for each of its members, collected pursuant to Article 325-45.

An AMF instruction shall set out the modalities for application of the present article.

Article 325-61

The association shall inform the AMF promptly of any changes to key items in the initial authorisation application, notably concerning its management, organisation or supervision.

The AMF shall inform the association of any consequences such changes might have on its authorisation. Any modification to the code of conduct shall be submitted to the AMF for prior approval.

Article 325-62

The association shall inform the AMF promptly of disciplinary action taken against any of its members and shall hold the reports of its verifications at its disposal.

Sub-section 4 - Withdrawal of authorisation

Article 325-63

The AMF may withdraw its authorisation of the association if it no longer meets the conditions of its initial authorisation or a subsequent authorisation, or if it fails to meet commitments given at such time, or when the association has not made use of its authorisation within the past twelve months, or when it has been inactive for at least three months.

Article 325-64

When the AMF is considering withdrawing its authorisation, it shall so inform the association, indicating the reasons therefor.

The association shall have one month from receipt of such notification to submit any observations it might have.

Article 325-65

When the AMF decides to withdraw an authorisation, the association shall be notified of the AMF's decision by registered letter with return receipt. The AMF shall inform the public of the withdrawal by means of an online news release posted on its website and placed in newspapers or other publications of its choosing.

This decision shall specify the timetable and method for implementing the withdrawal.

Pending withdrawal, the association shall be placed under the supervision of an agent appointed by the AMF. It must inform its members that its authorisation has been withdrawn.

The agent shall be bound by professional secrecy rules.

Article 325-66

When an association asks for its authorisation to be withdrawn, it shall explain the reasons for its request to the AMF and shall specify how it intends to enable its members to continue practising their profession.

Article 325-67

The examination by the AMF provided for in Article L. 547-4 of the Monetary and Financial Code shall be conducted on the basis of a file, the content of which is specified by an instruction.

CHAPTER VI - DIRECT MARKETERS

CHAPTER VII - INVESTMENT ANALYSTS NOT ASSOCIATED WITH AN INVESTMENT SERVICE PROVIDER

SECTION 1 - SCOPE

Article 327-1

I. - In implementation of VIII and IX of Article L. 621-7 of the Monetary and Financial Code, this Chapter sets forth:

1° Conduct-of-business conditions for natural and legal persons engaging in the activity of investment analysts.

2° Rules of conduct for natural persons working under the authority or on behalf of legal persons engaged in the activity of investment analysis;

3° Provisions to ensure the independence of investment analysts' evaluations and prevent conflicts of interest.

II. - The investment analysts concerned are natural and legal persons other than investment services providers that produce or disseminate a general investment recommendation, as provided for in Article 313-25.

SECTION 2 - PRODUCTION AND DISSEMINATION OF INVESTMENT RESEARCH

Sub-section 1 - Production of analysis: Independence of analysts and management of conflicts of interest

Article 327-2

The provisions of Articles 313-9 to 313-12 and of Article 314-76 are applicable to financial analysts not employed by an investment services provider.

Article 327-2-1

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Article 327-3

Whenever a natural or legal person not associated with an investment service provider is subject to internal procedures or to a code of conduct, that person makes reference to such procedures or code in the investment research that it disseminates.

Article 327-4

I. - An investment analyst that does not depend on an investment service provider shall be deemed to produce independent evaluations if:

1° It has no significant shareholdings in credit institutions or investment firms;

2° No credit institution or investment firm owns more than one-third of its shares directly or indirectly;

3° It has no equity holdings in the issuers that it analyses or in the advisers to these issuers, and none of the issuers that it analyses and none of the advisers to these issuers have an equity holding in it.

4° It has no legal links to the issuers that it analyses, unless the issuer that orders an analysis undertakes not to intervene in the production of this analysis or to impede its dissemination.

5° If the investment analyst is a legal person, the majority of its share capital is owned by investment analysts that comply with the requirements stipulated in 1°, 2°, 3° and 4°.

II. - An investment analyst governed by this Chapter that has relations with a person or entity that prevent it from complying with any of the requirements stipulated in I shall adopt procedures and means to ensure that this person or entity shall not interfere in any way in the conduct of its business.

Article 327-5

An investment analyst governed by this Chapter shall retain documents, including analyses produced and disseminated, for at least five years.

Sub-section 2 - Establishing a code of conduct

Article 327-6

I. - Investment analysts governed by this Chapter shall adopt a code of conduct that defines:

1° The principles of integrity, independence, skill and organisation that they must comply with;

2° The methodology used to produce their analyses.

The code of conduct shall be available for consultation at the investment analyst's registered office or business address. This document shall be posted on the investment analyst's website, if it has one.

II. - Investment analysts governed by this Chapter shall be exempted from the requirements in I if they belong to an industry association that is recognised by the AMF under the terms of Sub-section 3 of this Section.

Sub-section 3 - Recognition of representative bodies

PARAGRAPH 1 - REQUIREMENTS FOR RECOGNITION BY THE AMF

Article 327-7

An association of investment analysts governed by this Chapter may apply to the AMF for recognition.

The recognised association must be representative of the investment analysis activity governed by this Chapter.

Article 327-8

I. - The industry association shall draw up a code of conduct that defines the fundamental principles that its members must comply with. The members of the association may give consideration to their size and organisational structure for the application of such principles.

The association shall draw up written procedures for supervising its members' compliance with legal, regulatory and ethical provisions.

II. - More specifically, the association's code of conduct shall define:

1° Written procedures for admitting and sanctioning its members;

2° The skills, training, professional experience and resources that the members must have;

3° A code of conduct, as stipulated in Article 337-6;

4° The confidentiality rules applying to its members;

5° Where applicable, the establishment, management and supervision or participation in a mutual fund to finance research.

III. - The code of conduct shall specify any penalties for non-compliance.

IV. - The code of conduct shall be available for consultation by anyone at anytime by applying to the association's registered office. It shall also be posted on the association's website, if it has one.

Article 327-9

The association shall ensure that its members' knowledge is up to date by selecting or organising training.

Article 327-10

The association must have the human and material resources necessary for performing its tasks and ensuring its sustainability.

PARAGRAPH 2 - RECOGNITION PROCEDURE

Article 327-11

The recognition of an industry association requires the filing of an application, containing:

1° The articles of association of the association;

2° A *curriculum vitae* and a copy of the judicial record for the legal representatives;

3° The association's budget for the next three years;

4° A draft code of conduct;

5° A description of the personnel and technical resources to be used to ensure compliance with the requirements stipulated in this Chapter;

6° The list of members.

Article 327-12

Before recognising an association, the AMF shall examine the application contents to see if the association meets the requirements set out in Articles 327-8 to 327-10.

The AMF shall have the right to request that the association provide any further information that it needs to make its decision.

PARAGRAPH 3 - DISCLOSURES TO THE AMF

Article 327-13

Within six months of the end of the financial year, the association shall provide the AMF with copies of its balance sheet and income statement, along with the activity report describing the supervision carried out and record keeping, and the training courses provided or selected.

Article 327-14

The association shall immediately notify the AMF of changes to the information contained in the initial application for recognition, and in particular, changes in management, organisation and supervision.

Article 327-15

The association shall immediately notify the AMF of any sanctions imposed on one of its members.

Article 327-16

The industry association shall provide the AMF with an updated list of its members within three months of the end of each calendar year.

PARAGRAPH 4 - WITHDRAWAL OF RECOGNITION

Article 327-17

I. - The AMF may withdraw its recognition if the association no longer complies with the requirements and obligations therefor.

If it plans to withdraw recognition, the AMF shall notify the association and explain the grounds for the planned decision. The association then has one month from the receipt of this notice to make any response.

II. - If the AMF decides to withdraw recognition, the association shall be informed of its decision by registered letter with acknowledgement of receipt. The AMF shall inform the public of the withdrawal of recognition by posting a news release on its website.

The decision shall specify the terms and the implementation timeframe for the withdrawal of recognition.

The association must inform its members of the withdrawal of its recognition.

Article 327-18

If an association asks to surrender its recognition, it shall explain to the AMF the reasons for its request and the planned procedures for enabling its members to continue to conduct their business.

SECTION 3 - DISSEMINATION OF INVESTMENT RESEARCH PRODUCED BY THIRD PARTIES

Article 327-19

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Article 327-20

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Article 327-21

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Article 327-22

[Empty]

Article 327-23

[Empty]

CHAPTER VIII - DISSEMINATION OF INVESTMENT RESEARCH FROM ABROAD

SINGLE SECTION - TRANSPARENCY IN INVESTMENT RESEARCH DISSEMINATED FROM ABROAD

Article 328-1

[Empty]

CHAPTER IX - INVESTMENT RECOMMENDATIONS PRODUCED OR DISSEMINATED IN CONNECTION WITH A JOURNALISTIC ACTIVITY

Article 329-1

The companies referred to in 1° of Article L. 621-31 of the Monetary and Financial Code that are not members of the association provided for in Article L. 621-32 of the Monetary and Financial Code, as well as professional journalists other than those mentioned in 2° of Article L. 621-31 of the Monetary and Financial Code, shall be subject to the provisions of the market abuse regulation (regulation n° 596/2014/EU).

Article 329-2

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Article 329-3

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Article 329-4

[Empty]

Article 329-5

[Empty]

Article 329-6

[Empty]

BOOK IV - COLLECTIVE INVESTMENT PRODUCTS

TITLE I - UNDERTAKINGS FOR COLLECTIVE INVESTMENT IN TRANSFERABLE SECURITIES (UCITS)

Article 411-1

1° The term "Undertaking for Collective Investment in Transferable Securities" (UCITS) designates an open-ended investment company (*société d'investissement à capital variable* - SICAV) or a common fund (*fonds commun de placement* - FCP) approved in accordance with Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009;

2° The term "holder" designates the holder of units in an FCP or shares in a SICAV;

3° Where SICAVs do not delegate the overall management of their portfolio as stipulated in Article L. 214-7 of the Monetary and Financial Code, they shall meet all the conditions applying to management companies and respect the obligations applying to such companies.

4° References to "members of the board of directors or the executive board of the SICAV" shall be understood to include, where applicable, the chairman of a simplified joint-stock company or the senior managers designated by the articles of incorporation to carry out the duties of the board of directors in accordance with the provisions of Article L. 227-1 of the Commercial Code.

SOLE CHAPTER - COLLECTIVE INVESTMENT SCHEMES

Article 411-2

The provisions of this Chapter apply to all collective investment schemes governed by of Book II, Title I, Chapter IV, Section 1, Sub-section 1 of the Monetary and Financial Code, as well as to their management companies and depositaries.

SECTION 1 - AUTHORISATION

Article 411-3

A UCITS cannot transform itself into another collective investment.

Sub-section 1 - SICAVs

Article 411-4

The articles of incorporation of a SICAV are signed by the first shareholders in person, or by a specially empowered agent. The said articles stipulate the names of the first shareholders and the amounts paid in by each of them, and, where applicable, the names of the first directors or the names of the members of the executive board and the supervisory board, as well as the names of the first statutory auditor and, where applicable, the substitute auditor, named in accordance with the conditions stipulated in Article L. 214-7-2 of the Monetary and Financial Code.

A SICAV cannot set up sub-funds and issue different share classes unless its articles of incorporation explicitly provide for it to do so.

Article 411-5

The articles of incorporation, along with the deposit certificate for the initial capital issued by the depositary, shall be filed with the registry of the commercial court with jurisdiction over the registered office of the SICAV.

If the articles of incorporation provide for the SICAV to be an umbrella fund, the depositary also issues a certificate for each sub-fund to the management company. The management company sends the said certificates to the AMF.

An AMF Instruction stipulates the minimum information disclosures required in the articles of incorporation of a SICAV.

Article 411-5-1

The articles of incorporation provided for in Article L. 214-4 of the Monetary and Financial Code stipulate the principles for distributing the SICAV's distributable sums, the procedures for subscriptions and redemptions and, where applicable, the procedures governing the rights attaching to different share classes. The procedures for distributing the SICAV's distributable sums may be defined in the prospectus.

Article 411-6

I. Authorisation of a SICAV, which is provided for under Article L. 214-3 of the Monetary and Financial Code and, where applicable, the authorisation of each sub-fund provided for under the same Article is subject to prior filing of an application with the AMF containing the elements stipulated in an AMF Instruction.

Without prejudice to the provisions of III, the AMF notifies the SICAV whether its authorisation has been granted or refused within one month of the filing of the application.

If the AMF does not respond for one month following the acknowledgement of receipt of the application, authorisation is deemed to be granted.

If the AMF asks for further information that requires the management company to submit a supplementary information sheet, the AMF serves written notice stipulating that it shall receive the items requested within sixty days. If it fails to receive the said items within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received all the information requested. The acknowledgement of receipt stipulates a new authorisation period, which cannot be longer than the one referred to in the previous paragraph.

II. - The period referred to in I is reduced to eight working days after the AMF issues the acknowledgement of receipt of the authorisation application, if the SICAV applying for authorisation is comparable to a UCITS or an AIF that has already been authorised by the AMF.

The AMF assesses the comparability of the SICAV applying for authorisation, called the "comparable SICAV" and the UCITS or AIF previously authorised by the AMF, called the "reference UCITS or AIF", with respect to the following:

1° The reference UCITS or AIF and the comparable SICAV are managed by the same management company or the same delegated investment manager, or by investment management companies or delegated investment managers belonging to the same corporate group, and subject to the AMF's assessment of the information provided by the management company of the comparable SICAV, in accordance with the requirements stipulated in an AMF Instruction;

2° The reference UCITS or AIF has been authorised by the AMF and incorporated less than eighteen months before the date of receipt by the AMF of the authorisation application for the comparable SICAV. At the reasoned request of the management company of the comparable SICAV, the AMF may accept a reference UCITS or AIF that has been incorporated for more than eighteen months at the date of receipt of the authorisation application for the comparable SICAV;

3° The reference UCITS or AIF has not undergone any changes other than those referred to in an AMF Instruction. At the reasoned request of the management company of the comparable SICAV, the AMF may allow a UCITS or AIF that has undergone changes other than those referred to in the instruction to be a reference UCITS or AIF;

4° Subscribers to the comparable SICAV shall meet the requirements for subscribing and purchasing the reference UCITS or AIF;

5° The investment strategy, risk profile, operating rules and articles of incorporation of the comparable SICAV shall be similar to those of the reference UCITS or AIF.

If one of the incorporation documents of the comparable SICAV is different from that of the reference UCITS or AIF, it shall be clearly identified in the authorisation application for the comparable SICAV, in accordance with the procedures stipulated in an AMF Instruction.

The authorisation application of the comparable SICAV shall be filed electronically.

If the AMF asks for further information that requires submission of a supplementary information sheet, the AMF serves such notice, stipulating that the items requested must arrive within sixty days. If it fails to receive the said elements within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received all of the information requested. The acknowledgement of receipt stipulates a new authorisation period of eight worked days or less.

If the comparable SICAV or the reference UCITS or AIF do not comply with the requirements referred to in this Article, the AMF notifies the applicant, stipulating that the supplementary information required to compile an authorisation application under the procedures described in I shall be received within sixty days. If it fails to receive all of the supplementary information within this period, the authorisation application is deemed to be rejected. When all of the supplementary information has been received, the AMF issues a written acknowledgement of receipt and examines the authorisation application for the SICAV under the conditions and procedures referred to in I. The acknowledgement of receipt stipulates a new authorisation period of one month or less.

III. - If the SICAV has not appointed a management company, it will be notified whether authorisation has been granted or refused within three months of submitting an application. The AMF may extend this deadline by up to three months where it considers this necessary due to special circumstances, having notified the SICAV.

Article 411-7

In order to grant the authorisation for the SICAV provided for in Article L. 214-3 of the Monetary and Financial Code, the AMF examines the articles of incorporation of the SICAV, the investment strategy used to attain the investment objective of the UCITS, its charge structure and any share classes, as presented in the founding documents.

The AMF also examines the choice of depositary and the application of the management company to manage the SICAV.

If the management company is established in another European Union Member State or in another State party to the European Economic Area agreement, the AMF will rule on the application of the management company to manage the SICAV's portfolio in accordance with Article L. 214-7-1 of the Monetary and Financial Code.

The AMF ensures that there is no legal impediment that prevents the SICAV covered by this chapter from marketing its shares in France, such as a provision in its articles of incorporation.

Article 411-8

The management company or the SICAV, where applicable, shall send the AMF the deposit certificate for the initial capital of SICAV immediately after the funds are deposited and within one hundred eighty business days at the latest after the SICAV is authorised.

For SICAVs that are umbrella funds, this certificate shall be sent to the AMF within:

1° One hundred eighty business days of the date of authorisation of the SICAV for at least one of the sub-funds; and

2° Three hundred sixty business days of the date of notification of the authorisation for the other sub-funds if they exist.

The deposit certificate shall name the sub-fund(s) that it covers.

If the AMF does not receive the certificate within these time periods, it declares the authorisation null and void under the conditions set out in an AMF Instruction.

Where warranted by special circumstances, the SICAV may make a reasoned request for an extension of the deadline for depositing the funds, which shall reach the AMF before the date on which the authorisation is to be declared null and void, and mention the requested deadline. The AMF will notify the SICAV or the management company of its decision within eight worked days of receiving the request.

Article 411-9

The marketing of shares in a SICAV and, where applicable, one or more sub-funds, cannot start until the AMF has served notice of its authorisation. This notification is sent to the management company or the SICAV itself, where applicable, under the conditions set out in an AMF Instruction.

Sub-section 2 - Common funds (FCPs)

Article 411-10

I. - Authorisation of an FCP, which is provided for under Article L. 214-3 of the Monetary and Financial Code and, where applicable, the authorisation of each sub-fund provided for under the same Article is subject to prior filing of an application with the AMF containing the elements stipulated in an AMF Instruction.

The investment company will be notified whether authorisation for the FCP has been granted or refused within one month of filing the application.

If the AMF does not respond for one month following acknowledgement of receipt of the application, authorisation is deemed to be granted.

If the AMF asks for further information that requires the management company to submit a supplementary information sheet, the AMF serves written notice stipulating that the elements requested must arrive within sixty days. If it fails to receive the said elements within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received all of the information requested. The acknowledgement of receipt stipulates a new authorisation period, which cannot be longer than those stipulated in the second and third paragraphs.

II. - The period referred to in I is reduced to eight worked days after the AMF issues an acknowledgement of receipt of the authorisation application if the FCP applying for authorisation is comparable to a UCITS or AIF that has already been authorised by the AMF.

The AMF assesses the comparability of the FCP applying for authorisation, called the "comparable FCP", and the UCITS or AIF previously authorised by the AMF, called the "reference UCITS or AIF", with respect to the following:

1° The reference UCITS or AIF and the comparable FCP are managed by the same management company or the same delegated investment manager, or by investment management companies or delegated investment managers belonging to the same corporate group, and subject to the AMF's assessment of the information supplied by the management company of the comparable FCP in accordance with the requirements stipulated in an AMF Instruction;

2° The reference UCITS or AIF has been authorised by the AMF and incorporated less than eighteen months before the date of receipt by the AMF of the authorisation application for the comparable FCP. At the reasoned request of the management company of the comparable FCP, the AMF may accept a reference UCITS or AIF that has been incorporated for more than eighteen months at the date of receipt of the authorisation application for the UCITS;

3° The reference UCITS or AIF has not undergone any changes other than those referred to in an AMF Instruction. At the reasoned request of the management company of the comparable FCP, the AMF may allow a UCITS or AIF that has undergone changes other than those referred to in the instruction to be a reference UCITS or AIF;

4° Subscribers to the comparable FCP shall meet the requirements for subscribing or purchasing the reference UCITS or AIF;

5° The investment strategy, risk profile, operating rules and fund rules of the comparable FCP shall be similar to those of the reference UCITS or AIF.

If one of the founding documents of the comparable FCP is different from that of the reference UCITS or AIF, it shall be clearly identified in the authorisation application for the comparable FCP in accordance with the requirements set out in an AMF Instruction.

The authorisation application for the comparable FCP shall be filed electronically.

If the AMF asks for further information that requires submission of a supplementary information sheet, the AMF serves such notice, stipulating that the items requested must arrive within sixty days. If it fails to receive the said elements within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received all of the information requested. The acknowledgement of receipt stipulates a new authorisation period of eight worked days or less.

If the comparable FCP or the reference UCITS or AIF do not comply with the requirements referred to in this Article, the AMF notifies the applicant, stipulating that the supplementary information required to compile an authorisation application under the procedures described in I must be received within sixty days. If it fails to receive all of the supplementary within this period, the authorisation application is deemed to be rejected. When all of the supplementary information has been received, the AMF issues a written acknowledgement of receipt and examines the authorisation application for the SICAV under the conditions and procedures referred to in I. The acknowledgement of receipt stipulates a new authorisation period of one month or less.

Article 411-11

In order to grant the authorisation for the FCP provided for in Article L. 214-3 of the Monetary and Financial Code, the AMF examines the fund rules of the FCP, the investment strategy used to attain the investment objective of the CIS, its charge structure and any unit classes.

The AMF also examines the choice of depositary and the application of the management company to manage the FCP.

If the management company is established in another European Union Member State or another State party to the European Economic Area, the AMF will rule on the application of the management company to manage the FCP's portfolio in accordance with Article L. 214-8-1 of the Monetary and Financial Code.

The AMF ensures that there is no legal impediment that prevents the FCP covered by this chapter from marketing its shares in France, such as a provision in its fund rules.

The AMF also ensures that a depositary institution has been designated for the CIS' assets.

Article 411-12

The management company shall send the AMF the deposit certificate for the funds of the FCP immediately after the deposit of the funds and within one hundred eighty business days of the date of the authorisation for the FCP.

For FCPs that are umbrella funds, this certificate shall be sent to the AMF within:

1° One hundred eighty business days of the date of authorisation of the FCP for at least one of the sub-funds; and

2° Three hundred sixty business days of the date of notification of the authorisation for the other sub-funds if they exist.

The deposit certificate shall name the sub-fund(s) that it covers.

If the AMF does not receive the certificate within these time periods, it will declare the authorisation null and void under the conditions set out in an AMF Instruction.

Where warranted by special circumstances, the management company may make a reasoned request an extension of the deadline for depositing the funds, which must reach the AMF before the date on which the authorisation is to be declared null and void, and mention the requested deadline. The AMF will notify the management company of its decision within eight worked days of receiving the request.

Article 411-13

The fund rules provided for in Article L. 214-8-1 of the Monetary and Financial Code set the term of the FCP and the minimum amount of its initial assets, which cannot be less than the amount stipulated in Article D.214-6 of the Monetary and Financial Code.

The fund rules also stipulate the procedures for distributing the distributable sums of the FCP, the subscription and redemption procedures and, where applicable, the procedures governing the rights attaching to the different unit classes. The procedures for distributing the FCP's distributable sums may be defined in the prospectus.

The FCP cannot set up sub-funds unless its fund rules specifically provide for it to do so.

An AMF Instruction shall define the contents of the sections in the FCP's fund rules.

Article 411-14

The marketing of FCP units and, where applicable, sub-fund units, cannot start until the AMF has served notice of its authorisation. The notice will be sent to the management company of the FCP under the conditions set out in an AMF Instruction.

Subscriptions may start once this notice has been received.

The founders shall undertake to complete, where applicable, subscriptions before the end of the period stipulated in the abovementioned Instruction for reaching the minimum amount stipulated in the FCP fund rules. The time period starts upon notification of the FCP's authorisation.

As soon as the amount referred to in the previous paragraph has been reached, the management company will determine the first net asset value. The corresponding deposit certificate issued by the depositary shall be sent to the AMF immediately.

If the FCP is an umbrella fund, the depositary shall issue a deposit certificate for each sub-fund.

Sub-section 3 - Modifications

Article 411-15

Two types of modifications can occur in the life of CIS:

1° Modifications that require authorisation, which are called "transfers";

2° Modifications that do not require authorisation, which are called "changes".

The procedures for notifying holders and the conditions under which holders can redeem their units or shares are set out in an AMF Instruction.

PARAGRAPH 1 - TRANSFERS

Article 411-16

An AMF Instruction defines the conditions under which the AMF authorises transfers affecting a CIS. The authorisation period is eight worked days.

Except in the event of changes mentioned in Articles 411-53, 411-98, 411-100 and 411-104:

1° The period between the date the unit holders are informed and the effective date for the change in the CIS shall be between at least three and ninety days in accordance with the conditions set by an AMF instruction.

2° The period between the date the unit holders are informed and the end of the period to sell without charge shall be between at least three and ninety days in accordance with the conditions set by an AMF instruction.

Article 411-17

If a CIS or a sub-fund, where applicable, is liquidated, the statutory auditor produces a report on the valuation of the assets and on the liquidation terms, as well as transactions that have taken place since the end of the previous accounting year. This report is made available to the holders. It is sent to the AMF.

PARAGRAPH 2 - CHANGES

Article 411-18

CISs that undergo changes shall report them in accordance with the procedures set out in an AMF Instruction.

Sub-section 4 - Constituting and transferring new sub-funds

Article 411-19

The prior authorisation of the AMF is required for constituting and transferring sub-funds as stipulated in Article L. 214-3 of the Monetary and Financial Code, in accordance with a procedure set out in an AMF Instruction.

SECTION 2 - GENERAL RULES

Sub-section 1 - Subscription and redemption rules

Article 411-20

In accordance with the provisions of Articles L. 214-7 and L. 214-8 of the Monetary and Financial Code, FCP units or SICAV shares are issued at the request of holders and at the net asset value, plus or minus charges and fees, as the case may be.

However, the UCITS may stop issuing units or shares under the provisions of the third paragraph of Article L. 214-7-4 and the third paragraph of Article L. 214-8-7 of the Monetary and Financial Code. In this case, the prospectus defines objective conditions that trigger a temporary or definitive closure of subscriptions, such as reaching a maximum number of units or shares to be issued, a maximum amount of assets or the end of a given subscription period.

Shares and units are redeemed on the basis of their net asset values, under the conditions set out in Articles 411-123 to 411-125.

If redemptions are temporarily suspended under the terms of the first paragraph of Article L. 214-7-4 or the first paragraph of Article L. 214-8-7 of the Monetary and Financial Code, the UCITS or, where applicable, the management company shall immediately disclose the reasons and the procedures for the suspension of redemptions to the AMF and to all of the authorities of the European Union Member States and all the States party to the European Economic Area agreement where the units or shares are marketed.

Article 411-20-1

In accordance with the final paragraph of Article L. 214-7-4 and the final paragraph of Article L. 214-8-7 of the Monetary and Financial Code, the UCITS may provide for the temporary gating of redemptions of units or shares in the cases it is necessary owing to exceptional circumstances and in order to protect the interests of the units or shares holders, or those of the public. Such conditions may be met in particular where, irrespective of the normal carrying out of the management strategy, the level of redemption orders is such that considering the liquidity conditions of the assets of the SICAV, of the fund, or of one of its sub-funds, these orders cannot be executed on terms that protect the interests of holders and ensure their equitable treatment, or where redemption orders are made under circumstances that may undermine market integrity.

In these cases, redemptions may be gated in the same proportion for all concerned holders, who must be specifically informed of the fact. The part of orders that is unexecuted and that is resubmitted does not have any priority, on the next centralisation dates, over new redemption orders submitted for execution on those dates.

The management company shall notify the AMF of its decision to apply a redemption gate. The management company shall also notify the public, by any means under the conditions set forth in the prospectus and at a minimum, on the asset management company's website.

The rules of the common fund (FCP) or the articles of association of the SICAV shall precisely define the conditions under which a redemption gate may be decided and, in particular:

1° Set the threshold above which the management company may decide to apply a redemption gate to redemption orders received in respect of a single centralisation date;

This threshold shall be justified based on the frequency of the net asset value calculation, on the management strategy and on the liquidity of the assets held by the UCITS portfolio; the threshold is equal to the ratio between:

- the difference registered, on the same centralisation date, between the number of redemption requests for units or shares of the UCITS and the number of subscription requests for units or shares of the UCITS; and

- the net asset of the UCITS or the total number of units or shares of the UCITS or sub-fund in question.

This threshold is determined on the basis of the most recent published net asset value or of the most recent indicative net asset value calculated by the management company, or of the number of units or shares outstanding on the valuation date;

2° State the procedures according to which the UCITS may either decide to cancel the unexecuted part of redemption orders or to carry them forward until the next centralisation date. However, in the cases where the UCITS calculates its net asset value more than once a week, the unexecuted part of redemption orders is automatically carried forward to the next centralisation date;

3° Specify whether, and under what terms, the holder may oppose to the carrying forward of the unexecuted part of his redemption order;

4° Limit the gating of redemption requests to a maximum number of net asset values calculations for a given period; this maximum number must be explained with regard to the frequency of net asset value calculation, the management strategy and the liquidity of the assets in the UCITS portfolio.

Sub-section 2 - Minimum asset amount

Article 411-21

When the assets of a SICAV or an FCP fall below 300,000 euros, redemption of the SICAV shares or FCP units is suspended.

If the assets remain under the amounts stipulated in the first paragraph for thirty days, the CIS in question is wound up or subject to one of the transactions provided for in Article 411-15.

If the CIS is an umbrella fund, the provisions of this Article apply to each sub-fund.

The provisions of this Chapter do not apply to the collective investment schemes mentioned in Article R. 214-28 of the Monetary and Financial Code.

Sub-section 3 - Classes of FCP units and SICAV shares

Article 411-22

The prospectus cited in Article 411-113 may provide for different unit or share classes within the same CIS or within the same sub-fund. These classes may:

1° Be subject to different rules for distributing income;

2° Be denominated in different currencies;

3° Be subject to different management charges;

4° Be charged different subscription and redemption fees;

5° Have different par values;

6° Come with automatic partial or full risk hedging, as defined in the prospectus. This hedging is achieved using financial instruments that reduce the impact of hedging transactions on the other unit classes in the CIS to a minimum;

7° Be reserved for one or more marketing networks.

Subscriptions of a given unit or share class may be reserved for a category of investors defined in the prospectus using objective criteria, such as a subscription amount, a minimum holding period or any other commitment given by the holder.

SECTION 3 - OPERATING RULES

Sub-section 1 - Contributions in kind

Article 411-23

Contributions in kind, which may include only the assets stipulated in Article L. 214-20 of the Monetary and Financial Code, are valued under the conditions stipulated in Articles 411-24 to 411-33.

Sub-section 2 - Accounting and financial provisions

PARAGRAPH 1 - VALUATION

Article 411-24

The management company establishes, implements and enforces policies and procedures to compute the net asset value accurately on the basis of its accounting records and to ensure proper execution of subscription and redemption orders at that net asset value.

Article 411-25

The financial instruments, derivatives, securities and deposits listed as the assets of a CIS or held by the CIS are valued every day that the net asset value is determined, under the conditions set out in the prospectus.

Article 411-27

The management company shall value the financial instruments, derivatives, securities and deposits for which no prices have been observed or quoted on the day the net asset value is determined.

Article 411-28

Each category of financial instruments, derivatives, securities and deposits listed as the assets of a given CIS shall be subject to the same valuation rules.

Article 411-29

The net asset value per unit or share is obtained by dividing the net assets of the collective investment scheme by the number of units or shares.

The management company makes the net asset value available and communicates it to any person who requests it.

The net asset value shall be sent to the AMF on the same day as it is determined in accordance with the procedures set out in an AMF Instruction.

If a CIS issues different unit or share classes, the net asset value of each unit or share class are obtained by dividing the portion of net assets corresponding to the unit or share class in question by the number of units of shares in that class. The procedures for calculating the net asset values for CIS unit or share classes shall be explained in the prospectus.

Article 411-30

If CIS unit or share classes are denominated in different currencies, only one currency of account shall be used to recognise the assets of the CIS or the sub-fund.

Article 411-31

Articles 411-24 to 411-33 apply to each sub-fund of a CIS that is an umbrella fund.

Even if separate accounts are kept, each category of financial instruments, derivatives, securities and deposits listed as the assets of sub-funds of the same class in the same CIS is subject to the same valuation rules.

Article 411-32

The beneficiary's claim on the CIS mentioned in Article R. 214-19, II, 2 of the Monetary and Financial Code shall be calculated using the following procedures:

1° The claim is calculated on the basis of all of the financial liabilities of the CIS resulting from transactions in financial instruments and derivatives mentioned in Article L. 211-36, 1 to 3 of the Monetary and Financial Code, before considering the goods and rights that make up the security interest;

2° The management company obtains disclosure of the amount of the claim calculated by the beneficiary of the security interest;

3° The management company establishes an internal procedure for daily monitoring of the value of the claim reported by the beneficiary of the security interest in accordance with 2;

4° The internal procedure referred to in in 3 includes an arrangement for reducing any differentials in value found. The procedure establishes the thresholds that trigger the arrangement depending on the nature of the claim and it defines the decisions to be made to reduce the valuation differential found.

Article 411-33

The procedures for valuing the goods and rights that make up the security interest granted by the CIS referred to in the sixth paragraph of Article R. 214-19, II of the Monetary and Financial Code, are as follows:

1° The goods and rights that make up the security interest are valued in compliance with the valuation rules used by the CIS to value its assets and off-balance sheet items;

2° The management company obtains disclosure of the value of the goods and rights that make up the security interest as calculated by the beneficiary of the security interest;

3° The management company establishes an internal procedure for daily monitoring of the value of the goods and rights that make up the security interest, as reported by the beneficiary of the security interest in accordance with 2;

4° The internal procedure referred to in 3 includes an arrangement for reducing any differentials in value found. The procedure establishes the thresholds that trigger the arrangement and it defines the decisions to be made to reduce the valuation differential found.

PARAGRAPH 2 - ANNUAL FINANCIAL STATEMENTS

Article 411-34

The accounts of the CIS shall be kept in such a way that all of its assets and liabilities can be identified directly at any time.

Article 411-35

At the end of each accounting year, the board of directors or the executive board of the SICAV or the management company of the FCP compiles an inventory of the various assets and liabilities of the CIS. The depositary sends the certificate provided for in Article 323-10 to the management company.

The board of directors or the executive board of the SICAV or the management company of the FCP draws up the annual financial statements of the CIS. Where applicable, it submits the amount and the date of the proposed distribution to the General Meeting and makes the payments of distributable income provided for in Article L. 214-7-2 of the Monetary and Financial Code.

If the CIS is an umbrella fund, condensed financial statements shall be produced for each sub-fund.

These documents report on the situation on the last day of the CIS accounting year. The statements shall be sent to any holder asking for them.

Article 411-36

The annual financial statements of the CIS shall comply with the chart of accounts in force. They shall be certified by the statutory auditor.

Article 411-37

The annual financial statements of the CIS, along with the report by the board of directors or the executive board of the SICAV or the management company of the FCP shall be made available to the statutory auditor within 45 days of the end of the accounting year.

Within two months of receiving the report by the board of directors or the executive board of the SICAV or the management company of the FCP, the statutory auditor submits its report to the registered office of the SICAV or of the management company, along with the special report provided for under Article L. 225-40, paragraph 3 of the Commercial Code, where applicable.

Article 411-38

An AMF Instruction determines the contents of the report by the management company on the management of the FCP or of the report by the board of directors or the executive board of the SICAV.

Article 411-39

The annual financial statements, the list of assets at the end of the accounting year, the reports by the statutory auditors of the CIS and the report by the board of directors or the executive board of the SICAV, shall be made available for holders at the registered office of the SICAV or the management company of the FCP. They shall be sent to any holders who request them within eight business days of receiving the request.

Subject to the holder's consent, the documents may be sent electronically.

PARAGRAPH 3 - ADVANCES AND CONTRIBUTIONS

Article 411-40

The board of directors or the executive board of the SICAV or the management company of the FCP may decide to distribute one or more advances on the basis of the statements certified by the statutory auditor.

The statutory auditor assesses both the valuation of contributions in kind and their remuneration. The auditor's report shall be filed within fifteen days after the contribution.

If the contributions in kind involve one or more sub-funds in a CIS, the statutory auditor shall produce a report for each sub-fund concerned.

PARAGRAPH 4 - CHARGES PAID BY THE CIS

Article 411-41

If the compensation of the depositary's delegates, the management company and the companies related to it as defined in Article R. 214-43 of the Monetary and Financial Code that perform tasks on behalf of the CIS or act as counterparties in transactions by the CIS is charged directly to the assets of the CIS, such charges shall be within the limit of the maximum charges of the CIS, as defined in the prospectus, except for the proportion charged by the CIS in which the investment is made.

Article 411-42

[Empty]

Article 411-43

The statutory auditor's fees are set by mutual agreement between the auditor and the management company in consideration of the programme of audit tasks deemed to be necessary.

Sub-section 3 - Mergers

Article 411-44

I. - This sub-section applies to mergers of French UCITS covered by this chapter and foreign UCITS or mergers of two French UCITS covered by this chapter where at least one of them has been subject to the notification provided for in Article 411-136.

This sub-section applies to the sub-funds of such UCITS.

A merger of a French UCITS covered by this chapter that does not meet the requirements provided for in the first paragraph is subject to the procedure described in Chapter II, Section 1, sub-section 7, paragraph 1 of Title II of this Book.

II. - Mergers may take one of the two following forms:

1° Either a merger-takeover in which one or more UCITS or UCITS sub-funds, called "merging UCITS", transfer all of their assets after or at the time of their winding up to another existing UCITS or a sub-fund of that UCITS, called the "receiving UCITS", in exchange for the attribution of units or shares in the receiving UCITS to their holders and, possibly, a cash payment of up to 10% of the net asset value of such units or shares.

The consequences of this transaction are as follows:

a) The assets and liabilities of the merging UCITS are transferred to the receiving UCITS or, where applicable, to the depositary of the foreign receiving UCITS;

b) The holders of the merging UCITS become of holders of the receiving UCITS and, where applicable, they are entitled to a cash payment of up to 10% of the net asset value of their units or shares in the merging UCITS;

c) The merging UCITS ceases to exist on the date the merger takes effect.

2° Or a merger where a new UCITS, called the "receiving UCITS", is set up by two or more UCITS or UCITS sub-funds, called "merging UCITS", which then transfer all of their assets after or at the time of their winding up in exchange for the attribution of units or shares in the receiving UCITS to their holders and, possibly, a cash payment of up to 10% of the net asset value of such units or shares.

The consequences of this transaction are as follows:

a) The assets and liabilities of the merging UCITS are transferred to the newly set up receiving UCITS or, where applicable, to the depositary of the foreign receiving UCITS;

b) The holders of the merging UCITS become of holders of the newly set up receiving UCITS and, where applicable, they are entitled to a cash payment of up to 10% of the net asset value of their units or shares in the merging UCITS;

c) The merging UCITS cease to exist on the date the merger takes effect.

Article 411-45

If the CIS is managed by an management company, legal costs, as well as the costs of advisory and administrative services related to preparing and implementing the merger are not charged to the merging CIS, or the receiving CIS, or to their holders.

Article 411-46

A French UCITS subject to the merger procedure provided for in this sub-section shall apply the internal procedures described by Chapter II, Section 1, sub-section 7, paragraph 1 of Title II of this Book.

The merging UCITS and the receiving UCITS draft a "joint merger proposal" containing the information stipulated by an AMF Instruction, as well as supplementary information that they may add.

Article 411-47

The depositaries of the merging CIS and the receiving CIS issue a "compliance statement" after verifying the compliance of the following information in the "joint merger proposal" with the legal and regulatory requirements in force and with the provisions of the fund rules or articles of incorporation of their respective CIS:

a) Identification of the form of the merger and the CIS concerned;

b) Planned date for the merger to take effect;

c) Rules applying to the asset transfer and to the exchange of units or shares.

Article 411-48

If the merging CIS is French, the reports on the execution terms of the merger are prepared by the statutory auditors of the merging CIS and the receiving CIS. However, one of the statutory auditors may produce a single report on behalf of the CIS concerned.

The report(s) shall validate the following:

a) The criteria used to value the assets and, where applicable, the liabilities on the day when the exchange ratio referred to in Article 411-60 is calculated;

b) Where applicable, the cash payment per unit or share;

c) The method used to calculate the exchange ratio, and the actual exchange ratio set on the day the ratio referred to in Article 411-60 is calculated.

Copies of the statutory auditors' reports shall be made available on request and free of charge to the holders of the CIS concerned.

The reports shall also be made available to the AMF and, where applicable, the competent authorities supervising the foreign CIS.

Article 411-49

If the merging UCITS is French, it shall submit the following to the AMF:

1° The joint merger proposal, duly approved by the merging UCITS and the receiving UCITS;

2° The updated version of the prospectus and the key investor information document of the receiving UCITS, if it is established in another European Union Member State or in another State party to the European Economic Area agreement;

3° The compliance statements from the depositaries of the merging UCITS and the receiving UCITS referred to in Article 411-47;

4° Information about the proposed merger that the receiving and merging UCITS intend to provide to their respective holders.

This information shall be provided in French and, if the receiving UCITS is established in another European Union Member State or in another State party to the European Economic Area agreement, in one of the official languages of that State or in a language accepted by the competent authorities of that State.

Article 411-50

If the receiving UCITS is established in another European Union Member State or in another State party to the European Economic Area agreement and the AMF has received all of the information referred to in Article 411-49, the AMF immediately transfers copies of this information to the competent authorities of the home State of the receiving UCITS. The AMF and the competent authorities of the home State of the receiving UCITS each examine the potential impact of the proposed merger on the holders of the merging UCITS and the receiving UCITS to determine whether appropriate information shall be provided to the holders.

If the AMF deems it necessary, it may issue a written demand for clarification of the information aimed at the holders of the merging UCITS.

If the competent authorities of the home State of the receiving UCITS deem it necessary, they may issue a written demand, within fifteen working days of the day of receipt of the copies of all the information referred to in Article 411-49, requiring the receiving UCITS to amend the information to be provided to its holders.

In this case the competent authorities of the home State of the receiving UCITS notify the AMF of their dissatisfaction with the information.

They shall notify the AMF within twenty working days of the day of receipt of the notification, if they deem the amended information aimed at the holders of the receiving UCITS to be satisfactory.

Article 411-51

If the merging UCITS is French, the AMF authorises the proposed merger, if the following conditions are met:

1° The proposed merger complies with the requirements of the provisions of this sub-section;

2° Notification regarding the receiving UCITS has been received under the terms of Article L. 214-2-2 of the Monetary and Financial Code for marketing of its units or shares in France and in all of the European Member States and all the States party to the European Economic Area agreement where the merging UCITS is marketed;

3° The AMF and, if the receiving UCITS is established in another European Union Member State or in another State

party to the European Economic Area agreement, the competent authorities of the home State of the receiving UCITS deem that the information to be provided to the holders is satisfactory, or they do not give any sign of their dissatisfaction under the terms of the fourth paragraph of Article 411-50.

Article 411-52

If the AMF deems that the application is incomplete, it will ask the merging UCITS for supplementary information within ten working day of the day of receipt of the information referred to in Article 411-49.

The AMF will notify the merging UCITS of its decision whether to authorise the merger within twenty working days of the day of receipt of all the information referred to in Article 411-49.

If the receiving UCITS is established in another European Union Member State or in another State party to the European Economic Area agreement, the AMF shall notify the competent authorities of the home State of the receiving UCITS of its decision.

Article 411-53

If the AMF authorises the merger, the merging CIS and the receiving CIS shall provide their respective holders with a document containing helpful and accurate information about the proposed merger, referred to in an AMF Instruction.

The purpose of this document is to enable unit holders to make an informed judgment about the impact of the merger on their investment and to exercise the rights attributed to them by Article 411-56.

The information contained in this document shall be written in a concise manner and in non-technical language that enables holders to make an informed judgment of the impact of the proposed merger on their investment.

If the merger is a cross-border merger, the merging UICITS and the receiving CIS respectively shall explain in plain language any terms or procedures relating to the other CIS which differ from those commonly used in its country.

The information provided to holders of the merging CIS shall meet the needs of investors who have no prior knowledge of the features of the receiving CIS or of the manner of its operation. It shall draw their attention to the key investor information of the receiving CIS and emphasise the desirability of reading it.

The information to be provided to the unit holders of the receiving CIS shall focus on the operation of the merger and its potential impact on the receiving CIS.

This document shall be sent at least thirty days before the cutoff date for requesting repurchase, redemption or conversion of units or shares free of charge, in accordance with Article 411-56.

Once the AMF has approved the merger, any French CIS involved in the merger shall make public the date the merger shall take effect at least thirty days prior to it actually taking effect in accordance with the provisions of Article R. 214-4 of the Monetary and Financial Code for SICAVs using a durable medium in the sense of Article 314-26 and accessible to the public for common funds.

Article 411-54

If the merging UCITS or the receiving UCITS has been the subject of a notification for the marketing of its units or shares in another European Union Member State or in another State party to the European Economic Area agreement, the information referred to in Article 411-53 shall be provided in the official language or one of the official languages of the home State of the UCITS concerned, or in a language accepted by the competent authorities. The UCITS required to provide the information is responsible for its translation, which shall be faithful to the original information.

Article 411-55

The merging CIS and the receiving CIS shall provide their holders with the document referred to in Article 411-53 on paper or in another durable medium within the meaning of Article 314-26.

If the information is provided using a durable medium other than paper, the following conditions shall be fulfilled:

1° The provision of information is appropriate to the context in which the business between the unit holder and the merging CIS or the receiving CIS is, or is to be, carried on;

2° The unit holder to whom the information is to be provided, when offered the choice between information on paper or in another durable medium, shall specifically choose that other medium.

Provision of information by means of electronic communications is treated as appropriate to the context in which the business between the merging CIS or the receiving CIS and the unit holder is, or is to be, carried on if it is demonstrated that the unit holder has regular access to the Internet. The provision by the unit holder of an e-mail address for the purpose of carrying on that business such dealings is deemed to meet this requirement.

Article 411-56

The unit holders of the merging CIS and the receiving CIS shall obtain, without any charge other than those retained by the CIS to meet disinvestment costs, the repurchase or redemption of their units or, where possible, to convert them into units in another CIS with similar investment policies and managed by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding

This right can be exercised as of the date on which unit holders of the merging CIS and the receiving CIS are notified of the proposed merger under the terms of Article 411-53 and expires five working days before the day on which the exchange ratio referred to in Article 411-60 is calculated.

Article 411-57

An updated version of the key investor information document, incorporating the changes relating to the planned merger, shall be sent to holders of the merging CIS and the receiving CIS immediately.

Article 411-58

Between the date on which the document referred to in Article 411-53 is provided to the holders and the entry into effect of the merger, the said document and the updated key investor information document of the receiving CIS shall be provided to any person buying or subscribing units or shares in the merging CIS or the receiving CIS or any person who requests the fund rules, articles of incorporation, prospectus or key investor information document of one of the CIS concerned.

Article 411-59

If the receiving CIS is French, the entry into effect of the merger shall be disclosed in a durable medium within the meaning of Article 314-26 that is accessible to the public and sent to the unit holders of the CIS concerned.

The merging CIS and the receiving CIS shall notify the AMF and, where applicable, any foreign competent authority supervising them of the entry into effect of the merger.

Article 411-60

If the receiving CIS is French:

1° The merger takes effect at least thirty days after the date of publication of the proposal;

2° The exchange ratio of units or shares in the merging CIS for units or shares in the receiving CIS is calculated on the day the merger takes effect;

3° The net asset value used for cash payments is the same as that used for the merger.

Article 411-61

If the receiving CIS is French, it shall confirm to its depositary that the transfer of the assets of the merging CIS and, where applicable, the transfer of the liabilities of the merging CIS have been executed. This confirmation shall be made in a durable medium within the meaning of Article 314-26 on the same day the transfers take place.

Article 411-62

If the receiving CIS is French, it will have six months from the day the merger take effect to comply with Articles R. 214-21 to R. 214-25 of the Monetary and Financial Code.

Article 411-63

Creditors of a French CIS involved in a merger governed by this sub-section and holding a claim that predates the notice given on the date of the execution of the merger in accordance with Article 411-53 may oppose the merger within thirty days of the publication of such notice.

Sub-section 4 - Fund administration

Article 411-64

Fund administration covers the following tasks:

1° Centralising subscription and redemption orders for CIS units or shares;

2° Managing the CIS unit or share registry.

Article 411-65

I. - The key tasks of centralising subscription and redemption orders for CIS units or shares, under the provisions of Article L. 214-13 of the Monetary and Financial Code, are as follows:

1° Providing centralised reception and registration of subscription and redemption orders;

2° Supervising compliance with the cutoff for centralising subscription and redemption orders referred to in the prospectus;

3° Reporting the outcome of centralised reception of subscription and redemption orders for the CIS as an amount and, where applicable, as the aggregate number of units or shares subscribed or redeemed;

4° Valuing the orders after receiving information about the net asset value per unit or share from the CIS; To enable the order centraliser to perform its tasks promptly, the CIS shall send it the information about the net asset value per unit or share as soon as it is available;

5° Reporting the information that the institution managing the unit or share registry needs to create or cancel units or shares;

6° Reporting information about the outcome of the order processing to the entity that sent the order to the order centraliser of the CIS.

II. - The order registration contains the following information:

1° The CIS concerned;

2° The person who gave or sent the order;

3° The person who received the order;

4° The time and date of the order;

5° Payment terms and media;

6° The type of order;

7° The order execution date;

8° The number of units or shares subscribed or redeemed;

9° The subscription or redemption price per unit or share;

10° The total value of the units or shares subscribed or redeemed;

11° The gross value of the order, including subscription charges or the net amount of the order after deducting the redemption charges.

Article 411-66

The entity responsible for centralising orders is referred to as the "order centraliser" in the prospectus of the CIS. Where applicable, any entity responsible for centralising orders in accordance with the provisions of Article 411-67 shall be named in the prospectus.

Article 411-67

I. - The order centraliser may delegate the performance of centralising tasks to:

1° One of the persons referred to in Article L. 214-13 of the Monetary and Financial Code, or to any other investment service provider located in a State party to the Agreement on the European Economic Area;

2° An intermediary authorised within the European Economic Area to perform centralising tasks within the meaning of Article 411-65.

II. - An agreement is entered into by the order centraliser and the entity to which the performance of centralising tasks is delegated. This agreement shall contain the following clauses:

1° The key centralising tasks, as referred to in Article 411-65, that are delegated to the entity, including the procedures for registering subscription and redemption orders;

2° The nature of the information necessary for the entity to perform the tasks delegated to it, along with the procedures for the order centraliser to transmit such information to the entity, especially information about the net asset value of the CIS;

3° The procedures for handling an event affecting the subscription and redemption process for CIS units or shares;

4° A clause allowing the AMF effective access to the data about centralising subscription and redemption orders for units or shares in the CIS and to the business premises of the entity.

The procedures for terminating the agreement at the initiative of either party shall ensure the continuity and the quality of the service provided.

The order centraliser shall give the CIS and, where applicable, the management company that represents it to the depositary prior notice of any change in the entity to which the centralising tasks have been delegated.

The order centraliser is responsible for the performance of the centralising tasks that it delegates.

For CIS that were created before Articles 411-64 to 411-71 came into force, the entity mentioned in the prospectus as responsible for centralising orders is presumed to be acting on a delegation from the CIS.

Article 411-68

A subscription or redemption order for CIS units or shares sent to an order centraliser or to any other entity to which centralising tasks have been delegated becomes irrevocable as of the order centralisation cutoff specified in the prospectus of the CIS.

A subscription and redemption order for CIS units or shares requires the investor and the entity that sent the order to the order centraliser, or to any other entity to which the performance of centralising tasks has been delegated, to pay for or deliver said units or shares.

Article 411-69

The term: "direct order" denotes a subscription and redemption order for CIS units or shares sent directly to the order centraliser and accepted by the latter subject to the provisions of an agreement between the order centraliser and the CIS or, where applicable, the management company representing the CIS, that sets out the requirements for accepting and settling direct orders.

The CIS or the management company that represents it shall implement an appropriate arrangement for managing the risks involved in accepting and settling such orders.

Article 411-70

The unit or share registry management tasks are as follows:

1° Produce documented and traceable records of the number of securities corresponding to the creation or cancellation of units or shares resulting from the centralisation of subscription and redemption orders, and determine the resulting number of securities making up the capital of the CIS; the unit or share registry manager ensures that a corresponding entry has been posted to the cash account of the CIS.

2° Identify the owners of registered units or shares and recording the number of units or shares owned by each owner. If the CIS is not admitted to the transactions of the central depositary, the entity responsible for managing the unit or share registry also records the number of bearer units or shares held by custodians that are directly identified in the unit or share registry, where applicable;

3° Organise simultaneous payments and deliveries of securities resulting from the creation or cancellation of units or shares; the registry manager also organises deliveries and, where applicable, payments resulting from any other transfers of units or shares. If a securities settlement system is used, the unit or share registry manager ensures that it has appropriate procedures in place;

4° Ensure that the total number of units or shares issued on a given date corresponds to the number of circulating units or shares on the same date, including registered units or shares and, where applicable, bearer units or shares.

5° Organise coupon and dividend payments and organise the processing of corporate actions affecting the CIS units or shares.

6° Ensure the transmission of the specific information mentioned in II (3°) of Article 322-12, depending on the case, either directly to the bearers, or directly to their intermediary custody account-keepers, by the central depository or by any other means.

Article 411-71

Unit or share registry management is part of the administrative management of the CIS. The CIS or, where applicable, the management company that represents it may delegate the performance of the unit or share registry management tasks described in Article 411-70 to an investment services provider in accordance with the conditions set out in Article 313-77, 1 to 3 and 5 to 9.

SECTION 4 - CALCULATING GLOBAL EXPOSURE

PARAGRAPH 1 - MEASURING THE GLOBAL EXPOSURE OF CIS TO FINANCIAL DERIVATIVE INSTRUMENTS

Article 411-71-1

In accordance with the provisions of Article R. 214-15-2 of the Monetary and Financial Code, eligible securities and money market instruments hosting a financial derivative instrument are treated as financial derivative instruments within the meaning of this paragraph.

Sub-paragraph 1 - General provisions

Article 411-72

I. - The management company shall calculate the global exposure of CIS under its management at least once daily. If necessary, and depending on the investment strategy of the scheme, the management company may calculate the global exposure of a CIS several times daily.

The limits placed on global exposure shall be complied with on an ongoing basis.

II. - The global exposure of CIS shall be one of the following values:

1° Total exposure and leverage obtained by the managed CIS via financial derivative instruments. This total shall not exceed the scheme's net assets;

2° The market risk of the CIS portfolio, as defined in defined in Article 313-53-3.

Article 411-73

I.-To calculate the global exposure of the CIS under its management, the management company shall use either the commitment approach or the Value at Risk (VaR) approach specified in an AMF instruction.

Within the meaning of this paragraph, "value at risk" shall mean the estimated maximum potential loss at a given confidence interval and over a given period.

II. - The CIS management company shall ensure that the method that it uses to measure global exposure is appropriate, given the risk profile arising from the CIS investment strategy, the types and complexity of financial derivative instruments entered into, and the share of the CIS portfolio made up of financial derivative instruments.

III. - The management company shall use the VaR approach if the managed CIS presents one of the following characteristics:

a) The CIS implements complex investment strategies that comprise a significant proportion of its investment policy;

b) The CIS has significant exposure to non-standard financial derivative instruments;

c) If the market risk, as defined in Article 313-53-3, borne by the CIS is not adequately captured by the commitment approach.

The VaR approach is supplemented by a stress-testing programme. An AMF instruction shall provide definitions for standard and non-standard financial derivative instruments.

IV. - A feeder CIS shall calculate its global exposure to financial derivative instruments by adding its own direct exposure to financial derivative instruments entered into in accordance with Article L. 214-22 of the Monetary and Financial Code to:

a) either the real exposure of the master CIS to financial derivative instruments, proportionate to the feeder's investment in the master CIS;

b) or the maximum potential global exposure of the master CIS to financial derivative instruments provided for under the master CIS rules or instruments of incorporation, proportionate to the feeder's investment in the master CIS.

Sub-paragraph 2 - Commitment approach

Article 411-74

I. - Where the management company uses the commitment approach to calculate global exposure, it shall use the same method for all positions in financial derivative instruments, whether they are employed as part of the CIS's general investment policy, for the purposes of risk mitigation or for the purposes of efficient portfolio management, as provided for in Article R. 214-18 of the Monetary and Financial Code.

II. - Where a CIS uses, in accordance with Article L. 214-21 of the Monetary and Financial Code, techniques and instruments intended to increase its leverage or exposure to market risk, including repurchase agreements and securities-lending transactions, the management company shall take these transactions into account when calculating global exposure.

III. - If the global exposure of a CIS is determined using the commitment approach, each financial derivative position shall be converted to the market value of an equivalent position in the underlying asset of that derivative.

An AMF instruction shall specify the steps for measuring global exposure using the commitment approach as well as the conversion formulae.

Article 411-75

I. - The management company may take account of netting and hedging arrangements, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.

II. - 1° A netting arrangement comprises a combination of positions in financial derivative instruments or securities relating to the same underlying asset, regardless of the contracts' due dates, where the positions are solely intended to eliminate the risks linked to positions taken through other financial derivative instruments or securities.

2° A hedging arrangement is a combination of positions in financial derivative instruments and/or securities that:

a) do not necessarily refer to the same underlying asset;

b) are entered into solely to offset risks linked to positions taken via other financial derivative instruments or securities.

3° A CIS that has primarily entered into interest rate derivatives may use specific duration netting rules, whose procedures are specified in an AMF instruction, to take account of correlations between instruments with different maturities on the yield curve. Specific duration netting rules may not be used if they lead the CIS risk profile to be incorrectly assessed.

A CIS that uses specific duration netting rules for its interest rate derivatives may still take hedging arrangements into consideration. However, only interest rate derivatives that are not included in hedging arrangements may apply the specific netting rules.

Article 411-76

I. - If the use of financial derivative instruments does not generate additional exposure for the CIS and if the following criteria are met, it is not necessary to include the underlying exposure in the commitment calculation:

1° It is designed to exchange the performance of all or part of the scheme's assets for the performance of other reference financial instruments;

2° It totally eliminates the market risk of the assets being exchanged. The performance of the CIS no longer depends on the performance of the assets being exchanged;

3° It does not include an additional optional component, leverage, or any additional risk as compared with a direct investment in the reference assets.

II. - A financial derivative instrument is not included in the calculation of global exposure using the commitment approach if it meets the following criteria:

a) The combination of the derivative and a cash amount invested in assets earning the risk-free rate may be used to obtain exposure equivalent to that obtained through a direct investment in the underlying;

b) It does not generate additional exposure or leverage and does not add any market risk as defined in Article 313-53-3.

III. - If the commitment approach is used, it is not necessary when calculating global exposure to include temporary cash borrowing arrangements entered into on behalf of the CIS in accordance with Article R. 214-29 of the Monetary and Financial Code.

Sub-paragraph 3 - VaR approach

Article 411-77

I. - The global exposure of a CIS calculated using the VaR approach covers all positions in the portfolio.

The maximum VaR of a CIS is established by the management company based on its identified risk profile.

II. - The VaR of a CIS is determined over a period of 20 business days at a 99% confidence interval. The effective observation period of risk factors should be at least 250 business days but VaR shall be calculated over a shorter observation period if price volatility increases significantly. The data set used in the calculation should be updated at least quarterly, or more often if market prices are subject to material changes.

An AMF instruction will specify the conditions for exemptions to II.

VaR shall be calculated at least daily.

An AMF instruction will specify the steps for calculating global exposure using the VaR approach.

Article 411-78

I. - When measuring global exposure using the VaR approach, the management company is responsible for selecting the most appropriate method - relative or absolute VaR - given the risk profile of the CIS and the investment strategy.

The management company shall be able to demonstrate that the VaR method used is appropriate. The choice of method and the underlying assumptions are documented.

The global exposure of a CIS calculated using the relative VaR method is equal to the VaR of the CIS portfolio divided by the VaR of a reference portfolio, defined in an AMF instruction, minus one, multiplied by the scheme's net assets.

II. - The absolute VaR method should limit maximum VaR to 20% of the market value of the scheme's net assets.

An AMF instruction shall stipulate the conditions for applying the provisions of this article.

Article 411-79

The management company shall establish:

1° A programme for back-testing the model's calculations using historical data to check the precision and performance of the VaR model;

2° A rigorous and comprehensive stress-testing programme adjusted to the risk profile of the CIS that can be used to simulate the behaviour of the CIS under stress.

3° Where required by the risk profile and investment strategy, risk management tools and methods suited to the scheme's risk profile and investment strategy may be used to supplement the programmes referred to in 1° and 2°.

Sub-paragraph 4 - Global exposure of structured funds

Article 411-80

The global exposure of a structured fund may be measured using the commitment approach or the VaR approach.

If the structured fund meets all the following criteria, it may apply specific rules, set out in an AMF instruction, when measuring global exposure using the commitment approach:

1° The remuneration offered to investors is based on a calculation formula whose possible predefined payoffs may be divided into a finite number of scenarios that depend on the value of the underlying assets. Each scenario offers investors a different payoff;

2° The investor may be exposed only to one payoff scenario at a time during the life of the CIS;

3° It is appropriate to use the commitment approach to measure the global exposure for each individual scenario, taking into account the provisions of Article 411-73;

4° The final maturity of the CIS does not exceed nine years, starting from the end of the marketing period;

5° The CIS does not accept new subscriptions from the public following the initial marketing period;

6° The maximum loss that the CIS may bear when switching from one scenario to another shall not exceed 100% of the net asset value at the end of the marketing period;

7° The impact of each underlying asset on the investor payoff profile, at a given date, owing to a switch in scenario, shall comply with the diversification rules referred to in Article R. 214-21 of the Monetary and Financial Code, based on the net asset value at the end of the marketing period.

Sub-paragraph 5 - Entry into force

Article 411-81

By way of derogation to the provisions of Article 411-72, if they meet the criteria of 1° of I of Article R. 214-28 of the Monetary and Financial Code as well as the criteria of 1° to 3° of I of Article 411-80, structured funds already in existence at the date on which Decree 2011-922 of 1 August 2011 enters into force may calculate their global exposure as the value of the maximum loss on the date that trades in derivatives were entered into, provided that the fund formula does not change.

PARAGRAPH 2 - COUNTERPARTY RISK AND ISSUER CONCENTRATION

Article 411-82

1° The management company shall ensure that the counterparty risk of the UCITS as defined in Article 313-53-3 arising from an over-the-counter financial derivative instrument (OTC derivative) is subject to the limits set out in Article R. 214-21 of the Monetary and Financial Code.

2° When calculating the exposure of the UCITS to a counterparty in accordance with the limits set out in I of Article R. 214-21 of the Monetary and Financial Code, the management company will use the positive mark-to- market value of the OTC derivative with that counterparty.

The management company may net the derivative positions of a UCITS with the same counterparty, provided it has the means, as provided for under Article L. 211-36-1 of the Monetary and Financial Code or equivalent foreign provisions, to enforce netting agreements with the counterparty on behalf of the UCITS. Netting is only permissible with respect to OTC derivatives with the same counterparty, and not with respect to other exposures the UCITS may have with that same counterparty;

3° The management company may reduce the exposure of a UCITS to a counterparty in an OTC derivative transaction by receiving collateral for the benefit of the UCITS. This collateral shall be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation;

4° The management company will take account of collateral when calculating exposure to counterparty risk as referred to in I of Article R. 214-21 of the Monetary and Financial Code, if it provides collateral to an OTC counterparty on behalf of the UCITS. Collateral may be taken into account on a net basis only if the management company has the legal and regulatory means to enforce netting agreements with the counterparty on behalf of the UCITS;

5° The management company shall use as its basis the underlying exposure created through the use of OTC derivatives in accordance with the commitment approach, to ensure compliance with the concentration limits by category of issuer mentioned in Articles R. 214-21, R. 214-24 and R. 214-25 of the Monetary and Financial Code;

6° As regards exposure arising from OTC derivatives transactions referred to in 3° of III of Article R. 214-21 of the Monetary and Financial Code, the management company shall include in its calculation any exposure to counterparty risk from such contracts.

Article 411-83

I. - To calculate the counterparty risk referred to in I of Article R. 214-21 of the Monetary and Financial Code, the UCITS will take account of collateral, and subsequent variations in that collateral, granted to an investment services provider for derivatives concluded on a market referred to in 1°, 2° or 3° of I of Article R. 214-11 of the Monetary and Financial Code or traded OTC, where such collateral is not protected by customer asset protection rules or other similar rules to protect the UCITS against the risk of failure of the investment services provider.

II. - To calculate the limits referred to in III of Article R. 214-21 of the Monetary and Financial Code, the UCITS shall take into account the net risk to which it is exposed via the transactions referred to in Article R. 214-18 of the Monetary and Financial Code with a single counterparty. The net risk is equal to the amount that may be recovered by the scheme less any collateral posted in favour of the UCITS.

The risk arising from reuse of collateral posted in favour of the UCITS shall also be taken into account when calculating the issuer ratio.

III. - To calculate the limits referred to in Article R. 214-21 of the Monetary and Financial Code, the UCITS shall determine whether the counterparty to which it is exposed is an investment services provider, a clearing house or another entity in the context of an OTC derivative.

IV. - The limits set in Articles R. 214-21, R. 214-24 and R. 214-25 of the Monetary and Financial Code take into account exposure linked to the underlying assets of derivatives, including embedded derivatives, relating to eligible securities, money market instruments or shares or units in UCITS or French or foreign collective investment schemes or foreign investment funds.

V. - Where the UCITS calculates concentration limits by category of issuer, the underlying assets of derivatives, including in the case of embedded derivatives, shall be taken into account to determine exposure to a given issuer resulting from these positions.

Exposure arising from a position shall be taken into account when calculating concentration limits by category of issuer.

This exposure shall be measured using the commitment approach, where appropriate.

The estimated maximum potential loss arising from default of the issuer shall be taken into account if this gives a more conservative result.

The provisions of this article shall apply to all UCITS, whether or not they use the VaR approach to calculate global exposure.

The provisions of this article do not apply to index-based derivatives linked to an index meeting the criteria of Article R. 214-16 of the Monetary and Financial Code.

PARAGRAPH 3 - PROCEDURE FOR VALUING OTC DERIVATIVES

Article 411-84

I. - The management company shall ensure that exposures are measured at market values that are not based merely on market quotations prepared by the counterparties to over-the-counter (OTC) transactions in derivatives contracts and that comply with the criteria set out in 3° of Article R. 214-15 of the Monetary and Financial Code.

II. - For the purposes of applying I, the management company shall establish, implement and maintain operational methods and procedures to ensure adequate, transparent and fair valuation of CIS exposure to OTC derivatives.

The management company shall ensure that the fair value measurement of OTC derivatives is appropriate, precise and independent.

The valuation methods and procedures shall be appropriate and commensurate with the nature and complexity of the OTC derivatives in question.

The management company shall comply with the requirements set out in the final paragraph of Article 313-77 and 9° of Article 314-3-1 if the methods and procedures used to value OTC derivatives require the involvement of third parties.

III. - For the purposes of applying I and II, specific tasks and responsibilities are entrusted to the risk management function.

IV. - The valuation methods and procedures mentioned in II shall be described in a document provided for this purpose.

SECTION 5 - MASTER AND FEEDER FUNDS

Article 411-85

A master CIS in which at least two feeder CIS are invested may be authorised as compliant even if it does not have the sole aim of promoting the sale of its units or shares to the public and of collecting funds from other investors.

Article 411-85-1

By way of derogation to Articles 411-6, 411-10 and 411-16, the feeder CIS is informed within fifteen business days following submission of the request whether or not authorisation has been granted. Silence on the part of the AMF for a period of fifteen business days from the day the AMF acknowledges receipt of the request shall be deemed authorisation of the request.

PARAGRAPH 1 - INFORMATION-SHARING AGREEMENT BETWEEN MASTER AND FEEDER CIS OR INTERNAL CONDUCT OF BUSINESS RULES

Article 411-86

The feeder CIS or the management company representing it shall sign an information-sharing agreement with the master CIS or the management company representing it. Under the agreement, the master CIS shall provide the feeder CIS with all the documents and information required for the feeder to comply with its regulatory obligations.

An AMF instruction will specify the content of this agreement.

Article 411-87

Where the master UCITS and the feeder UCITS are authorised by the AMF, the agreement between the two UCITS is governed by French law and subject to the jurisdiction of the French courts.

Where the master UCITS or the feeder UCITS is established in another Member State of the European Union or in another State party to the European Economic Area agreement, the agreement shall provide that the applicable law shall be either the law of the country where the master UCITS is established or the law of country where the feeder UCITS is established and that both parties agree to the exclusive jurisdiction of the courts of the country whose law they have stipulated to be applicable to the agreement.

Where the master UCITS and the feeder UCITS are managed by the same management company, the agreement may be replaced by internal conduct of business rules that ensure compliance with the requirements of this section.

The internal conduct of business rules of the management company shall include appropriate measures to mitigate conflicts of interest that may arise between the feeder UCITS and the master UCITS, or between the feeder UCITS and other holders of the master UCITS, to the extent that these are not sufficiently addressed by the measures applied by the management company to prevent conflicts of interest from harming the interests of its customers, pursuant to 3° of Article L. 533-10 of the Monetary and Financial Code.

An AMF instruction will specify the content of these rules.

Article 411-88

The master CIS and the feeder CIS shall take appropriate measures to coordinate the timing of calculating and publishing net asset values, to prevent market timing.

PARAGRAPH 2 - AGREEMENT BETWEEN DEPOSITARIES

Article 411-89

Prior to authorisation of the feeder CIS and the feeder's investment in the units or shares of the master CIS, the depositaries of the master and feeder CIS shall enter into an information-sharing agreement in order to ensure the fulfilment of the duties of both depositaries.

This agreement shall allow the depositaries of the master and feeder CIS to receive all the documents and information needed to fulfil their duties.

An AMF instruction will specify the content of this agreement.

Article 411-90

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Article 411-91

Where the master UCITS or the feeder UCITS is established in another Member State of the European Union or in another State party to the European Economic Area agreement, the information-sharing agreement signed by the depositaries shall include the same provisions on applicable law and court jurisdiction as the information-sharing agreement between the master UCITS and the feeder UCITS.

Where the exchange of documents and information between the master UCITS and the feeder UCITS is provided for under the internal conduct of business rules of the management company, the agreement between the depositaries of the master UCITS and the feeder UCITS provides that the law applying to the information-sharing agreement between both depositaries shall be either that of the Member State in which the feeder UCITS is established or, where different, that of the Member State in which the master UCITS is established, and that both depositaries agree to the exclusive jurisdiction of the courts of the Member State whose law is applicable to the information-sharing agreement.

The irregularities referred to in II of Article L. 214-22-2 of the Monetary and Financial Code that the depositary of the master UCITS detects in the course of carrying out its function and that may have a negative impact on the feeder UCITS shall include, but are not limited to:

a) Errors in the net asset value calculation of the master UCITS;

b) Errors in transactions for or settlement of the purchase, subscription or request to repurchase or redeem units in the master UCITS undertaken by the feeder UCITS;

c) Errors in the payment or capitalisation of income arising from the master UCITS, or in the calculation of any related withholding tax;

d) Breaches of the investment objectives, policy or strategy of the master UCITS, as described in its fund rules or instruments of incorporation, prospectus or key investor information document;

e) Breaches of investment and borrowing limits set out in national law or in the fund rules, instruments of incorporation, prospectus or key investor information document.

PARAGRAPH 3 - AGREEMENT BETWEEN AUDITORS OF MASTER AND FEEDER CIS

Article 411-92

Prior to the authorisation of the feeder UCITS, the auditors of the master and feeder UCITS shall enter into an information- sharing agreement to ensure that they receive all the documents and information needed to fulfil their duties.

An AMF instruction will specify the content of this agreement.

In its audit report, the auditor of the feeder UCITS takes account of the audit report of the master UCITS.

Where the feeder UCITS and the master UCITS have different accounting years, the auditor of the master UCITS produces an ad hoc report on the closing date of the feeder UCITS.

The auditor of the feeder UCITS shall report on any irregularities revealed in the audit report of the master UCITS and on their impact on the feeder UCITS.

Where the master UCITS or the feeder UCITS is established in another Member State of the European Union or in another State party to the European Economic Area agreement, the information-sharing agreement between the auditors of the master UCITS and the feeder UCITS shall contain the same stipulations on applicable law and court jurisdiction as in the agreement between the master UCITS and the feeder UCITS.

Where the exchange of documents and information between the master UCITS and the feeder UCITS is provided for under the internal conduct of business rules of the management company, the agreement between the auditors of the master UCITS and the feeder UCITS provides that the law applying to the information-sharing agreement between both auditors shall be either that of the State in which the feeder UCITS is established or, where different, that of the State in which the master UCITS is established, and that both auditors agree to the exclusive jurisdiction of the courts of the State whose law is applicable to the information-sharing agreement.

PARAGRAPH 4 - EXPENSES

Article 411-93

Where, in connection with an investment in the units of the master CIS, a distribution fee, commission or other monetary benefit is received by the feeder CIS, its management company, or any person acting on behalf of either the feeder CIS or the management company of the feeder CIS, the fee, commission or other monetary benefit shall be paid into the assets of the feeder CIS.

Article 411-94

The master CIS shall not charge subscription or redemption fees for the purchase by the feeder CIS of its units or the disposal thereof.

PARAGRAPH 5 - DISCLOSURES

Article 411-96

The master UCITS shall ensure the timely availability of all information that is required in accordance with applicable laws and regulations, the fund rules or the instruments of incorporation to the feeder UCITS or, where applicable, its management company, and to the AMF, or, if the feeder UCITS is established in another Member State of the European Union or in another State party to the European Economic Area agreement, the authorities of that country, the depositary and the auditor of the feeder UCITS.

Article 411-97

I. - The prospectus of the feeder CIS shall contain the following information:

1° A declaration that the feeder CIS is a feeder of a particular master CIS and as such permanently invests 85% or more of its assets in units of that master CIS;

2° The investment objective and policy, including the risk profile and whether the performance of the feeder and the master CIS are identical, or to what extent and for which reasons they differ. The prospectus also contains a description of assets other than units or shares of the master CIS in which the feeder CIS may invest up to 15% of its assets pursuant to Article L. 214-22 of the Monetary and Financial Code.

3° A brief description of the master CIS, its organisation, its investment objective and policy, including the risk profile, and an indication of how the prospectus of the master CIS may be obtained;

4° A summary of the agreement entered into between the feeder CIS and the master CIS or of the internal conduct of business rules pursuant to Article L. 214-22-1 of the Monetary and Financial Code;

5° How holders may obtain further information on the master CIS and the abovementioned agreement entered into between the feeder CIS and the master CIS;

6° A description of all remuneration or reimbursement of costs payable by the feeder CIS by virtue of its investment in units or shares of the master CIS, as well as of the aggregate charges of the feeder CIS and the master CIS;

7° A description of the tax implications of the investment into the master CIS for the feeder CIS.

II. - The annual report of the feeder CIS shall include the information specified in an AMF instruction and a statement on the aggregate charges of the feeder CIS and the master CIS.

The annual and the half-yearly reports of the feeder CIS shall indicate how the annual and the half-yearly reports of the master CIS can be obtained.

III. - In addition to the requirements laid down in Articles 411-112, 411-120 and 411-122, the feeder CIS authorised by the AMF shall send the prospectus, the key investor information document and any amendment thereto, as well as the annual and half-yearly reports of the master CIS, to the AMF.

IV. - The feeder CIS shall disclose in its advertising communications that it permanently invests 85% or more of its assets in units of the master CIS.

V. - A paper copy of the prospectus and the annual and half-yearly reports of the master CIS shall be delivered by the feeder CIS to investors on request and free of charge.

PARAGRAPH 6 - CONVERSION OF EXISTING CIS INTO FEEDER CIS AND CHANGE OF MASTER CIS

Article 411-98

I. - A UCITS that becomes a feeder for a master UCITS, or a feeder UCITS that changes master UCITS, shall provide the following information to holders:

1° A statement that the AMF or, where applicable, the competent authorities of the home State of the feeder UCITS, has approved the investment of the feeder UCITS in units of such master UCITS;

2° The key investor information document referred to in Article 411-106 concerning the feeder UCITS and the master UCITS;

3° The date when the feeder UCITS is to start to invest in the master UCITS or, if it has already invested therein, the date when more than 20% of its assets will be invested in the units or shares of that UCITS; and

4° A statement that the holders have the right to request within 30 days the repurchase or redemption of their units without any charges other than those retained by the UCITS to cover disinvestment costs; that right shall become effective from the moment the feeder UCITS has provided the information referred to in this article.

That information shall be provided at least 30 days before the date referred to in 3°.

II. - If the feeder UCITS is a foreign UCITS authorised to be marketed in France under the passporting procedure, thee information referred to in I shall be provided in the official language, or one of the official languages, of the feeder UCITS host State or in a language approved by its competent authorities. The feeder UCITS shall be responsible for producing the translation. That translation shall faithfully reflect the content of the original.

III. - The feeder UCITS shall not invest into the units of the given master UCITS in excess of the limit of 20% of its assets set under Article R. 214-24 of the Monetary and Financial Code before the period of 30 days referred to in the last paragraph of I has elapsed.

PARAGRAPH 7 - MASTER CIS MERGERS AND DEMERGERS

Article 411-99

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Article 411-100

The merger or demerger of a master CIS will take effect only if the fund has provided all holders and the competent authorities of the home Member States of its feeder CIS with the disclosures referred to in Article 411-53, no later than 60 days prior to the proposed effective date.

Article 411-101

A feeder CIS whose master CIS is to be merged, taken over or demerged shall be liquidated unless the AMF gives its authorisation for:

1° The feeder CIS to continue to be a feeder CIS of the master CIS or of another CIS that results from the merger or demerger of the master CIS;

2° The feeder CIS to change master CIS and invest at least 85% of its assets in the units or shares of another CIS that is not the result of the merger or demerger;

3° The feeder CIS to amend its rules or instruments of incorporation to convert itself into a non-feeder CIS.

The feeder CIS shall file an application for authorisation with the AMF no later than one month after the date on which it was informed about the proposed merger or demerger.

The feeder CIS is informed within a period of fifteen business days following submission of the request whether or not authorisation has been granted for the operation mentioned in 1°, 2° or 3°. Silence on the part of the AMF for a period of fifteen business days from the day the AMF acknowledges receipt of the request shall be deemed authorisation of the request.

An AMF instruction will specify the content of authorisation applications as well as the authorisation procedure.

Article 411-102

Where the feeder CIS changes master CIS or is converted into a non-feeder CIS, it may repurchase or redeem all units in the master CIS before the merger or division of the master CIS becomes effective.

Article 411-103

Where the feeder CIS changes master CIS following the liquidation, merger or division of the master CIS, the feeder CIS shall not impair the right of holders to exit free of charge by temporarily suspending repurchases and redemptions, except in exceptional circumstances where suspension is required to protect holders' interests.

Article 411-104

Liquidation of a master UCITS shall lead to liquidation of the feeder UCITS, unless the AMF authorises:

a) At least 85% of the assets of the feeder UCITS to be invested in the units or shares of another master UCITS; or

b) The rules or instruments of incorporation of the feeder UCITS to be amended to allow the fund to be converted into a non-feeder UCITS.

The liquidation of a master UCITS shall take place no sooner than three months after the master UCITS has informed all of its holders and the AMF, or, if the feeder UCITS is established in another Member State of the European Union or in another State party to the European Economic Area agreement, the competent authorities of that State, of the binding decision to liquidate.

The feeder UCITS is informed within a period of fifteen business days following submission of the request whether or not authorisation has been granted for the operation mentioned in a) or b). Silence on the part of the AMF for a period of fifteen business days from the day the AMF acknowledges receipt of the request shall be deemed authorisation of the request.

An AMF instruction will specify the content of authorisation applications as well as the authorisation procedure.

SECTION 6 - INFORMATION TO BE PROVIDED TO INVESTORS

Article 411-104-1

The management company is solely responsible for the content of documents sent to the AMF for web-posting.

Sub-section 1 - Language of investor information documents

Article 411-105

I.- Pursuant to Article L. 214-23-1 of the Monetary and Financial Code, the rules or instruments of incorporation as well as documents intended to provide information to holders of a UCITS shall be written in French.

II- By way of derogation to I, the rules or instruments of incorporation and documents intended to provide information to holders may be drawn up in a language other than French that is customary in the sphere of finance, provided that the UCITS or its management company ensures that the marketing arrangements put in place prevent these documents from being sent to, or from being likely to reach, investors in the territory of the French Republic who might not understand this language.

III. - A foreign UCITS whose units or shares are marketed in France shall draw up its key investor information document in French.

Sub-section 2 - Key investor information document

Article 411-106

The CIS will draw up a short document containing key information for investors, known as a key investor information document (KIID).

This document is prepared following the procedures provided for by European Regulation 583/2010 of 1 July 2010.

Article 411-107

The key investor information document, whose content is precontractual, shall meet the following requirements:

1° The words "*informations clés pour l'investisseur*" shall be clearly stated in French.

2° It shall contain accurate, clear, non-misleading information that is consistent with the relevant parts of the UCITS prospectus.

3° It shall contain appropriate information about the essential characteristics of the UCITS that is to be provided to investors so that they are reasonably able to understand the nature and the risks of the UCITS that is being offered to them and, consequently, to take investment decisions on an informed basis.

4° It shall contain information about the following essential characteristics of the UCITS and of the competent authority of the UCITS:

a) Identification information;

b) A brief description of the fund's investment objectives and policy;

c) A review of past performance and, where applicable, performance scenarios;

d) Costs and associated charges;

e) The risk/reward profile of the investment, including appropriate guidance and warnings about the risks associated with investments in the UCITS.

These essential elements shall be comprehensible to the investor without any reference to other documents.

This information shall be kept up to date.

5° The key investor information document shall clearly specify where and how to obtain additional information about the proposed investment, including where and how the prospectus and the annual and half-yearly reports may be obtained on request and free of charge at any time, and the language in which such information is available to investors. It shall also include a statement to the effect that the details of the up-to-date remuneration policy are available by means of a website. These details include:

a) A description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits;

b) The composition of the remuneration committee, where such a committee exists.

The statement shall include a reference to that website and indicate that a paper copy will be made available free of charge upon request.

6° The key investor information document shall be written in a concise manner and in non-technical language.

7° It shall be drawn up in a common format, allowing comparison with other UCITS.

8° It shall be presented in a manner that is likely to be understood by retail customers.

9° The key investor information document is to be used without alterations or supplements, except translation, in all Member States of the European Union or all the States party to the European Economic Area agreement where the UCITS is notified to market its units or shares in accordance with Article 411-137.

Article 411-108

The key investor information document shall contain a clear warning stating that the CIS or its management company will not incur civil liability unless the statements contained in the document are misleading, inaccurate or inconsistent with the relevant parts of the CIS prospectus.

Article 411-109

[Empty]

Article 411-110

[Empty]

Article 411-111

[Empty]

Article 411-112

The CIS shall include its key investor information document in the application for authorisation that it sends to the AMF.

Sub-section 3 - Prospectus

Article 411-113

The CIS prospectus shall include the information necessary for investors to be able to make an informed judgement of the investment proposed to them, and, in particular, of the risks attached thereto.

The prospectus shall include:

1° Either the details of the up-to-date remuneration policy, including, but not limited to:

a) A description of how remuneration and benefits are calculated, the identities of persons responsible for awarding the remuneration and benefits;

b) The composition of the remuneration committee, where such a committee exists;

2° Or a summary of the remuneration policy and a statement to the effect that the details of the up-to-date remuneration policy are available by means of a website. These details include:

a) A description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits;

b) The composition of the remuneration committee, where such a committee exists.

The statement shall include a reference to that website and indicate that a paper copy will be made available free of charge upon request.

It shall include, independent of the instruments invested in, a clear and easily understandable explanation of the fund's risk profile.

The rules or instruments of incorporation of the CIS form an integral part of the prospectus and shall be annexed thereto. The rules or instruments of incorporation are not, however, required to be annexed to the prospectus provided that the investor is informed that, on request, he or she will be sent those documents or be apprised of the place where he or she may consult them.

The essential elements of the prospectus shall be kept up to date.

An AMF instruction will specify the content of the prospectus.

Article 411-114

The prospectus shall describe all expenses borne by holders or by the UCITS, including all taxes, with information:

1° About the fees paid by holders:

a) The maximum percentage of the subscription or redemption fee that is not kept by the collective investment scheme;

b) The percentage of the fee that is kept by the collective investment scheme and the conditions under which this percentage may be reduced.

2° About the fees paid by the UCITS, the maximum percentage of the operating and management fees. Information about this percentage shall be supplemented, as appropriate, with the following details:

a) The rules on calculating transaction fees;

b) The rules for calculating the proportion of income from temporary purchases and sales of securities that is not paid to the UCITS;

c) The maximum fees and commissions that may be paid by French or foreign collective investments or third country investment funds to be kept by the UCITS;

d) The rules for calculating variable management fees.

The prospectus format and the procedures for calculating the fees referred to in this article are specified in an AMF instruction.

Article 411-115

The prospectus shall define the valuation rules for each category of financial instruments, deposits, securities and contracts.

Between one calculation of the net asset value and the next, a CIS may determine and publish an indicative net asset value called "estimated value". The prospectus shall stipulate the conditions for publishing this value and warn investors that the value may not be used as a basis for subscriptions or redemptions.

Any publication of an estimated value shall include this warning.

Article 411-116

The prospectus shall indicate in which categories of assets a CIS is authorised to invest.

It will also mention if transactions in financial derivative instruments are authorised, in which case it shall include a prominent statement indicating whether those operations may be carried out for the purpose of hedging or with the aim of meeting investment goals, and the possible outcome of the use of financial derivative instruments on the risk profile.

Article 411-117

I. - Where the UCITS invests principally in any category of assets defined in Article 214-20 of the Monetary and Financial Code other than eligible securities or money market instruments, or where a UCITS replicates a stock or debt securities index in accordance with Article R. 214-16 of the Monetary and Financial Code, its prospectus shall include a prominent statement drawing attention to the investment policy.

II. - A UCITS that invests a substantial proportion of its assets in other collective investments shall disclose in its prospectus the maximum level of the management fees that may be charged both to the UCITS itself and to the other collective investment schemes in which it intends to invest.

III. - The UCITS referred to in Article R. 214-23 of the Monetary and Financial Code shall include a prominent statement in its prospectus drawing attention to its authorisation and indicating the European Union Member States, States party to the European Economic Area agreement, local authorities, or public international bodies in the securities of which it intends to invest or has invested more than 35% of its assets.

IV. – When a UCITS indicates in its prospectus that it is a “short-term money market” fund or a “money market” fund, it shall provide appropriate information about its risk/reward profile so that investors can identify specific risks stemming from its investment strategy.

1° A short-term money market UCITS must:

a) Have the primary investment objective of maintaining the principal of the fund and aim to provide a return in line with money market rates;

b) Invest in money market instruments that comply with the criteria in Directive 2009/65/EC of 13 July 2009, or in term deposits with credit institutions;

c) Ensure the money market instruments in which it invests are of a high quality according to an internal assessment process whereby the UCITS or the management company must take into account a combination of factors which include, but are not limited to the following:

i) The creditworthiness of the instrument;

ii) The nature of the asset class represented by the instrument;

iii) The operational and counterparty risks inherent to the structure of the investment for structural financial instruments;

iv) The liquidity profile;

d) May, for the purposes of point c.i), also refer to, as appropriate and in a non-exclusive manner, the short-term ratings of the rating agencies registered with the European Securities and Markets Authority which have rated the instrument and which the “short-term monetary” UCITS or its management company may deem relevant, whilst at the same time avoiding any mechanical dependence in relation to these notations.

e) Limit its investment to financial instruments with a residual maturity until the legal redemption date, corresponding to the contractual maturity date defined in the issuance documents of the financial instruments, of no more than 397 days. The residual maturity means the period remaining before the legal redemption date;

f) Have a net asset value based on a daily valuation and provide daily subscription and redemption;

g) Ensure that its portfolio has a weighted average maturity until the portfolio’s maturity date calculated according to the procedures defined in Committee of European Securities Regulators’ Guidelines of 19 May 2010 under the heading “definitions” of no more than 60 days;

h) Ensure that its portfolio has a weighted average life until the extinction date of the financial instruments of its portfolio calculated as an average of the financial instruments’ final maturities according to the procedures defined in CESR's Guidelines of 19 May 2010 under the heading “definitions” of no more than 120 days;

i) When calculating the weighted average life for securities, including structured financial instruments, base the maturity calculation on the residual maturity until the legal redemption date of the instruments.

However, when a financial instrument embeds a put option before the legal date, the exercise date of the put option may be used only if the following conditions are fulfilled at all times:

i) The option may be freely exercised by the UCITS at its exercise date;

ii) The exercise price of the put option is close to the anticipated valuation of the financial instrument at the nearest exercise date;

iii) The investment strategy means that there is a strong probability that the option will be exercised at the nearest exercise date.

j) Take into account, for both the weighted average life and weighted average maturity calculations, the impact of financial derivatives, term deposits and the techniques and instruments used for efficient investment management, in accordance with the criteria defined in Article R. 214-18, II of the Monetary and Financial Code;

k) Not incur direct or indirect exposure to equity or commodities markets, including via derivatives; and use derivatives only in line with its money market investment strategy. Derivatives that give exposure to the foreign exchange market may be used only for hedging purposes. Investment in non-base currency securities is allowed, provided the exchange rate exposure is fully hedged;

l) Limit its investment in other UCITS and AIFs to those that comply with the definition of a short-term money market fund;

m) Have either a constant or a variable net asset value.

2° A “money market” UCITS must :

a) Fulfil the conditions in points a, b, c, d, f, i, j and k of point 1;

Furthermore, a, money market UCITS:

b) must have a fluctuating net asset value;

c) Must limit its investment to securities to those with a residual maturity of no more than 2 years, provided that the time remaining until the next interest rate reset date is no more than 397 days. Floating rate securities should reset to a money market rate or index;

d) Must ensure that its portfolio has a weighted average maturity of no more than 6 months calculated according to the procedures defined in Committee of European Securities Regulators’ Guidelines of 19 May 2010 under the heading “definitions”.

e) Must ensure that its portfolio has a weighted average life of no more than 12 months calculated according to the procedures defined in Committee of European Securities Regulators’Guidelines of 19 May 2010 under the heading “definitions”;

f) Must limit its investment in other UCITS and AIFs to those that comply with the definition of a “money market fund” or a “short-term money market fund”.

Article 411-118

Where the net asset value of a CIS is likely to have a high volatility due to its portfolio composition or the portfolio management techniques that may be used, its prospectus shall include a prominent statement drawing attention to that characteristic.

Article 411-119

Upon the request of an investor that has already received the prospectus the CIS shall also provide supplementary information relating to the quantitative limits that apply in the risk management of the CIS, to the methods chosen to this end and to the recent evolution of the main risks and yields of the instrument categories.

Article 411-120

The UCITS will send to the AMF its prospectus and any amendments thereto, following the procedures established by an AMF instruction.

Where the UCITS is managed by a management company established in another Member State of the European Union or in another State party to the European Economic Area agreement, it shall provide its prospectus on request to the competent authorities of the home State of the management company.

Sub-section 4 - Annual and half-yearly reports

Article 411-121

The annual and half-yearly reports of the CIS shall contain the elements detailed in an AMF instruction. If

the OPCI has subfunds, a half-yearly report shall also be produced for each subfund.

Article 411-122

The UCITS will send to the AMF its annual and half-yearly reports, following the procedures established by an AMF instruction.

If the UCITS is managed by a management company established in another Member State of the European Union or in another State party to the European Economic Area agreement, it shall provide its annual and half-yearly reports on request to the competent authorities of the home State of the management company.

Sub-section 5 - Net asset value

Article 411-123

CIS are required to determine their net asset value in accordance with the provisions of Articles 411-24 to 411-33. This net asset value shall be determined and published with a frequency that is suited to the nature of the financial instruments, contracts, securities and deposits held by the CIS.

CIS are required to publish the net asset value of their shares or units in an appropriate manner at least twice a month. However, the net asset value of shares or units may be published on a monthly basis, provided this does not impinge on the interests of shareholders or unitholders and subject to prior authorisation from the AMF.

The prospectus specifies the frequency with which the net asset value is compiled and published, as well as the reference calendar chosen.

Once the net asset value has been published, subscriptions and redemptions of CIS units or shares shall be carried out on the basis of this value, under the conditions set out in the prospectus.

This article applies to each subfund.

Article 411-124

CIS whose units or shares are admitted to trading on a regulated market operating on a regular basis shall compile and publish their net asset value each day the market on which they are listed is open for trading.

This article applies to each subfund.

Article 411-125

CIS with assets of more than EUR 80 million shall have the composition of their assets certified quarterly by the scheme's auditor.

SECTION 7 - MARKETING OF CIS IN FRANCE

Sub-section 1 - General rules

Article 411-126

The AMF is entitled to exercise the prerogatives referred to in Article 314-30 with regard to any person distributing CIS.

Advertisements from the CIS aimed at investors shall be clearly identified as such. They shall be accurate, clear and not misleading. More specifically, if an advertisement containing an invitation to buy units or shares in a CIS includes specific information about the CIS, it cannot contain information that contradicts the information provided in the prospectus and the key investor information document, or that understates the importance of such information.

Such advertisements shall state whether a prospectus exists and a key investor information document is available.

They shall stipulate where and in which languages holders and potential investors can obtain this information and these documents, or how they can gain access to them.

Article 411-127

I. - Where a UCITS invests principally in any category of assets defined in Article L. 214-20 of the Monetary and Financial Code other than eligible securities or money market instruments, or where a UCITS replicates a stock or debt securities index in accordance with Article R. 214-22 of the Monetary and Financial Code, its advertising communications shall include a prominent statement drawing attention to the investment policy.

II. - Where the net asset value of a UCITS is likely to have a high volatility due to its portfolio composition or the portfolio management techniques that may be used, its advertising communications shall include a prominent statement drawing attention to that characteristic.

III. - The UCITS referred to in Article R. 214-23 of the Monetary and Financial Code shall include a prominent statement in their advertising communications drawing attention to their authorisation and indicating the Member States, States party to the European Economic Area agreement, local authorities, or public international bodies in the securities of which they intend to invest or have invested more than 35 % of their assets.

Article 411-128

The key investor information document (KIID) is to be provided to investors free of charge and in a timely manner before they subscribe units or shares in the CIS.

Article 411-128-1

The CIS may provide the key investor information document in a durable medium, within the meaning of Article 314-26, or by means of its website or the website of its management company.

A paper copy shall be delivered to investors on request and free of charge.

An up-to-date version of the key investor information document will be made available on the website of the CIS or management company.

Article 411-128-2

The CIS will deliver the key investor information document on request to persons that market its shares or units or that provide advice concerning the CIS or products that are exposed to the CIS.

These persons shall comply with the obligation referred to in Article 411-128.

Article 411-128-3

The prospectus shall be provided to investors on request and free of charge in a durable medium, within the meaning of Article 314-26 or by means of a website.

The most recently published annual and half-yearly reports of the CIS shall be delivered to investors on request and free of charge and made available in the manner specified in the prospectus and the key investor information document.

A paper copy of the documents referred to in this article will be delivered to the investors on request and free of charge.

Article 411-129

I. - Without prejudice to the legal and regulatory provisions applicable to the provision of the service of investment advice, a management company that markets the units or shares of CIS under its management shall comply with the rules of conduct applicable to the service of order execution for third parties while a company that markets the units or shares of CIS managed by other entities shall comply with the rules of conduct applicable to the service of order reception and transmission for third parties.

An AMF instruction shall stipulate the conditions for applying the provisions of this article.

II. - Any person marketing FCP units or SICAV shares or subfund units or shares shall ensure that the investor meets the subscription requirements referred to in Article 411-22.

Where the asset management company or the SICAV has entered into a contract to distribute the units or shares of the CIS, the contract shall specify how the investor may obtain access to information documents for the CIS.

III. - Any person marketing, in the territory of the French Republic, FCP units or SICAV shares or FCP or SICAV subfund units or shares whose instruments of incorporation, rules or any other document intended to provide information to holders is written in a language customary in the sphere of finance other than French, under the conditions set out in Article L. 214-23-1 of the Monetary and Financial Code, shall market particularly towards investors in the professional customer categories referred to in Article D. 533-11 of the Monetary and Financial Code. Furthermore, it shall ensure that the language used is understandable to investors.

Article 411-129-1

Rebates of management fees received for investments made on behalf of a UCITS in units or shares of a French or foreign collective investment or a third country investment fund shall be paid into the UCITS:

1° Either through a direct payment to the UCITS;

2° Or by means of a deduction from the management fee charged by the management company.

Article 411-130

I. - Rebates of management fees or subscription or redemption commissions that arise on investments made by the management company in shares or units of a French or foreign collective investment or a non-EU investment fund on behalf of a UCITS marketed in the territory of the French Republic, are prohibited, with the exception of the following:

1° Fees and commissions referred to in the eighth paragraph of Article 314-79;

2° Rebates that exclusively benefit the UCITS;

3° Rebates paid by the management company of a master UCITS in order to remunerate a third party in charge of marketing the feeder UCITS of this master UCITS;

4° Rebates remunerating a third party in charge of marketing of a collective investment governed by French law or foreign law or a third country investment fund where this third party acts independently of the management company investing in these UCITS or investment funds.

II. - The receipt by the management company of the following rebates in particular is prohibited:

1° Subscription or redemption fees resulting from investment by the portfolio in a UCITS managed in a collective investment governed by French law or foreign law or a third country investment fund;

2° Management fees arising from investment by the portfolio in a UCITS managed in a collective investment governed by French law or foreign law or a third country investment fund.

Article 411-131

Soliciting members of the public on behalf of foreign UCITS that have been the subject of a notification in accordance with the provisions of Article L. 214-2-2 of the Monetary and Financial Code shall be subject to the same provisions as those applicable to other UCITS governed by this section.

Article 411-132

The provisions of Articles 411-126, and 411-129 to 411-130 shall apply to the marketing of CIS referred to in Article 411-135.

Sub-section 2 - Special rules applicable to the admission to trading on a regulated market or a multilateral trading facility

Article 411-133

I. - UCITS whose units or shares are admitted to trading on a regulated market or a multilateral trading facility under the conditions set out in Article D. 214-22-1 of the Monetary and Financial Code will make available to the public the specific information related to the admission to trading, in accordance with the conditions set out in an AMF instruction.

This information is made public before the units or shares of the UCITS are effectively admitted to trading on a regulated market or a multilateral trading facility.

A copy of the prospectus shall be sent free of charge to any person who requests it and an electronic version of the prospectus is published on the website of the management company and shall be sent to the AMF for posting on its website.

II. - The provisions of this article apply to the marketing of units or shares of UCITS referred to in Article 411-135, where they are admitted to trading on a regulated market or on a multilateral trading facility under the conditions set out in Article D. 214-22-1 of the Monetary and Financial Code.

III. - Any person marketing units or shares of UCITS whose units or shares are admitted to trading on a regulated market or on a multilateral trading facility under the conditions set out in Article D. 214-22-1 of the Monetary and Financial Code shall ensure that investors have the information provided for in this sub-section.

Article 411-134

I.-The units or shares of a UCITS whose management objective is based on an index, pursuant to II of Article D. 214-22-1 of the Monetary and Financial Code, may be admitted to trading on a regulated market. These are:

1° The units or shares of index-based UCITS governed by Article R. 214-22 of the Monetary and Financial Code;

2° The units or shares of a UCITS whose management objective is to replicate the result obtained by applying a mathematical formula called an "algorithm" to an index complying with the conditions set out in I of Article R. 214-22 of the Monetary and Financial Code;

3° The units or shares of UCITS mentioned in 1° or 2° that are subject to a notification in accordance with the provisions of Article L. 214-2-2 of the Monetary and Financial Code.

The algorithm includes one or more parameters that may vary over time and that are called "'variables".

The algorithm, the index and conditions for adjusting the variables shall be described in the prospectus and set in a way that is compatible with the proper information of the public.

II. - Where the units or shares of UCITS are admitted to trading on a regulated market under the conditions provided for in I, the management company shall disclose to the public :

1° The results of the algorithm in accordance with the timetable described in the prospectus;

2° Any adjustment of the variables of the algorithm. This disclosure shall take place no later than seven business days before the implementation of the adjustment;

3° By way of derogation to 2°, where one or more variables are adjusted automatically by application of objective criteria and according to a timetable described in the prospectus, the public shall be informed no later than seven business days following the implementation of the adjustments.

The asset management company will ensure the effective and complete disclosure of the information referred to in points 1°, 2° and 3°.

It will also post the information on its website.

III. - The provisions of this article apply to the marketing of units or shares of UCITS referred to in Article 411-135, where they are admitted to trading on a regulated market under the conditions provided for in II of Article D. 214-22-1 of the Monetary and Financial Code.

Sub-section 3 - Centralising correspondent

Article 411-135

A foreign UCITS that has been the subject of a notification in accordance with the provisions of Article L. 214-2-2 of the Monetary and Financial Code shall name one or more correspondents, including a centralising correspondent, that are established in France under the conditions set out by an AMF instruction.

The correspondent(s) shall belong to one of the categories referred to in Article L. 214-10-1, I of the Monetary and Financial Code.

The centralising correspondent and any other correspondent(s), where applicable, shall be under contract to provide the following financial services:

1° Processing subscription and redemption requests;

2° Paying coupons and dividends;

3° Making information documents available to investors;

4° Providing specific information to holders in the cases to be stipulated by an AMF instruction.

Where the UCITS is not accepted by the central depositary in France, the contract signed by the centralising correspondent and the UCITS may provide that the centralising correspondent may be responsible only for the service referred to in point 3°, and the UCITS shall ensure that the services listed under 1°, 2° and 4° are properly carried out. In this case, the UCITS informs the centralising correspondent that the tasks for which it is responsible have been carried out and sends a copy of the information mentioned in 4° to the centralising correspondent.

The centralising correspondent is responsible for payment of the fixed annual fee, in accordance with Article L. 621-5-3 of the Monetary and Financial Code.

SECTION 8 - PASSPORT

Article 411-136

In preparing for carrying out marketing in other Member States of the European Union or in other States party to the European Economic Area agreement, a French UCITS eligible for the mutual authorisation recognition procedure provided for under the provisions of Directive 2009/65/EC of 13 July 2009 shall first submit a notification letter to the AMF.

The procedures for submitting this letter, its content and documents relating to the UCITS that shall be appended are specified in an AMF instruction.

The UCITS or its management company shall ensure that an electronic copy of each document appended to the notification letter is available on the website of the management company or another website indicated by the UCITS or its management company in the notification letter or in its updates. Any document made available on a website shall be provided in a commonly used electronic format.

The UCITS or its management company will ensure that the UCITS host State can access the website.

Article 411-137

The AMF will verify that the application for marketing authorisation submitted by the UCITS, comprising the notification letter and the UCITS information documents, is complete.

The AMF will then transmit the application to the competent authorities of the Member State(s) in which the UCITS proposes to market its units or shares, no later than ten working days of the date of receipt of the aforementioned application.

The AMF will enclose with the documentation an attestation that the UCITS fulfils the conditions imposed by Directive 2009/65/EC of 13 July 2009.

Upon the transmission of the application, the AMF will immediately notify the UCITS about the transmission.

The management company may market the units or shares of the UCITS in the host State as from the date of that notification.

The notification letter shall be provided to the AMF in French and in the language required by the regulations of the host State.

The attestation of compliance shall be provided in French or in a language other than French customary in the sphere of finance, and in the official language of the State where the UCITS will be marketed, if required under the regulations of that State.

Article 411-138

I. - Where a UCITS markets its units or shares in another State, it shall provide to investors in the territory of such State all information and documents which it is required pursuant to Article L. 214-23-1 of the Monetary and Financial Code to provide to French investors.

Such information and documents shall be provided to investors in compliance with the following provisions:

a) Without prejudice to the provisions of Section 5 of this chapter, such information or documents shall be provided to investors in the way prescribed by the laws, regulations or administrative provisions of the UCITS host State;

b) The key investor information document shall be translated into the official language, or one of the official languages, of the UCITS host State or into a language approved by the competent authorities of that State;

c) Other information or documents may be translated, at the choice of the UCITS, into the official language, or one of the official languages, of the UCITS host State, into a language approved by the competent authorities of that

State or into a language customary in the sphere of international finance; and

d) Translations of information or documents under points (b) and (c) shall be produced under the responsibility of the UCITS and shall faithfully reflect the content of the original information.

II. - The requirements set out in I shall also be applicable to any changes to the information and documents referred therein.

III. - The frequency of the publication of the issue, sale, repurchase or redemption price of units or shares of the UCITS shall comply with Article 411-123.

TITLE II - AIFS

CHAPTER I - GENERAL PROVISIONS

Article 421-A

I. - This Chapter covers the provisions arising from Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011, pursuant to Chapter IV, Section 2, sub-section 1 of Title I of Book II of the Monetary and Financial Code, and Articles 421-25 and 421-26 on marketing shares or units of AIFs in France and Articles 421-28 and 421-29 on the net asset value of AIFs.

II. - The provisions of this Chapter apply to all French or foreign AIFs managed or marketed in France. However, only Articles 421-24, 421-25, 421-26, 421-28 and 421-29 apply to the French AIFs or "other AIFs" mentioned in the last paragraph of II and in points 2° and 3° and the last paragraph of III of Article L. 214-24 of the Monetary and Financial Code, where the asset management company or the legal entity managing the AIFs has chosen not to submit them to the rules of Directive 2011/61/EU. Where these AIFs are real-estate collective investment undertakings, professional real-estate collective investment undertakings, real- estate investment companies or forestry investment companies, an external valuer is appointed under the conditions set out in Article L. 214-24-16 of the Monetary and Financial Code and in Article 421-31. Third country AIFs managed by a management company are not subject to Articles 421-36 and 421-37. Third country AIFs managed by an AIF manager and marketed solely to non-professional clients are not subject to Articles 421-28 through 421-37.

III. - For the purposes of applying this Chapter:

1° The term "asset management company" refers to the French asset management company;

2° The term "management company" refers to the management company established in another EU Member State;

3° The term "AIF manager" (alternative investment fund manager) refers to the manager established in a third country for which the Member State of reference is France.

SECTION 1 - AIF MARKETING PROCEDURE

Sub-section 1 - Marketing procedure in France

PARAGRAPH 1 - PROCEDURE FOR MARKETING AIFS WITH A PASSPORT TO PROFESSIONAL INVESTORS IN FRANCE

Sub-paragraph 1 - Procedure for marketing EU AIFs managed by an asset management company

Article 421-1

The notification mentioned in I of Article L. 214-24-1 of the Monetary and Financial Code, sent by an asset management company prior to marketing units or shares of an EU AIF in France, includes the following for every AIF that the company intends to market:

a) A notification letter, including a programme of activity identifying the AIFs that the asset management company intends to market and information on where the AIFs are established;

b) The AIF rules or articles of association;

c) Identification of the depositary of the AIF;

d) A description of, or any information on, the AIF available to investors;

e) Information on where the master AIF is established if the AIF is a feeder AIF;

f) Any additional information referred to in the second and third paragraphs of Article L. 214-24-19 of the Monetary and Financial Code, for each AIF that the asset management company intends to market;

g) Where relevant, information on the arrangements established to prevent units or shares of the AIF from being marketed to retail investors, including in the case where the asset management company independent entities to provide investment services in respect of the AIF.

Article 421-2

Within 20 working days following receipt of a complete notification file pursuant to I of Article L. 214-24-1 of the Monetary and Financial Code, the AMF shall inform the asset management company whether it may start marketing the AIF identified in the notification. The AMF shall oppose the marketing of the AIF only if the asset management company's management of the AIF does not or will not comply with the legislative and regulatory provisions applicable to asset management companies or with Books II and V of the Monetary and Financial Code. In the case of a positive decision, the asset management company may start marketing the AIF in France from the date of the AMF notification to that effect.

Where the competent authorities of the AIF and the asset management company are different, the AMF shall also inform the competent authorities of the AIF that the asset management company may start marketing units or shares of the AIF in France.

Article 421-3

In the event of a material change to any of the particulars communicated in accordance with I of Article L. 214-24-1 of the Monetary and Financial Code, the asset management company shall give written notice of that change to the AMF at least one month before implementing the change, as regards any changes planned by the asset management company, or immediately after an unplanned change.

If, pursuant to a planned change, the asset management company's management of the AIF would no longer comply with the provisions applicable to asset management companies, the AMF shall inform the asset management company without undue delay that it is not to implement the change.

If a planned change is implemented notwithstanding the first and second paragraphs, or if an unplanned change has taken place pursuant to which the asset management company's management of the AIF no longer complies with the provisions applicable to asset management companies, the AMF shall take all due measures in accordance with its powers provided for in Books V and VI, including, if necessary, the express prohibition to market the AIF.

Sub-paragraph 2 - Procedure for marketing third country AIFs managed by an asset management company

Article 421-4

The date of entry into force of the provisions of this subparagraph is set in accordance with the provisions of the European Commission's delegated act provided for in Article 67(6) of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011.

Article 421-5

The notification mentioned in I of Article L. 214-24-1 of the Monetary and Financial Code, sent by an asset management company prior to marketing units or shares of a third country AIF in France, includes the following:

a) A notification letter comprising a programme of activity identifying the AIFs that the asset management company intends to market and information about where the AIFs are established;

b) The AIF rules or articles of association;

c) Identification of the depositary of the AIF;

d) A description of, or any information on, the AIF available to investors;

e) Information on where the master AIF is established if the AIF is a feeder AIF;

f) Any additional information referred to in the second and third paragraphs of Article L. 214-24-19 of the Monetary and Financial Code, for each AIF that the asset management company intends to market;

g) Where relevant, information on the arrangements established to prevent units or shares of the AIF from being marketed to retail investors, including in the case where the asset management company relies independent entities to provide investment services in respect of the AIF.

Article 421-6

Within 20 working days following receipt of a complete notification file pursuant to Article L. 214-24-1 of the Monetary and Financial Code, AMF shall inform the asset management company whether it may start marketing in France the AIF identified in the notification. The AMF shall oppose the marketing of the AIF only if the asset management company's management of the AIF does not or will not comply with the provisions applicable to asset management companies. In the case of a positive decision, the asset management company may start marketing the AIF in France from the date of the notification by the AMF to that effect.

The AMF shall also inform the European Securities and Markets Authority that the asset management company may start marketing units or shares in the AIF in France.

Article 421-6-1

In the event of a material change to any of the particulars communicated in accordance with I of Article L. 214-24-1 of the Monetary and Financial Code, the asset management company shall give written notice of that change to the AMF at least one month before implementing the change, as regards any changes planned by the asset management company, or immediately after an unplanned change.

If, pursuant to a planned change, the asset management company's management of the AIF would no longer comply with the provisions applicable to asset management companies, the AMF shall inform the asset management company without undue delay that it is not to implement the change.

If a planned change is implemented notwithstanding the first and second paragraphs, or if an unplanned change has taken place pursuant to which the asset management company's management of the AIF no longer complies with the provisions applicable to asset management companies, the AMF shall take all due measures in accordance with its powers provided for in Books V and VI, including, if necessary, the express prohibition to market the AIF.

Sub-paragraph 3 - Procedure for marketing EU AIFs managed by an AIF manager established in a third country

Article 421-7

The date of entry into force of the provisions of this subparagraph is set in accordance with the provisions of the European Commission's delegated act provided for in Article 67(6) of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011.

Article 421-8

The notification mentioned in I of Article L. 214-24-1 of the Monetary and Financial Code, sent by an AIF manager established in a third country for which the Member State of reference is France, prior to marketing units or shares of an EU AIF in France, includes the following:

a) A notification letter comprising a programme of activity identifying the AIFs that the manager intends to market and information about where the AIFs are established;

b) The AIF rules or articles of association;

c) Identification of the depositary of the AIF;

d) A description of, or any information on, the AIF available to investors;

e) Information on where the master AIF is established if the AIF is a feeder AIF;

f) Any additional information referred to in the second and third paragraphs of Article L. 214-24-19 of the Monetary and Financial Code, for each AIF that the manager intends to market;

g) Where relevant, information on the arrangements established to prevent units or shares of the AIF from being marketed to retail investors, including in the case where the manager relies independent entities to provide investment services in respect of the AIF.

Article 421-9

Within 20 working days following receipt of the complete notification file pursuant to Article L. 214-24-1 of the Monetary and Financial Code, AMF shall inform the AIF manager whether it may start marketing in France the AIF identified in the notification. The AMF shall oppose the marketing of the AIF only if the AIF manager's management of the AIF does not or will not comply with the legislative and regulatory provisions applicable to asset management companies.. In the case of a positive decision, the asset management company may start marketing the AIF in France from the date of the notification by the AMF to that effect.

The AMF shall also inform the European Securities and Markets Authority and the competent authorities of the AIF that the AIF manager may start marketing units or shares in the AIF in France.

Sub-paragraph 4 - Procedure for marketing third country AIFs managed by an AIF manager established in a third country

Article 421-10

The date of entry into force of the provisions of this subparagraph is set in accordance with the provisions of the European Commission's delegated act provided for in Article 67(6) of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011.

Article 421-11

The notification mentioned in I of Article L. 214-24-1 of the Monetary and Financial Code, sent by an AIF manager established in a third country for which the Member State of reference is France, prior to marketing units or shares of a third country AIF in France, includes the following:

a) A notification letter comprising a programme of activity identifying the AIFs that the manager intends to market and information about where the AIFs are established;

b) The AIF rules or articles of association;

c) Identification of the depositary of the AIF;

d) A description of, or any information on, the AIF available to investors;

e) Information on where the master AIF is established if the AIF is a feeder AIF;

f) Any additional information referred to in the second and third paragraphs of Article L. 214-24-19 of the Monetary and Financial Code, for each AIF that the manager intends to market;

g) Where relevant, information on the arrangements established to prevent units or shares of the AIF from being marketed to retail investors, including in the case where the manager relies independent entities to provide investment services.

Article 421-12

Within 20 working days following receipt of a complete notification file pursuant to Article L. 214-24-1 of the Monetary and Financial Code, AMF shall inform the AIF manager whether it may start marketing in France the AIF identified in the notification. The AMF shall oppose the marketing of the AIF only if the AIF manager's management of the AIF does not or will not comply with the legislative and regulatory provisions applicable to asset management companies.. In the case of a positive decision, the asset management company may start marketing the AIF in France from the date of the notification by the AMF to that effect.

Article 421-12-1

In the event of a material change to any of the particulars communicated in accordance with I of Article L. 214-24-1, the AIF manager shall give written notice of that change to the AMF at least one month before implementing the change, or immediately after an unplanned change has occurred.

If, pursuant to a planned change, the AIF manager's management of the units or shares of the AIF would no longer comply with the legislative and regulatory provisions applicable to asset management companies, the AMF shall inform the AIF manager without undue delay that it is not to implement the change.

If a planned change is implemented notwithstanding the first and second paragraphs, or if an unplanned change has taken place pursuant to which the AIF manager's management of the units or shares of the AIF no longer complies with the legislative and regulatory provisions applicable to asset management companies, the AMF shall take all due measures, including, if necessary, the express prohibition to market the AIF.

PARAGRAPH 2 - PROCEDURE FOR MARKETING AIFS IN FRANCE TO RETAIL INVESTORS

Article 421-13

I.- In application of III of Article L. 214-24-1 of the Monetary and Financial Code, any asset management company, management company established in the European Union or AIF manager established in a third country must submit an application for authorisation in accordance with the conditions set forth in an AMF Instruction, prior to marketing units or shares of an AIF under its management and established in an EU Member State or a third country to retail investors in France.

II. - If the AIF is established in an EU Member State other than France or in a third country, the AMF shall only issue the marketing authorisation mentioned in I of this Article on condition that:

1° An information exchange and mutual assistance system in the field of asset management on behalf of third parties has been set up between the AMF and the supervisory authority of the AIF; and

2° The AIF meets the conditions laid down in a mutual recognition agreement on AIFs that may be marketed to retail investors, signed between the AMF and the supervisory authority of the AIF.

III. - If the management company is established in an EU Member State other than France or if the AIF manager is established in a third country, the AMF shall only issue the marketing authorisation mentioned in I of this Article on condition that:

1° An information exchange and mutual assistance system in the field of asset management on behalf of third parties has been set up between the AMF and the supervisory authority of the management company or AIF manager; and

2° The management company or the AIF manager meets the conditions laid down in a mutual recognition agreement establishing the specific requirements applicable to the authorisation of management companies or AIF managers of AIFs that may be marketed to retail investors, signed between the AMF and the supervisory authority of the management company or AIF manager.

PARAGRAPH 3 - PROCEDURE FOR MARKETING IN FRANCE OF EU OR THIRD COUNTRY AIFS BY AN ASSET MANAGEMENT COMPANY, A MANAGEMENT COMPANY OR A THIRD COUNTRY AIF MANAGER WITHOUT A PASSPORT

Article 421-13-1

For an asset management company or a management company to market units or shares of third country AIFs in France without a passport, or for a third party AIF manager to market units or shares of EU or third country AIFs in France without a passport, the asset management company, management company or AIF manager shall send the AMF an application for prior authorisation, in accordance with the conditions set forth in an AMF instruction.

This instruction shall specify the procedure and the information to be sent once marketing authorisation has been given.

Sub-section 2 - Procedure for marketing AIFs in an EU Member State other than France

PARAGRAPH 1 - PROCEDURE FOR AN ASSET MANAGEMENT COMPANY TO MARKET EU AIFS TO PROFESSIONAL INVESTORS WITH A PASSPORT

Article 421-14

The notification mentioned in I of Article L. 214-24-2 of the Monetary and Financial Code, sent by an asset management company prior to marketing units or shares of an EU AIF in an EU Member State other than France, includes the following for every AIF concerned :

a) A notification letter comprising a programme of activity identifying the AIFs that the asset management company intends to market and information about where the AIFs are established;

b) The AIF rules or articles of association;

c) Identification of the depositary of the AIF;

d) A description of, or any information on, the AIF available to investors;

e) Information on where the master AIF is established if the AIF is a feeder AIF;

f) Any additional information referred to in the second and third paragraphs of Article L. 214-24-19 of the Monetary and Financial Code, for each AIF that the asset management company intends to market ;

g) The indication of the Member State in which the asset management company intends to market the units or shares of the AIF to professional investors;

h) Information about arrangements for marketing AIFs and, where relevant, information on the arrangements established to prevent units or shares of the AIF from being marketed to retail investors, including in the case where the asset management company relies on independent entities to provide investment services in respect of the AIF.

PARAGRAPH 2 - PROCEDURE FOR AN ASSET MANAGEMENT COMPANY TO MARKET THIRD COUNTRY AIFS TO PROFESSIONAL INVESTORS WITH A PASSPORT

Article 421-15

The date of entry into force of the provisions of this paragraph is set in accordance with the provisions of the European Commission's delegated act provided for in Article 67(6) of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011.

Article 421-16

The notification mentioned in I of Article L. 214-24-2 of the Monetary and Financial Code, sent by an asset management company prior to marketing units or share of third country AIFs in an EU Member State other than France, includes the following for every AIF concerned:

a) A notification letter comprising a programme of activity identifying the AIFs that the asset management company intends to market and information about where the AIFs are established;

b) The AIF rules or articles of association;

c) Identification of the depositary of the AIF;

d) A description of, or any information on, the AIF available to investors;

e) Information on where the master AIF is established if the AIF is a feeder AIF;

f) Any additional information referred to in the second and third paragraphs of Article L. 214-24-19 of the Monetary and Financial Code, for each AIF that the asset management company intends to market ;

g) The indication of the Member State in which the asset management company intends to market the units or shares of the AIF to professional investors;

h) Information about arrangements for marketing AIFs and, where relevant, information on the arrangements established to prevent units or shares of the AIF from being marketed to retail investors, including in the case where the management company relies on independent entities to provide investment services in respect of the AIF.

Article 421-17

The arrangements referred to in point h) of Article 421-16 shall be subject to the laws and supervision of the host Member States of the asset management company.

PARAGRAPH 3 - PROCEDURE FOR MARKETING AIFS ESTABLISHED IN AN EU MEMBER STATE, MANAGED BY AN AIF MANAGER ESTABLISHED IN A THIRD COUNTRY FOR WHICH THE MEMBER STATE OF REFERENCE IS FRANCE

Article 421-18

The date of entry into force of the provisions of this paragraph regarding AIFs or AIF managers established in a third country is set in accordance with the provisions of the European Commission's delegated act provided for in Article 67(6) of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011.

Article 421-19

The notification mentioned in I of Article L. 214-24-2 of the Monetary and Financial Code, sent by an AIF manager established in a third country for which the Member State of reference is France, prior to marketing units or shares of EU AIFs in an EU Member State, includes the following for every AIF concerned:

a) A notification letter comprising a programme of activity identifying the AIFs that the AIF manager intends to market and information about where the AIFs are established;

b) The AIF rules or articles of association;

c) Identification of the depositary of the AIF;

d) A description of, or any information on, the AIF available to investors;

e) Information on where the master AIF is established if the AIF is a feeder AIF;

f) Any additional information referred to in the second and third paragraphs of Article L. 214-24-19 of the Monetary and Financial Code, for each AIF that the AIF manager intends to market;

g) The indication of the Member State in which the AIF manager intends to market the units or shares of the AIF to professional investors;

h) Information about arrangements for marketing AIFs and, where relevant, information on the arrangements established to prevent units or shares of the AIF from being marketed to retail investors, including in the case where the AIF manager relies on independent entities to provide investment services in respect of the AIF.

Article 421-20

The arrangements referred to in point h) of Article 421-19 shall be subject to the laws and supervision of the host Member States of the AIF manager.

PARAGRAPH 4 - PROCEDURE FOR MARKETING THIRD COUNTRY AIFS IN AN EU MEMBER STATE OTHER THAN FRANCE BY A THIRD COUNTRY AIF MANAGER FOR WHICH THE MEMBER STATE OF REFERENCE IS FRANCE

Article 421-21

The date of entry into force of the provisions of this paragraph regarding AIFs or AIF managers established in a third country is set in accordance with the provisions of the European Commission's delegated act provided for in Article 67(6) of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011.

Article 421-22

The notification mentioned in I of Article L. 214-24-2 of the Monetary and Financial Code includes:

a) A notification letter comprising a programme of activity identifying the AIFs that the AIF manager intends to market and information about where the AIFs are established;

b) The AIF rules or articles of association;

c) Identification of the depositary of the AIF;

d) A description of, or any information on, the AIF available to investors;

e) Information on where the master AIF is established if the AIF is a feeder AIF;

f) Any additional information referred to in the second and third paragraphs of Article L. 214-24-19 of the Monetary and Financial Code, for each AIF that the AIF manager intends to market;

g) The indication of the Member State in which the AIF manager intends to market the units or shares of the AIF to professional investors;

h) Information about arrangements for marketing AIFs and, where relevant, information on the arrangements established to prevent units or shares of the AIF from being marketed to retail investors, including in the case where the AIF manager relies on independent entities to provide investment services in respect of the AIF.

Article 421-23

The arrangements referred to in point h) of Article 421-22 shall be subject to the laws and supervision of the host Member States of the AIF manager.

Sub-section 3 - Marketing rules

PARAGRAPH 1 - GENERAL PROVISIONS

Article 421-24

French and foreign AIFs authorised for marketing in France, or their asset management companies, management company or AIF manager, are subject to the provisions of this sub-section.

Article 421-25

The AMF is entitled to exercise the prerogatives referred to in Article 314-30 with regard to any person distributing AIFs.

Advertisements from the AIF aimed at investors shall be clearly identified as such. They shall be accurate, clear and not misleading. More specifically, if an advertisement containing an invitation to buy units or shares in an AIF includes specific information about the AIF, it cannot contain information that contradicts the information provided in the investor disclosure documents or that understates the importance of such information.

Such advertisements shall state whether investor disclosure documents exist and are available.

They shall stipulate where and in which languages the holders of units or shares of the AIF and potential investors can obtain this information and these documents, or how they can gain access to them.

Article 421-26

I. - Without prejudice to the legal and regulatory provisions applicable to the provision of the service of investment advice, an asset management company, management company or AIF manager that markets the units or shares of AIFs under its management shall comply with the conduct of business rules applicable to the service of order execution for third parties provided for in Chapter IV of Title I of Book III, while an asset management company, management company or AIF manager that markets the units or shares of AIFs managed by other entities shall comply with the conduct of business rules applicable to the service of order reception and transmission for third parties provided for in Chapter IV of Title I of Book III.

An AMF Instruction shall stipulate the conditions for applying the provisions of this Article.

II. - Any person marketing units or shares of AIFs or units or shares of sub-funds shall ensure that the investor meets the subscription requirements for that AIF.

Where the AIF or its asset management company, management company or AIF manager has entered into a contract to distribute the units or shares of the AIF, the contract shall specify how investors may obtain access to investor disclosure documents.

III. - Any person marketing units or shares of an AIF or units or shares of sub-funds whose articles of association, rules or any other document intended to provide information to holders is written in a language customary in the sphere of finance other than French, under the conditions set out in Article L. 214-25 of the Monetary and Financial Code, shall direct its marketing particularly at investors in the professional customer categories referred to in Article D. 533-11 of the Monetary and Financial Code and investors who meet the conditions set by this General Regulation for the subscription of units or shares of these AIFs. Furthermore, such persons shall ensure that the language used is understandable to investors.

Article 421-27

An AIF established in an EU Member State other than France or its management company, or a third country AIF or its AIF manager, being subject to authorisation as set out in Articles 421-13 and 421-13-1, shall name one or more correspondents, including a centralising correspondent, that are established in France under conditions set forth in an AMF Instruction.

The correspondent(s) shall belong to one of the categories referred to in Article 1 of the ministerial order of 6 September 1989.

The centralising correspondent and any other correspondent(s), where applicable, shall be under contract to provide the following financial services:

1° Processing subscription and redemption requests;

2° Paying coupons and dividends;

3° Making information documents available to investors;

4° Providing specific information to holders in the cases stipulated by an AMF Instruction.

Where the AIF is not admitted to the central depositary in France, the contract signed by the centralising correspondent and the AIF may provide that the centralising correspondent is responsible only for the service referred to in point 3°, and the AIF shall ensure that the services listed under 1°, 2° and 4° are properly carried out. In this case, the AIF informs the centralising correspondent that the tasks for which it is responsible have been carried out and sends a copy of the information mentioned in 4° to the centralising correspondent.

The centralising correspondent is responsible for payment of the fixed annual fee, in accordance with Article L. 621-5-3 of the Monetary and Financial Code.

PARAGRAPH 2 - SPECIAL PROVISIONS APPLICABLE TO THE ADMISSION TO TRADING ON A REGULATED MARKET OR A MULTILATERAL TRADING FACILITY

Article 421-27-1

I. - AIFs whose units or shares are admitted to trading on a regulated market or a multilateral trading facility under the conditions set out in Article D. 214-32-31 of the Monetary and Financial Code will also make available to the public the specific information related to the admission to trading, in accordance with the conditions set out in an AMF instruction.

This information is made public before the units or shares of the AIF are effectively admitted to trading on a regulated market or a multilateral trading facility.

A copy of the prospectus shall be sent free of charge to any person who requests it and an electronic version of the prospectus is published on the website of the AIF portfolio management company and shall be sent to the AMF for posting on its website.

II. - The provisions of this article apply to the marketing of units or shares of retail investment funds governed by Articles 422-2 et seq., private equity funds governed by Articles 422-120-1 et seq., funds of alternative funds governed by Articles 422-250 et seq., professional investment funds governed by Articles 423-1 et seq., professional specialised investment funds governed by Articles 423-16 et seq., professional private equity funds governed by Articles 423-37 et seq. and foreign AIFs marketed under the conditions provided for in Article L. 214-24-1 of the Monetary and Financial Code, where these units or shares are admitted to trading on a regulated market or on a multilateral trading facility under the conditions set out in Article D. 214-32-31 of the Monetary and Financial Code.

III. - Any person marketing the units or shares of AIFs whose units or shares are admitted to trading on a regulated market or on a multilateral trading facility under the conditions set out in Article D. 214-32-31 of the Monetary and Financial Code shall ensure that investors have the information provided for in this paragraph.

Article 421-27-2

I. - The units or shares of an AIF whose management objective is based on an index, pursuant to II of Article D. 214-32-31 of the Monetary and Financial Code, may be admitted to trading on a regulated market. These are:

1° Units or shares of index-based AIFs governed by Article R. 214-32-30 of the Monetary and Financial Code;

2° The units or shares of an AIF whose management objective is to replicate the result obtained by applying a mathematical formula called an "algorithm" to an index complying with the conditions set out in I of Article R. 214-32-30 of the Monetary and Financial Code;

3° The units or shares of foreign AIFs that are subject to a notification in accordance with the provisions of Article L. 214-24-1 of the Monetary and Financial Code and that meet the conditions provided for in 1° and 2°.

The algorithm includes one or more parameters that may vary over time and that are called "variables".

The algorithm, the index and conditions for adjusting the variables shall be described in the prospectus and set in a way that is compatible with the proper information of the public.

II. - Where the units or shares of AIFs are admitted to trading on a regulated market under the conditions provided for in I, the management company shall disclose to the public:

1° The results of the algorithm in accordance with the timetable described in the prospectus;

2° Any adjustment of the variables of the algorithm. This disclosure shall take place no later than seven business days before the implementation of the adjustment;

3° By way of derogation to 2°, where one or more variables are adjusted automatically by application of objective criteria and according to a timetable described in the prospectus, the public shall be informed no later than seven business days following the implementation of the adjustments.

The management company will ensure the effective and complete disclosure of the information referred to in points 1°, 2° and 3°.

It will also post the information on its website.

III. - The provisions of this article apply to the marketing of units or shares of retail investment funds governed by Articles 422-2 et seq. and to the units or shares of foreign AIFs marketed under the conditions provided for in Article L. 214-24-1 of the Monetary and Financial Code, where these units or shares are admitted to trading on a regulated market under the conditions provided for in II of Article D. 214-32-31 of the Monetary and Financial Code.

SECTION 2 - VALUATION

Article 421-28

The net asset value is obtained by dividing the net assets of the AIF by the number of shares or units.

The assets in the AIF portfolio are valued every day that the net asset value is determined, under the conditions set out in the AIF rules or articles of association.

Article 421-29

The asset management company, management company or AIF manager makes the net asset value available and communicates it to any person who requests it.

If an AIF is governed by French law, its net asset value is sent to the AMF on the day it is determined, in accordance with the procedures set out in an AMF Instruction.

Article 421-30

The valuation procedures used shall ensure that the AIF's assets are valued and that the net asset value per unit or share is calculated at least once a year.

If the AIF is open-ended, such valuations and calculations shall also be carried out at a frequency which is appropriate both to the assets held by the AIF and to the issuance and redemption frequency.

If the AIF closed-ended, such valuations and calculations shall also be carried out in case of an increase or decrease of the capital by the relevant AIF.

Investors in the AIF shall be informed of the valuations and calculations as set out in the relevant AIF rules or articles of association.

Article 421-31

In application of Article L. 214-24-16 of the Monetary and Financial Code, where an external valuer performs the valuation function:

1° The appointment of the external valuer shall comply with the rules on delegation provided for in I, II and VII of Article 318-58;

2° The asset management company, management company or AIF manager shall comply with Article 73 of Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012;

3° The external valuer, who may be a member of one or more professional bodies, shall at all times abide by a charter that includes:

a) A description of the valuation tools and methods used for each category of assets in which the valuer is competent;

b) A principle of independence that the valuer must comply with, and specifically a procedure for detecting and managing conflicts of interest and, where appropriate, informing the asset management company, management company or AIF manager thereof;

c) An information policy and procedure by means of which the external valuer informs the asset management company, management company or AIF manager without delay of any changes in the valuer's situation as declared at the time of appointment.

Article 421-32

The AIF or AIF portfolio management company, management company or AIF manager shall comply with Articles 67 to 74 of Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012.

SECTION 3 - INFORMATION

Sub-section 1 - Disclosure to investors

Article 421-33

The annual report of the AIF shall include the information specified in an AMF Instruction.

Article 421-34

I.-The information referred to in an AMF Instruction is made available to investors before they subscribe units or shares in an AIF.

Any material changes to the information in this document are also made available to investors.

II. - The AIF or its asset management company, management company or AIF manager shall inform investors before they invest in the AIF of any arrangement made by the depositary to contractually discharge itself of liability in accordance with II and III of Article L. 214-24-10 of the Monetary and Financial Code. The AIF or its asset management company, management company or AIF manager shall also inform investors without delay of any changes with respect to depositary liability.

III. - Where the AIF is required to publish a prospectus in accordance with Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, only such information referred to in I and II which is in addition to that contained in the prospectus need be disclosed separately or as additional information in the prospectus.

IV. - EU AIFs and AIFs marketed in the EU, or their asset management company, management company or AIF manager, shall periodically disclose to investors:

1° The percentage of the AIF's assets subject to special arrangements arising from their illiquid nature;

2° Any new arrangements for managing the liquidity of the AIF;

3° The current risk profile of the AIF and the risk management systems employed by the AIF or its asset management company, management company or AIF manager to manage those risks.

V. - EU AIFs and AIFs marketed in the EU, employing leverage, or their asset management company, management company or AIF manager, shall, for each such AIF, disclose on a regular basis:

1° Any changes to the maximum level of leverage which the asset management company, management company or AIF manager may employ on behalf of the AIF as well as any right of reuse of the AIF's assets given as collateral and any guarantee under the leveraging arrangements;

2° The total amount of leverage employed by that AIF.

Article 421-35

The AIF or AIF portfolio management company, management company or AIF manager shall comply with Articles 103 to 109 of Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012.

Sub-section 2 - Information to AMF

Article 421-36

I. - Any AIF managed or marketed in the European Union, or its asset management company, management company or AIF manager, shall provide the AMF with the following:

1° The percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature;

2° Any new arrangements for managing the liquidity of the AIF;

3° The current risk profile of the AIF and the risk management systems employed to manage the market risk, liquidity risk, counterparty risk and other risks including operational risk;

4° Information on the main categories of assets in which the AIF invested; and

5° The results of the stress tests performed in accordance with point 2° of Article 318-41 and the second paragraph of Article 318-44.

II. - At the AMF's request:

1° An AIF managed or marketed in the European Union, or its asset management company, management company or AIF manager, shall provide it with an annual report for each financial year, in accordance with Article L. 214-24-19 of the Monetary and Financial Code;

2° The asset management company, management company or AIF manager shall provide it with a detailed list of all AIFs which it manages, for the end of each quarter.

Article 421-37

The AIF or AIF portfolio management company, management company or AIF manager shall comply with Articles 110 to 111 and Annex IV of Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012.

CHAPTER II - FUNDS OPEN TO RETAIL INVESTORS

Article 422-1

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SECTION 1 - RETAIL INVESTMENT FUNDS

Article 422-2

For the purposes of applying this Section:

1° The term "AIF" designates either an open-ended investment company (*société d'investissement à capital variable - SICAV*) or a common fund (*fonds commun de placement - FCP*);

2° The term "holder" designates the holder of units in an FCP or shares in a SICAV;

3° Where SICAVs do not delegate the overall management of their portfolio as stipulated in Article L. 214-24-29 of the Monetary and Financial Code, they shall meet all the conditions applying to management companies and discharge the obligations applying to such companies;

4° References to "members of the board of directors or the executive board of the SICAV" shall be understood to include, where applicable, the chairman of a simplified joint-stock company or the senior managers designated by the articles of association to carry out the duties of the board of directors in accordance with Article L. 227-1 of the Commercial Code.

Article 422-3

The provisions of Chapter I of this Title apply to retail investment funds except where provided otherwise.

Sub-section 1 - Authorisation

PARAGRAPH 1 - SICAVS

Article 422-4

The articles of association of a SICAV are signed by the first shareholders in person or by a specially empowered agent. The said articles stipulate the names of the first shareholders and the amounts paid in by each of them, and, where applicable, the names of the first directors or the names of the members of the executive board and the supervisory board, as well as the names of the first statutory auditor and, where applicable, the alternate auditor, named in accordance with the conditions stipulated in Article L. 214-24-31 of the Monetary and Financial Code.

A SICAV cannot set up sub-funds and issue different share classes unless its articles of association explicitly provide for it to do so.

Article 422-5

The articles of association, along with the deposit certificate for the initial capital issued by the depositary, shall be filed with the registry of the commercial court with jurisdiction over the registered office of the SICAV.

If the articles of association provide for the SICAV to be an umbrella fund, the depositary also issues a certificate for each sub-fund to the asset management company. The asset management company sends the said certificates to the AMF.

An AMF Instruction stipulates the minimum information disclosures required in the articles of association of a SICAV.

Article 422-6

The articles of association provided for in Article L. 214-24-25 of the Monetary and Financial Code stipulate the principles for distributing the SICAV's distributable sums, the procedures for subscriptions and redemptions and, where applicable, the procedures governing the rights attaching to different share classes. The procedures for distributing the SICAV's distributable sums may be defined in the prospectus.

Article 422-7

I. - Authorisation of a SICAV, as provided for under Article L. 214-24-24 of the Monetary and Financial Code and, where applicable, the authorisation of each sub-fund provided for under the same Article, is subject to prior filing of an application with the AMF containing the elements stipulated in an AMF Instruction.

The AMF notifies the SICAV whether its authorisation has been granted or refused, within one month of the filing of the application.

If the AMF does not respond for one month following the acknowledgement of receipt of the application, authorisation is deemed to be granted.

If the AMF asks for further information that requires the asset management company to submit a supplementary information sheet, the AMF serves written notice stipulating that it shall receive the items requested within sixty days. If it fails to receive the said items within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received all the information requested. The acknowledgement of receipt stipulates a new deadline for authorisation, which cannot be longer than the one referred to in the previous paragraph.

II. - The period referred to in I is reduced to eight working days after the AMF issues the acknowledgement of receipt of the authorisation application, if the SICAV applying for authorisation is comparable to a UCITS or retail investment fund that has already been authorised by the AMF.

The AMF assesses the comparability of the SICAV applying for authorisation, called the "comparable SICAV", and the UCITS or retail investment fund previously authorised by the AMF, called the "reference UCITS or retail investment fund", with respect to the following:

1° The reference UCITS or retail investment fund and the comparable SICAV are managed by the same asset management company or the same delegated investment manager, or by investment management companies or delegated investment managers belonging to the same corporate group, and subject to the AMF's assessment of the information provided by the management company of the comparable SICAV, in accordance with the requirements stipulated in an AMF Instruction;

2° The reference UCITS or retail investment fund has been authorised by the AMF and incorporated less than eighteen months before the date of receipt by the AMF of the authorisation application for the comparable SICAV. At the reasoned request of the management company of the comparable SICAV, the AMF may accept an authorized reference UCITS or retail investment fund that has been incorporated for more than eighteen months at the date of receipt of the authorisation application for the comparable SICAV;

3° The reference UCITS or retail investment fund has not undergone any changes other than those referred to in an AMF Instruction.

At the reasoned request of the management company of the comparable SICAV, the AMF may allow a UCITS or retail investment fund that has undergone changes other than those referred to in the Instruction to be a reference UCITS or retail investment fund;

4° Subscribers to the comparable SICAV shall meet the subscription and purchasing requirements of the reference UCITS or retail investment fund;

5° The investment strategy, risk profile, operating rules and articles of association of the comparable SICAV shall be similar to those of the reference UCITS or retail investment fund.

If one of the incorporation documents of the comparable SICAV is different from that of the reference UCITS or retail investment fund, it shall be clearly identified in the authorisation application for the comparable SICAV, in accordance with the procedures stipulated in an AMF Instruction.

The authorisation application of the comparable SICAV shall be filed electronically.

If the AMF asks for further information that requires the submission of a supplementary information sheet, the AMF serves such notice stipulating that the items requested must arrive within sixty days. If it fails to receive the said items within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received all the information requested. The acknowledgement of receipt stipulates a new deadline for authorisation of eight working days or less.

If the comparable SICAV or the reference UCITS or retail investment fund do not comply with the requirements referred to in this Article, the AMF notifies the applicant, stipulating that the supplementary information required to compile an authorisation application under the procedures described in I shall be received within sixty days. If it fails to receive all of the supplementary information within this period, the authorisation application is deemed to be rejected. When all of the supplementary information has been received, the AMF issues a written acknowledgement of receipt and examines the authorisation application for the SICAV under the conditions and procedures referred to in I. The acknowledgement of receipt stipulates a new deadline for authorisation of one month or less.

Article 422-8

In order to grant the authorisation for the SICAV provided for in Article L. 214-24-24 of the Monetary and Financial Code, the AMF examines the articles of association of the SICAV, the investment strategy used to attain the investment objective of the retail investment fund, its fee structure and any share classes, as presented in the articles of association.

The AMF also examines the choice of depositary and the application of the asset management company to manage the SICAV.

Article 422-9

The asset management company or the SICAV, where applicable, shall send the AMF the deposit certificate for the initial capital of the SICAV immediately after the funds have been deposited and within one hundred and eighty working days from the date of authorisation of the SICAV.

For umbrella SICAVs, this certificate shall be sent to the AMF within:

1° One hundred and eighty working days from the date of authorisation of the SICAV for at least one of the sub-funds; and

2° Three hundred and sixty working days from the date of notification of the authorisation for the other sub-funds, if any. The deposit certificate shall name the sub-fund(s) that it covers.

If the AMF does not receive the certificate within these time periods, it declares the authorisation null and void under the conditions set out in an AMF Instruction.

Where warranted by special circumstances, the SICAV may make a reasoned request for an extension of the deadline for depositing the funds, which shall reach the AMF before the date on which the authorisation is to be declared null and void and mention the requested deadline. The AMF will notify the SICAV of its decision within eight working days of receiving the request.

Article 422-10

The notification of authorisation of the SICAV is sent to the asset management company or, where applicable, to the SICAV itself under the conditions set out in an AMF Instruction.

PARAGRAPH 2 - COMMON FUNDS (FCPS)

Article 422-11

I. - Authorisation of an FCP, which is provided for under Article L. 214-24-24 of the Monetary and Financial Code and, where applicable, the authorisation of each sub-fund provided for under the same Article, is subject to prior filing of an application with the AMF containing the elements stipulated in an AMF Instruction.

The AMF notifies the asset management company whether authorisation of the FCP has been granted or refused, within one month of the filing of the application.

If the AMF does not respond for one month following the acknowledgement of receipt of the application, authorisation is deemed to be granted.

If the AMF asks for further information that requires the asset management company to submit a supplementary information sheet, the AMF serves written notice stipulating that it shall receive the items requested within sixty days. If it fails to receive the said items within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received all the information requested. The acknowledgement of receipt stipulates a new deadline for authorisation, which cannot be longer than the one referred to in the second and third paragraphs.

II. - The period referred to in I is reduced to eight working days after the AMF issues the acknowledgement of receipt of the authorisation application, if the FCP applying for authorisation is comparable to a UCITS or a retail investment fund that has already been authorised by the AMF.

The AMF assesses the comparability of the FCP applying for authorisation, called the "comparable FCP", and the UCITS or retail investment fund previously authorised by the AMF, called the "reference UCITS or retail investment fund", with respect to the following:

1° The reference UCITS or retail investment fund and the comparable FCP are managed by the same asset management company or the same delegated investment manager, or by investment management companies or delegated investment managers belonging to the same corporate group and, subject to the AMF's assessment, of the information provided by the asset management company of the comparable FCP, in accordance with the requirements stipulated in an AMF Instruction;

2° The reference UCITS or retail investment fund has been authorised by the AMF and incorporated less than eighteen months before the date of receipt by the AMF of the authorisation application for the comparable FCP. At the reasoned request of the asset management company of the comparable FCP, the AMF may accept an authorised reference UCITS or retail investment fund that has been incorporated for more than eighteen months at the date of receipt of the authorisation application for the comparable FCP;

3° The reference UCITS or retail investment fund has not undergone any changes other than those referred to in an AMF Instruction.

At the reasoned request of the management company of the comparable FCP, the AMF may allow a UCITS or retail investment fund that has undergone changes other than those referred to in the Instruction to be a reference UCITS or retail investment fund;

4° Subscribers to the comparable FCP shall meet the subscription and purchasing requirements of the reference UCITS or retail investment fund;

5° The investment strategy, risk profile, operating rules and fund rules of the comparable FCP shall be similar to those of the reference UCITS or retail investment fund.

If one of the articles of association of the comparable FCP is different from that of the reference UCITS or retail investment fund, it shall be clearly identified in the authorisation application for the comparable FCP, in accordance with the requirements set out in an AMF Instruction.

The authorisation application of the comparable FCP shall be filed electronically.

If the AMF asks for further information that requires the submission of a supplementary information sheet, the AMF serves such notice stipulating that the items requested must arrived within sixty days. If it fails to receive the said items within this period, the authorisation application is deemed to be rejected. The AMF issues a written acknowledgement of receipt when it has received all the information requested. The acknowledgement of receipt stipulates a new deadline for authorisation of eight working days or less.

If the comparable FCP or the reference UCITS or retail investment fund do not comply with the requirements referred to in this Article, the AMF notifies the applicant, stipulating that the supplementary information required to compile an authorisation application under the procedures described in I shall be received within sixty days. If it fails to receive all of the supplementary information within this period, the authorisation application is deemed to be rejected. When all of the supplementary information has been received, the AMF issues a written acknowledgement of receipt and examines the authorisation application for the FCP under the conditions and procedures referred to in I. The acknowledgement of receipt stipulates a new deadline for authorisation of one month or less.

Article 422-12

In order to grant the authorisation for the FCP provided for in Article L. 214-24-24 of the Monetary and Financial Code, the AMF examines the fund rules of the FCP, the investment strategy used to attain the investment objective of the retail investment fund, its fee structure and any share classes.

The AMF also examines the choice of depositary and the application of the asset management company to manage the FCP.

Article 422-13

The asset management company shall send the AMF the deposit certificate for the funds of the FCP immediately after the deposit of the funds and within one hundred and eighty working days from the date of authorisation of the FCP.

For umbrella FCPs, this certificate shall be sent to the AMF within:

1° One hundred and eighty working days from the date of authorisation of the FCP for at least one of the sub-funds; and

2° Three hundred and sixty working days from the date of notification of the authorisation for the other sub-funds, if any.

The deposit certificate shall name the sub-fund(s) that it covers.

If the AMF does not receive the certificate within these time periods, it declares the authorisation null and void under the conditions set out in an AMF Instruction.

Where warranted by special circumstances, the asset management company may make a reasoned request for an extension of the deadline for depositing the funds, which shall reach the AMF before the date on which the authorisation is to be declared null and void and mention the requested deadline. The AMF will notify the asset management company of its decision within eight working days of receiving the request.

Article 422-14

The fund rules provided for in Article L. 214-24-35 of the Monetary and Financial Code set the term of the FCP and the minimum amount of its initial assets, which cannot be less than the amount stipulated in Article D. 214-32-13 of the Monetary and Financial Code.

The fund rules stipulate the principles for distributing the distributable sums of the FCP, the subscription and redemption procedures and, where applicable, the procedures governing the rights attaching to the different unit classes. The procedures for distributing the FCP's distributable sums may be defined in the prospectus.

The FCP cannot set up sub-funds unless its fund rules specifically provide for it to do so.

An AMF Instruction shall define the contents of the sections in the FCP's fund rules.

Article 422-15

Without prejudice to Article L. 214-24-1 of the Monetary and Financial Code, the marketing of FCP units and, where applicable, sub-fund units, cannot start until the AMF has served notice of its authorisation. The notice will be sent to the asset management company of the FCP under the conditions set out in an AMF Instruction.

Subscriptions may start once this notice has been received.

The founders shall undertake to complete subscriptions, where applicable, before the end of the period stipulated in the abovementioned Instruction for reaching the minimum amount provided for in the FCP fund rules. This period starts upon notification of the FCP's authorisation.

As soon as the amount referred to in the previous paragraph has been reached, the asset management company will determine the first net asset value. The corresponding deposit certificate issued by the depositary shall be sent to the AMF immediately.

If the FCP is an umbrella fund, the depositary shall issue a deposit certificate for each sub-fund.

PARAGRAPH 3 - MODIFICATIONS

Article 422-16

Two types of modifications can occur in the life of a retail investment fund:

1° Changes subject to pre-approval;

2° Changes subject to ex-post notification.

The procedures for notifying holders and the conditions under which holders can redeem their units or shares are set out in an AMF Instruction.

Sub-paragraph 1 - Changes subject to pre-approval

Article 422-17

An AMF Instruction defines the conditions under which the AMF authorises changes subject to pre-approval affecting a retail investment fund. The authorisation period is eight working days.

Except in the event of the changes mentioned in Articles 411-53, 411-98, 411-100 and 411-104:

1° The period between the date the holders are informed and the effective date for the change to the retail investment fund shall be between three and ninety days at least, in accordance with the conditions set by an AMF Instruction.
2° The period between the date the holders are informed and the end of the period for selling without charge shall be between three and ninety days at least, in accordance with the conditions set by an AMF Instruction.

Article 422-18

If a retail investment fund or, where applicable, a sub-fund is liquidated, the statutory auditor produces a report on the valuation of the assets and on the liquidation terms, as well as on the transactions that have taken place since the end of the previous accounting year. This report is made available to the investors. It is sent to the AMF.

Sub-paragraph 2 - Changes subject to ex-post notification

Article 422-19

Retail investment funds that undergo changes subject to ex-post notification shall report them in accordance with the procedures set out in an AMF Instruction.

PARAGRAPH 4 - CONSTITUTION OF NEW SUB-FUNDS, AND CHANGES SUBJECT TO PRE-APPROVAL

Article 422-20

The prior authorisation of the AMF is required for constituting sub-funds and making changes subject to pre-approval, as stipulated in Article L. 214-24-24 of the Monetary and Financial Code, in accordance with a procedure set out in an AMF Instruction.

Sub-section 2 - General rules

PARAGRAPH 1 - SUBSCRIPTION AND REDEMPTION RULES

Article 422-21

In accordance with Articles L. 214-24-29 and L. 214-24-34 of the Monetary and Financial Code, FCP units or SICAV shares are issued at the request of the holders and at the net asset value plus or minus charges and fees, as appropriate.

However, the retail investment fund may stop issuing units or shares under the provisions of the third paragraph of Article L. 214-24-33 and the third paragraph of Article L. 214-24-41 of the Monetary and Financial Code. In this case, the prospectus defines objective conditions that trigger a temporary or definitive closure of subscriptions, such as reaching a maximum number of units or shares to be issued, a maximum amount of assets or the end of a given subscription period.

Shares and units are redeemed on the basis of their net asset values, under the conditions set out in Articles 422-81 to 422-83.

In the event of a temporary suspension under the terms of the first paragraph of Article L. 214-24-33 or the first paragraph of Article L. 214-24-41 of the Monetary and Financial Code, the retail investment fund or, where applicable, the asset management company shall immediately disclose the reasons and the procedures for suspending redemptions to the AMF and to the authorities of all the EU Member States where the units or shares are marketed.

Article 422-21-1

In accordance with the final paragraph of Article L. 214-24-33 and the final paragraph of Article L. 214-24-41 of the Monetary and Financial Code, a retail investment fund (FIVG) may temporarily gate the redemption of units or shares in the case it is necessary owing to exceptional circumstances and in order to protect the interests of units or shares holders or those of the public. Such conditions may be met in particular where irrespective of the normal carrying out of the management strategy, the level of redemption orders is such that, given the liquidity conditions of the assets of the SICAV, of the fund, or of one of its sub-funds, these orders cannot be executed on terms that protect the interests of holders and ensure their equitable treatment, or where redemption orders are made under circumstances that may undermine market integrity.

In these cases, redemptions may be gated in the same proportion for all concerned holders, who must be specifically informed of the fact. The part of orders that is unexecuted and that is resubmitted does not have any priority, on the next centralisation dates, over new redemption orders submitted on those dates.

The management company shall notify the AMF of its decision to apply a redemption gate. The management company shall also notify the public, by any means under the conditions set in the prospectus and, at a minimum, on the asset management company's website.

The rules of the common fund (FCP) or the articles of association of the SICAV shall precisely define the conditions under which a redemption gate may be applied, and in particular:

1° Set the threshold above which the management company may decide to apply a redemption gate to redemption orders received in respect of a single centralisation date;

This threshold shall be justified based on the frequency of net asset value calculation, on the management strategy and on the liquidity of the assets in the UCITS portfolio; the threshold is equal to the ratio between:

- the difference registered on the same centralisation date between the number of redemption requests for units or shares of the UCITS and the number of subscription requests for units or sharesof the UCITS; and

- the net assets of the UCITS or the total number of units or shares of the UCITS, or of the sub-fund in question.

This threshold is determined on the basis of the most recent published net asset value or of the most recent indicative net asset value calculated by the management company, or of the number of units or shares outstanding on the valuation date;

2° State the procedures according to which the UCITS may either decide to cancel the unexecuted part of redemption orders or to carry them forward until the next centralisation date. However, in the cases where the UCITS calculates its net asset value more than once a week, the unexecuted part of redemption orders is automatically carried forward to the next centralisation date;

3° Specify whether, and under what terms, the holder may oppose to the carrying forward of the unexecuted part of a redemption order;

4° Limit the gating of redemption requests to a maximum number of net asset values calculations for a given period; this maximum number must be explained with regard to the frequency of net asset value calculation, the management strategy and the liquidity of the assets in the UCITS portfolio.

PARAGRAPH 2 - MINIMUM ASSET AMOUNT

Article 422-22

When the assets of a SICAV or an FCP fall below 300,000 euros, redemption of the SICAV shares or FCP units is suspended.

If the assets remain below the amount stipulated in the first paragraph for thirty days, the retail investment fund is liquidated or subject to one of the operations provided for in Article 422-16.

If the retail investment fund is an umbrella fund, the provisions of this Article apply to each sub-fund.

The provisions of this Article do not apply to the retail investment funds mentioned in Article R. 214-32-39 of the Monetary and Financial Code.

PARAGRAPH 3 - CLASSES OF FCP UNITS AND SICAV SHARES

Article 422-23

The prospectus mentioned in Article 422-71 may provide for different unit or share classes within the same retail investment fund or within the same sub-fund. These classes may:

1° Be subject to different rules for distributing income;

2° Be denominated in different currencies;

3° Be subject to different management charges;

4° Be charged different subscription and redemption fees;

5° Have different par values;

6° Come with automatic partial or full risk hedging, as defined in the prospectus. This hedging is achieved using financial instruments that reduce to a minimum the impact of hedging transactions on the other unit classes in the retail investment fund;

7° Be reserved for one or more marketing networks.

Subscriptions of a given unit or share class may be reserved for a category of investors defined in the prospectus using objective criteria, such as a subscription amount, a minimum holding period or any other commitment given by the holder.

PARAGRAPH 4 - INTERVENTION IN COMMODITY MARKETS

Article 422-24

For the purpose of assessing significant correlation as provided for in Article R. 214-32-23 of the Monetary and Financial Code, contracts relative to sub-categories of the same commodity shall be considered as being a single contract for a single commodity when it comes to calculating the diversification limits. Sub-categories of a commodity shall not be considered as being the same commodity if they are not highly correlated.

An AMF Instruction shall set out the procedures for applying this Article.

Sub-section 3 - Operating rules

PARAGRAPH 1 - CONTRIBUTIONS IN KIND

Article 422-25

Contributions in kind, which may include only the assets stipulated in Article L. 214-24-55 of the Monetary and Financial code, are valued under the conditions stipulated in Articles 422-26 to 422-32.

PARAGRAPH 2 – ACCOUNTING AND FINANCIAL PROVISIONS

Sub-paragraph 1 - Valuation

Article 422-26

The retail investment fund or its asset management company establishes, implements and enforces policies and procedures to compute the net asset value correctly on the basis of its accounting records and to ensure proper execution of subscription and redemption orders at that net asset value.

Article 422-27

The asset management company shall value assets for which no prices have been observed or quoted on the day the net asset value is determined.

Article 422-28

If a retail investment fund issues different unit or share classes, the net asset value of each unit or share class is obtained by dividing the portion of net assets corresponding to the unit or share class in question by the number of units or shares in that class. The procedures for calculating the net asset values for retail investment fund unit or share classes are explained in the prospectus.

Article 422-29

If retail investment fund units or shares are denominated in different currencies, only one currency of account is used to recognise the assets of the retail investment fund or, where applicable, the sub-fund.

Article 422-30

Articles 422-26 to 422-32 apply to each sub-fund of a retail investment fund that is an umbrella fund.

Even if separate accounts are kept, each category of contracts, securities, financial instruments and deposits listed as the assets of sub-funds of the same class in the same retail investment fund, is subject to the same valuation rules.

Article 422-31

The beneficiary's claim on the retail investment fund mentioned in point 2° of II of Article R. 214-32-28 of the Monetary and Financial Code shall be calculated using the following procedures:

1° The claim is calculated on the basis of all the financial liabilities of the retail investment fund resulting from transactions in financial instruments and contracts mentioned in points 1° to 3° of Article L. 211-36 of the Monetary and Financial Code, before considering the goods and rights that make up the guarantee;

2° The asset management company obtains disclosure of the value of the claim calculated by the beneficiary of the guarantee;

3° The asset management company establishes an internal procedure for daily monitoring of the value of the claim disclosed by the beneficiary of the guarantee in application of point 2°;

4° The internal procedure referred to in point 3° includes an arrangement for reducing any differentials in value found. The procedure establishes the thresholds that trigger the arrangement depending on the nature of the claim and defines the decisions to be made to reduce the valuation differential found.

Article 422-32

The procedures for valuing the goods and rights that make up the guarantee granted by the retail investment fund, mentioned in the sixth paragraph of II of Article R. 214-32-28 of the Monetary and Financial Code, are as follows:

1° The goods and rights that make up the guarantee are valued in compliance with the valuation rules used by the retail investment fund to value its assets and off-balance sheet items;

2° The asset management company obtains disclosure of the value of the goods and rights that make up the guarantee from the beneficiary of the goods and rights that make up the guarantee, calculated by the beneficiary;

3° The asset management company establishes an internal procedure for daily monitoring of the value of the goods and rights that make up the guarantee disclosed by the beneficiary in application of point 2°;

4° The internal procedure referred to in point 3° includes an arrangement for reducing any differentials in value found. The procedure establishes the thresholds that trigger the arrangement and defines the decisions to be made to reduce the valuation differential found.

Sub-paragraph 2 - Annual financial statements

Article 422-33

The accounts of the retail investment fund shall be kept in such a way that all of its assets and liabilities can be identified directly at any time.

Article 422-34

At the end of each accounting year, the board of directors or the executive board of the SICAV or the asset management company of the FCP compiles an inventory of the various assets and liabilities of the retail investment fund. The depositary sends the certificate provided for in Article 323-10 to the asset management company.

The board of directors or the executive board of the SICAV or the asset management company of the FCP draws up the annual financial statements of the retail investment fund. Where applicable, it submits the amount and date of the proposed distribution to the General Meeting and makes the payments of distributable income provided for in Article L. 214-24-31 of the Monetary and Financial Code.

If the retail investment fund is an umbrella fund, condensed financial statements shall be produced for each sub-fund.

These documents report on the situation on the last day of the retail investment fund accounting year. The statements shall be sent to any holder asking for them.

Article 422-35

The annual financial statements of the retail investment fund are certified by the statutory auditor.

Article 422-36

The annual financial statements of the retail investment fund, along with the report by the board of directors or executive board of the SICAV or the asset management company of the FCP, shall be made available to the statutory auditor within sixty days of the end of the accounting year.

Within two months of receiving the report by the board of directors or the executive board of the SICAV or the asset management company of the FCP, the statutory auditor submits its report to the registered office of the SICAV or of the asset management company, along with the special report provided for in paragraph 3 of Article L. 225-40 of the Commercial Code, where applicable.

Article 422-37

An AMF Instruction determines the contents of the report by the asset management company on the management of the FCP or of the report by the board of directors or the executive board of the SICAV.

Article 422-38

The annual financial statements, the list of assets at the end of the accounting year, the reports by the statutory auditor of a retail investment fund, and the report by the board of directors or the executive board of the SICAV, shall be made available for holders at the registered office of the SICAV or of the asset management company of the FCP. They shall be sent to any holders who request them within eight working days of receiving the request.

Subject to the holder's consent, the documents may be sent electronically.

Sub-paragraph 3 - Advances and contributions

Article 422-39

The board of directors or the executive board of the SICAV or the asset management company of the FCP may decide to distribute one or more advances on the basis of the statements certified by the statutory auditor.

The statutory auditor assesses both the valuation of contributions in kind and their consideration. The auditor's report shall be filed within fifteen days of the contribution.

If the contributions in kind involve one or more sub-funds in a retail investment fund, the statutory auditor shall produce a report for each sub-fund concerned.

Sub-paragraph 4 - Charges paid by the retail investment fund

Article 422-40

If the compensation of the depository's delegates, the asset management company and the companies affiliated to it as defined in Article R. 214-43 of the Monetary and Financial Code that perform tasks on behalf of a retail investment fund or act as counterparties in transactions by the fund, is charged direct to the fund's assets, such charges shall be within the limit of the maximum charges of the fund, as defined in the prospectus, except for the proportion charged by the fund in which the investment is being made.

Article 422-41

The statutory auditor's fees are set by mutual agreement between the auditor and the asset management company, on the basis of the programme of audit tasks deemed to be necessary.

PARAGRAPH 3 - FUND ADMINISTRATION

Article 422-42

Fund administration covers the following tasks:

1° Centralising subscription and redemption orders for units or shares of retail investment funds;

2° Managing the retail investment fund unit or share registry.

Article 422-43

I. - The key tasks of centralising subscription and redemption orders for units or shares of retail investment funds, under the provisions of article L. 214-24-46 of the Monetary and Financial Code, are as follows:

1° Providing centralised reception and registration of subscription and redemption orders;

2° Supervising compliance with the cutoff for centralising subscription and redemption orders referred to in the prospectus;

3° Reporting the outcome of centralised reception of subscription and redemption orders for the retail investment fund as an amount and, where applicable, as the aggregate number of units or shares subscribed or redeemed;

4° Valuing the orders after receiving information about the net asset value per unit or share from the retail investment fund. To enable the transfer agent to perform its tasks promptly, the retail investment fund shall send it the information about the net asset value per unit or share as soon as available;

5° Reporting the information that the institution managing the unit or share registry needs to create or cancel units or shares;

6° Reporting information about the outcome of the order processing to the entity that sent the order to the transfer agent and to the retail investment fund.

II. - The order registration contains the following information:

1° The retail investment fund concerned;

2° The person who gave or sent the order;

3° The person who received the order;

4° The date and time of the order;

5° Payment terms and media;

6° The type of order;

7° The order execution date;

8° The number of units subscribed or redeemed;

9° The subscription or redemption price per unit;

10° The total value of the units subscribed or redeemed;

11° The gross value of the order, including subscription charges, or the net amount after deducting the redemption charges.

Article 422-44

The entity responsible for centralising orders is referred to as the "transfer agent" in the prospectus of the retail investment fund. Where applicable, any entity responsible for centralising orders in accordance with the provisions of Article 422-45 shall be named in the prospectus.

Article 422-45

I. - The transfer agent may delegate the performance of centralising tasks to:

1° One of the persons referred to in article L. 214-24-46 of the Monetary and Financial Code, or to an investment services provider located in a State party to the European Economic Area agreement;

2° An intermediary authorised within the European Economic Area to perform centralising tasks within the meaning of Article 422-43.

II. - An agreement is entered into by the transfer agent and the entity to which the performance of centralising tasks is delegated. This agreement shall contain the following clauses:

1° The key centralising tasks, as referred to in Article 422-43, that are delegated to the entity, including the procedures for registering subscription and redemption orders;

2° The nature of the information necessary for the entity to perform the tasks delegated to it, along with the procedures for the transfer agent to transmit such information to the entity, especially information about the net asset value of the retail investment fund;

3° The procedures for handling an event affecting the subscription and redemption process for units or shares of the retail investment fund;

4° A clause allowing the AMF effective access to the data about centralising subscription and redemption orders for units or shares in the retail investment fund and to the business premises of the entity.

The procedures for terminating the agreement at the initiative of either party shall ensure the continuity and the quality of service provided.

The transfer agent shall give the retail investment fund and, where applicable, the asset management company that represents it, and the depositary, prior notice of any change in the entity to which the centralising tasks have been delegated.

The transfer agent remains responsible for the performance of the centralising tasks that it delegates.

For retail investment funds created before 21 October 2011, the entity mentioned in the prospectus as responsible for centralising orders is presumed to be acting on a delegation from the fund.

Article 422-46

A subscription or redemption order for retail investment fund units or shares sent to a transfer agent or any other entity to which centralising tasks have been delegated becomes irrevocable as of the order centralisation cutoff specified in the fund prospectus.

An irrevocable subscription or redemption order for retail investment fund units or shares requires the investor and the entity that sent the order to the transfer agent, or to any entity to which the performance of centralising tasks has been delegated, to pay for or deliver said units or shares.

Article 422-47

The term "direct order" denotes a subscription and redemption order for retail investment fund units or shares sent directly to the transfer agent and accepted by the latter subject to the provisions of an agreement between the transfer agent and the retail investment fund or, where applicable, the asset management company representing it, that sets out the requirements for accepting and settling direct orders.

The retail investment fund or the asset management company that represents it shall implement an appropriate arrangement for managing the risks involved in accepting and settling such orders.

Article 422-48

The unit or share registry management tasks are as follows:

1° Producing documented and traceable records of the number of securities corresponding to the creation or cancellation of units or shares resulting from the centralisation of subscription and redemption orders, and determining the resulting number of securities making up the capital of the retail investment fund; the unit or share registry manager ensures that a corresponding entry has been posted to the cash account of the retail investment fund;

2° Identifying the owners of registered units or shares and recording the number of units or shares owned by each owner. If the retail investment fund is not admitted to the central depositary, the entity responsible for managing the unit or share registry also records the number of bearer units or shares held by the custodians directly identified in the unit or share registry, where applicable;

3° Organising simultaneous payments and deliveries of securities resulting from the creation or cancellation of units or shares; the registry manager also organises deliveries and, where applicable, payments resulting from any other transfers of units or shares. If a securities settlement and delivery system is used, the unit or share registry manager ensures that it has appropriate procedures in place;

4° Ensuring that the total number of units or shares issued on a given date corresponds to the number of circulating units or shares on the same date, including registered units or shares and, where applicable, bearer units or shares.

5° Organising coupon and dividend payments and organising the processing of transactions affecting the retail investment fund units or shares.

Article 422-49

Unit or share registry management is part of the administrative management of the retail investment fund.

The retail investment fund or, where applicable, the asset management company that represents it, may delegate the performance of the unit or share registry management tasks described in Article 422-48 to an investment services provider in accordance with the conditions set out in points 1° to 3° and 5° to 9° of Article 313-77 or, where applicable, Article 318-58.

Sub-section 4 - Calculation of aggregate risk

PARAGRAPH 1 - MEASUREMENT OF AGGREGATE RISK FOR RETAIL INVESTMENT FUNDS IN RELATION TO FINANCIAL CONTRACTS

Article 422-50

Pursuant to Article R. 214-32-24-1 of the Monetary and Financial Code, for the purposes of this paragraph eligible financial securities and money market instruments including a financial contract are equivalent to financial contracts.

Sub-paragraph 1 - General provisions

Article 422-51

I. - The asset management company shall calculate at least once a day the aggregate risk of retail investment funds that it manages. If necessary, and depending on the retail investment fund investment strategy, the asset management company may calculate the aggregate risk of retail investment funds several times a day.

The established aggregate risk limits shall be observed at all times.

II. - The aggregate risk of retail investment funds shall correspond to either of the following values:

1° Total exposure and leverage of the retail investment fund through financial contracts; this may not exceed the net assets of the retail investment fund;

2° Market risk for the retail investment fund portfolio.

Article 422-52

I.- In order to calculate the aggregate risk of retail investment funds under its management, the asset management company shall use the commitment approach or the value at risk approach set by an AMF instruction.

For the purposes of this paragraph, the term: "value at risk" denotes the measure of maximum potential loss on the basis of a given level of confidence and for a given period.

II. - Any company managing portfolios of retail investment funds shall ensure that the approaches it uses to measure aggregate risk are appropriate in the light of the corresponding risk profile for the investment strategy of the retail investment fund, the type and degree of complexity of the financial contracts concluded, and the share of the retail investment fund portfolio consisting of financial contracts.

III. - The asset management company shall use the value at risk approach if the retail investment fund that it manages has any of the following characteristics:

a) The retail investment fund uses complex investment strategies that account for a substantial proportion of its investment policy;

b) The exposure of the retail investment fund to non-standard financial contracts is substantial;

c) If the market risks run by the retail investment fund are not adequately taken into account by the commitment approach.

The value at risk approach shall be supplemented by a stress test system. An AMF instruction shall define the concepts of standard and non-standard financial contracts.

IV. - Aggregate risk for a feeder retail investment fund in relation to financial contracts shall be calculated by combining the fund's own direct risk with respect to financial contracts concluded pursuant to Article L. 214-24-57 of the Monetary and Financial Code with the following:

a) Either the actual risk for the master UCITS or AIF in relation to financial contracts, proportionate to the investments by the feeder retail investment fund in the master UCITS or AIF;

b) Or the potential maximum aggregate risk of the master UCITS or AIF with regard to financial contracts specified in the regulations or articles of association of the master UCITS or AIF, proportionate to the investments by the feeder retail investment fund in the master UCITS or AIF.

Sub-paragraph 2 - Commitment approach

Article 422-53

I. - If the asset management company uses the commitment approach to calculate aggregate risk, it shall also use this approach for all positions on financial contracts, irrespective of whether they are used as part of general policy for the retail investment fund, for the purposes of risk reduction or for the purposes of efficient portfolio management, as specified in Article R. 214-32-27 of the Monetary and Financial Code.

II. - If a retail investment fund, in accordance with Article L. 214-24-56 of the Monetary and Financial Code, uses techniques and instruments designed to increase its leverage or exposure to market risk, including repurchase agreements or securities lending or borrowing transactions, the asset management company shall take these transactions into account when calculating aggregate risk.

III. - Calculation of aggregate risk for a retail investment fund using the commitment approach requires the position of each financial contract to be converted into the market value of an equivalent position for the underlying asset for the contract in question.

The stages of calculation of aggregate risk using the commitment approach and the conversion formulas shall be specified in an AMF instruction.

Article 422-54

I.- The asset management company may take into account netting and hedging arrangements provided that these arrangements do not ignore obvious and material risks and that they result in a clear reduction in risk.

II. - 1° Netting arrangement consist of a combination of positions on financial contracts or securities for the same underlying asset irrespective of their maturity dates, whose sole purpose is to eliminate the risks relating to certain positions taken through other financial contracts or securities.

2° Hedging arrangements consist of a combination of positions on financial contracts and/or financial securities for which:

a) The underlying assets are not necessarily identical

b) The positions are concluded with the sole purpose of offsetting the risks relating to positions taken through other financial contracts or securities.

3° Any retail investment fund which has principally concluded financial contracts relating to interest rates may use specific duration netting rules, for which the relevant procedures are specified in an AMF instruction, in order to take into account correlations between instruments with differing maturities along the interest rate curve. Specific duration netting rules may not be used if they lead to an incorrect valuation of the risk profile of the retail investment fund.

A retail investment fund which uses specific duration netting rules for its financial contracts relating to interest rates may take hedging arrangements into consideration. However, only financial contracts relating to interest rates that have not been taken into account in any hedging arrangement may use these specific netting rules.

Article 422-55

I. - If the use of financial contracts does not create any additional exposure for the retail investment fund, it is not necessary to include the underlying exposure in the commitment calculation if it fulfils the following criteria:

1° Its purpose is to swap the performance of all or part of the retail investment fund asset with the performance of other reference financial instruments;

2° It completely eliminates market risk for the swapped assets. Performance of the retail investment fund no longer depends on the performance of the assets that are the subject of the swap;

3° It does not include any additional optional component, any leverage or any other additional risk relating to any direct investment in the reference assets.

II. - A financial contract shall not be not taken into account in calculation of aggregate risk using the commitment approach if it fulfils the following criteria:

a) Combination of the financial contract and a cash sum invested in assets yielding the risk-free rate of interest offers equivalent exposure to that obtained by a direct investment in the underlying asset;

b) It does not generate any additional exposure or leverage, and does not add any market risk.

III. - If the commitment approach is used, the calculation of aggregate risk need not include any temporary cash borrowing agreements concluded on behalf of the retail investment fund pursuant to Article R. 214-32-40 of the Monetary and Financial Code.

Sub-paragraph 3 - Value at risk approach

Article 422-56

I. - The aggregate risk of a retail investment fund calculated according to the value at risk approach shall cover all positions in the portfolio.

The maximum value at risk of a retail investment fund shall be set by the asset management company on the basis of how its risk profile is defined.

II. - The value at risk of a retail investment fund shall cover a period of twenty working days with a confidence threshold of 99 per cent. The effective observation period for risk factors shall be no less than two hundred and fifty working days. In the event of any significant increase in price volatility, the value at risk shall be calculated for a shorter observation period. The data sample used for the calculation shall be updated at least quarterly, or more frequently if market prices are subject to material changes.

The conditions in which this section II may be waived shall be specified in an AMF instruction.

The value at risk approach shall be performed at least daily.

The calculation stages for aggregate risk using the value at risk approach shall be specified in an AMF instruction.

Article 422-57

I. - In order to calculate aggregate risk using the value at risk approach, the asset management company shall be responsible for choosing the most appropriate approach (either relative value at risk or absolute value at risk) on the basis of the risk profile of the retail investment fund and the investment strategy.

The asset management company shall be able to demonstrate that the value at risk approach used is appropriate. The choice of approach used and the underlying scenarios shall be specified in documentation.

The aggregate risk of a retail investment fund according to the relative value at risk approach shall be equal to the ratio of the value at risk of the retail investment fund portfolio and the value at risk of a reference portfolio whose defining criteria shall be specified in an AMF instruction, minus one, multiplied by the net assets of the retail investment fund.

II. - The absolute value at risk approach for a retail investment fund shall restrict the maximum value at risk it may attain to 20 per cent of the market value of its net assets.

The terms of application of this article shall be detailed in an AMF instruction.

Article 422-58

The asset management company shall install:

1° An ex-post control mechanism for calculations using the model on previous data, in order to monitor the accuracy and performance of the value at risk model;

2° A set of stress tests that are stringent, complete and appropriate to the risk profile of the retail investment fund, capable of simulating how the retail investment fund behaves in crisis situations.

3° Where required by the risk profile and investment strategy, risk management tools and methods appropriate to the risk profile and investment strategy of the retail investment fund, in addition to the resources specified in 1° and 2°.

Sub-paragraph 4 - Aggregate risk for a formula-based retail investment fund

Article 422-59

Aggregate risk for a formula-based retail investment fund shall be measured using either the commitment approach or the value at risk approach.

The formula-based retail investment fund may apply specific rules, defined in an AMF instruction, for calculating aggregate risk using the commitment approach, if it fulfils all the following conditions:

1° Returns for investors rely on a calculation formula for which the predefined possible results may be divided into a finite number of scenarios that depend on the value of the underlying assets.

Each scenario provides a different result for investors.

2° Investors shall be exposed to only one result at a time at any point in the lifespan of the retail investment fund;

3° Use of the commitment approach to measure aggregate risk for each individual scenario is appropriate, pursuant to Article 422-52;

4° The final maturity of the retail investment fund is no more than nine years after the end of the marketing period;

5° The retail investment fund does not accept new public subscriptions after the initial marketing period;

6° The maximum loss that may be sustained by the retail investment fund transitioning from one scenario to another does not exceed 100 per cent of the net asset value at the end of the marketing period;

7° The impact of each underlying asset on the remuneration profile to be provided to investors on any given date following transition from one scenario to another observes the diversification rules specified in Article R. 214-32-29 of the Monetary and Financial Code on the basis of the net asset value at the end of the marketing period.

Sub-paragraph 5 - Effective date

Article 422-60

In waiver of Article 422-51, if they satisfy the criteria specified in point I° of I of Article R. 214-32-39 of the Monetary and Financial Code and the criteria in points 1° to 3° of I of Article 422-59, formula-based retail investment funds in existence on the date on which Decree 2011-922 of 1 August 2011 came into force may calculate their aggregate risk as being defined by the maximum loss value on the date the financial contracts were concluded, subject to their formula remaining unchanged.

PARAGRAPH 2 - COUNTERPARTY RISK AND ISSUER CONCENTRATION

Article 422-61

1° The asset management company shall ensure that the counterparty risk for the retail investment fund arising from over-the-counter financial contracts is subject to the limits specified in Article R. 214-32-29 of the Monetary and Financial Code.

2° For the purposes calculating the exposure of the retail investment fund to a counterparty within the limits specified in I of Article R. 214-32-29 of the Monetary and Financial Code, the asset management company shall use the positive value of the market price valuation of the over-the-counter financial contract concluded with this counterparty.

The asset management company may base itself on the net position of a retail investment fund's financial contracts with regard to a given counterparty if it has the rights specified in Article L. 211-36-1 of the Monetary and Financial Code or equivalent foreign provisions for the purposes of ensuring, on behalf of the retail investment fund, that the netting agreements concluded with this counterparty are observed. The net position may be used only for over-the- counter financial contracts to which the retail investment fund is exposed for a given counterparty, and not for other exposures of the retail investment fund with regard to this counterparty;

3° The asset management company may reduce the exposure of a retail investment fund to the counterparty for a transaction relating to an over-the-counter financial contract by receiving collateral to the benefit of the retail investment fund. This collateral must be liquid enough to be realised quickly at a price close to its estimated price prior to realisation;

4° The asset management company shall take the collateral into account when calculating exposure to the counterparty risk as specified in I of Article R. 214-32-29 of the Monetary and Financial Code provided that, on behalf of the retail investment fund, it supplies collateral to the counterparty for transactions relating to an over-the-counter financial contract. The collateral may be taken into account on a net basis only if the asset management company has the legal and regulatory means to ensure that the netting agreements with this counterparty are observed on behalf of the retail investment fund;

5° The asset management company shall base itself on the underlying exposure corresponding to the use of over-the-counter financial contracts pursuant to the commitment approach in order to ensure it abides by the concentration limits for issuer types specified in Articles R. 214-32-29, R. 214-32-33 and R. 214-32-34 of the Monetary and Financial Code;

6° For exposure arising from transactions involving over-the-counter financial contracts specified in 3° of III of Article R. 214-32-29 of the Monetary and Financial Code, the asset management company shall include in the calculation any counterparty risk exposure in such contracts.

Article 422-62

Assets received as collateral by the retail investment fund for the purposes of reducing its counterparty risk arising from a financial contract or the temporary acquisition or transfer of financial instruments pursuant to Article 422-61 shall comply with the following principles at all times:

1° Any asset received as collateral shall be suitably liquid and capable of being sold quickly at a price that is consistent with respect to the price at which it was valued prior to the sale. Assets received as collateral should normally be traded on highly liquid markets and have a transparent price;

2° Assets received must be capable of being valued at least once a day.

Any inability to value assets received as collateral independently would clearly imperil the retail investment fund, particularly if any such valuation is based on a model and these assets are relatively illiquid.

Where appropriate, the retail investment fund shall apply an appropriate discount to the market value of assets received as collateral.

Furthermore, if any such assets exhibit a significant risk of volatility, the retail investment fund shall apply particularly prudent discounts;

3° The credit standing of the issuer shall be a significant criterion in assessing the eligibility of assets received as collateral. Appropriate discounts shall be applied to the market value of assets received as collateral if the issuer does not have a high credit rating;

4° Any high correlation between the counterparty and the assets received as collateral to reduce the exposure of the retail investment fund to this counterparty must be avoided;

5° Any high concentration of assets received as collateral from a single issuer, a single sector or a single country entails a clear risk for the retail investment fund;

6° The asset management company shall have appropriate technical and human resources, particularly as regards operational systems and legal expertise, in order to manage collateral effectively;

7° Financial collateral involving transfer of title shall be held by the depositary of the retail investment fund. For other types of financial collateral contracts, financial collateral may be held by a third-party depositary if it is subject to prudential supervision and has no link with the financial collateral provider;

8° It must be possible for collateral to be realised at any time by the retail investment fund, without the need to inform the counterparty or obtain its approval.

Article 422-63

I. - In order to calculate the counterparty risk specified in I of Article R. 214-32-29 of the Monetary and Financial Code, the retail investment fund shall take into account any collateral granted to an investment services provider and its subsequent variations, relative to financial contracts, concluded on a market specified in 1°, 2° or 3° of I of Article R. 214-32-18 of the Monetary and Financial Code or traded over the counter, that is not protected by client asset protection rules or other similar rules, allowing the retail investment fund to be protected against the risks of bankruptcy of the investment services provider.

II. - In order to calculate the limits specified in III of Article R. 214-32-29 of the Monetary and Financial Code, the retail investment fund shall take into account the net risk to which it is exposed with regard to the transactions specified in Article R. 214-32-27 of the Monetary and Financial Code for any given counterparty. The net risk shall be equal to the amount that may be recovered by the retail investment fund, less (where applicable) any collateral benefiting the retail investment fund.

The risk created by the reuse of collateral benefiting the retail investment fund shall also be taken into account when calculating the issuer ratio.

III. - In order to calculate the limits specified in Article R. 214-32-29 of the Monetary and Financial Code, the retail investment fund shall determine if the counterparty for which it has exposure is an investment services provider, a clearing house or another entity relating to an over-the-counter financial contract.

IV. - The limits specified in Articles R. 214-32-29, R. 214-32-33 and R. 214-32-34 of the Monetary and Financial code shall take into account exposure relating to assets underlying the financial contracts, including incorporated financial contracts, relating to eligible financial securities or money market instruments.

V. - If the retail investment fund calculates concentration limits for each type of entity, the underlyings for financial contracts, including incorporated financial contracts, must be taken into account when determining the exposure to a given issuer arising from these positions.

Exposure relating to a position shall be taken into account when calculating the concentration limits for each type of issuer.

Where appropriate, it shall be calculated using the commitment approach.

The measurement of maximum potential loss in the event of default by the issuer shall be taken into account if it gives a more conservative result.

This article shall apply to all retail investment funds, irrespective of whether they use the value at risk (VAR) approach when calculating aggregate risk.

This article does not apply to financial contracts based on an index that fulfils the criteria of Article R. 214-32-25 of the Monetary and Financial Code.

PARAGRAPH 3 - PROCEDURE FOR VALUATION OF OVER-THE-COUNTER FINANCIAL CONTRACTS

Article 422-64

I. - The asset management company shall ensure that exposures are the subject of market value valuations that do not rely solely on market ratings carried out by counterparties to the transactions involving over-the-counter financial contracts and that observe the criteria set forth in Article R. 214-32-22 (3) of the Monetary and Financial Code.

II. - For the application of I above, the asset management company shall establish, implement and maintain operational methods and procedures that ensure sufficient, transparent and fair valuation of the retail investment fund's exposure to over-the-counter financial contracts.

The asset management company shall ensure that valuation of the fair value of over-the-counter financial contracts is appropriate, accurate and independent.

The valuation methods and procedures shall be appropriate and proportionate to the nature and complexity of the over-the-counter financial contracts in question.

If the valuation methods and procedures for over-the-counter financial contracts involve business conducted by third parties, the asset management company shall observe the requirements set forth in Article 45 and Article 75 (f) of Commission Delegated Regulation (EU) 231/2013 of 19 December 2012.

Sub-section 5 - Investor information

Article 422-65

The asset management company shall retain sole liability for the content of documents supplied to AMF to be placed online on its website.

PARAGRAPH 1 - LANGUAGE USED IN INFORMATION DOCUMENTS

Article 422-66

I. - In application of Article L. 214-25 of the Monetary and Financial Code, regulations, articles of association, and documents intended to inform shareholders in retail investment funds shall be written in French.

II. - In derogation to I above, regulations, articles of association and documents intended to inform shareholders may be drafted in any language customary for financial matters other than French, provided that the retail investment fund or its asset management fund ensures that the marketing arrangements in place make it possible to avoid these documents being sent or being liable to reach investors located within the territory of the French Republic for whom this language would not be understandable.

PARAGRAPH 2 - KEY INVESTOR INFORMATION DOCUMENT

Article 422-67

The retail investment fund shall draw up a brief document containing key information for investors known as the "key investor information document" (KIID).

This document shall be drafted pursuant to the procedures set forth in Commission Regulation (EU) 583/2010 of 1 July 2010.

Article 422-68

The key investor information document, whose content is pre-contractual, shall fulfil the following conditions:

1° It shall feature the words "informations clés pour l'investisseur" ['key investor information'], clearly marked in French.

2° It shall contain information which is correct, clear, not misleading and consistent with the corresponding sections of the retail investment fund prospectus.

3° It shall contain the appropriate information about the essential characteristics of the retail investment fund in question that must be supplied to investors, such that the latter can be reasonably expected to understand the nature and risks of the retail investment fund being offered to them, and consequently, take investment-related decisions in full awareness of the facts.

4° It shall contain information about the following essential components of the retail investment fund:

a) Identification of the fund;

b) A brief description of its investment aims and its investment policy;

c) A presentation of its past performance or, where applicable, performance scenarios;

d) All related costs and fees;

e) The risk profile with regard to return on investment, including appropriate guidelines and warnings as to the risks inherent in investment in the retail investment fund in question.

These essential components must be understandable for investors without referring to other documentation.

They must be kept up to date.

5° It shall clearly specify where and how additional information about the proposed investment may be obtained, including where and how the prospectus and annual and half-yearly reports may be obtained, on request, free of charge and at any time, as well as the language in which this information is available to investors.

6° It shall be written concisely and in non-technical language.

7° It shall be produced in a standard format, allowing comparisons to be made with other AIFs with key investor information documents or with UCITS.

8° It shall be presented in such a way that it can be understood by non-professional clients.

Article 422-69

The key investor information document shall contain a clear warning specifying that the retail investment fund and/or its asset management company may be held liable only for any declarations in the document found to be misleading, inaccurate or inconsistent with the corresponding sections of the fund prospectus.

Article 422-70

The retail investment fund shall include its key investor information document in the retail investment fund approval submission supplied to AMF.

PARAGRAPH 3 - PROSPECTUS

Article 422-71

The retail investment fund prospectus shall contain all information necessary for investors to be able to assess the investment offered to them in full awareness of the facts, particularly the risks involved in this investment.

It shall include a clear, easily understandable description of the retail investment fund's risk profile, independently of the assets in which it is invested. The regulations or articles of association of the retail investment fund shall form an integral part of the prospectus, to which they shall be appended. It is however permissible for regulations or articles of association not to be appended to the prospectus, provided that investors are informed that on request, these documents may be sent to them and/or they are informed as to where they may be consulted.

The essential elements of the prospectus shall be kept up to date.

The contents of the prospectus shall be defined in an AMF instruction.

Article 422-72

The prospectus shall describe all fees to be borne by shareholders or by the retail investment fund, including all taxes, specifying the following:

1° For fees of which the cost is borne by shareholders:

a) The maximum rate of that part of the subscription or redemption fee that does not revert to the retail investment fund;

b) The rate of that part of the fee that reverts to the retail investment fund and the conditions in which this rate may be reduced.

2° For costs borne by the retail investment fund, the maximum rates for operating costs and management. Where applicable, in addition to the rate itself, the following additional information shall be specified:

a) The rules governing calculation of turnover commissions;

b) The rules governing calculation of the share of income from temporary acquisition or transfer of securities that is not assigned to the retail investment fund;

c) The maximum costs and fee charges that may be borne for collective investments governed by French or foreign law or third country investment funds acquired by the retail investment fund;

d) The rules governing calculation of variable management fees.

Presentation of the prospectus and the calculation methods for the costs specified in this article shall be detailed in an AMF instruction.

Article 422-73

The prospectus shall define the valuation rules for each class of asset.

Between two net asset value calculations, a retail investment fund may establish and publish an indicative net asset value known as the "estimated value". The prospectus shall specify the conditions in which this is published and advise investors that it cannot be used as a basis for subscription or redemption transactions.

The same warning shall accompany any communication of an estimated value.

Article 422-74

The prospectus shall specify the asset classes in which the retail investment fund is accredited to invest.

It shall also specify whether transactions involving financial contracts are authorised, in which case it shall clearly specify whether these transactions may be carried out for the purposes of hedging or for the purposes of realising investment goals, as well as the possible effects of the use of financial contracts on the risk profile.

Article 422-75

I. - If the retail investment fund invests principally in one of the asset classes defined in Article L. 214-24-55 of the Monetary and Financial Code other than eligible financial securities or money market instruments or if the fund tracks a stock index or debt security index pursuant to Article R. 214-32-25 of the Monetary and Financial Code, its prospectus shall feature a clearly visible statement drawing attention to its investment policy.

II. - If the retail investment fund invests a significant part of its assets in collective investments, its prospectus shall specify the maximum level of management fee that may be invoiced, both to the retail investment fund itself and to the collective investments in which it intends to invest.

III. - The retail investment fund specified in Article R. 214-32-32 of the Monetary and Financial Code shall specify in its prospectus, in a clearly visible fashion, a declaration drawing readers' attention to the authorisation from which it benefits and specifying any Member States of the European Union, local government bodies or international public organisations in whose assets it intends to invest or has invested over 35 per cent of its assets.

IV. - When the retail investment fund indicates in its prospectus that it is a “short-term money market” fund or a “money market” fund, it shall provide appropriate information about its risk/reward profile so that investors can identify specific risks stemming from its investment strategy.

1° A “short-term money market” retail investment fund :

a) Must have the primary investment objective of maintaining the principal of the fund and aim to provide a return in line with money market rates;

b) Must invest in money market instruments that comply with the criteria in Directive 2009/65/EC of 13 July 2009, in term deposits with credit institutions;

c) Must ensure the money market instruments in which it invests are of a high quality, as determined according to

an internal assessment process whereby the retail investment fund or the management company must take into account a combination of factors which include, but are not limited to the following:

i) The creditworthiness of the instrument;

ii) The nature of the asset class represented by the instrument;

iii) The operational and counterparty risks inherent to the structure of the investment for structured financial instruments;

iv) The liquidity profile;

d) May, for the purposes of point c.i), also refer to, as appropriate and in a non-exclusive manner, the short-term ratings of the rating agencies registered with the European Securities and Markets Authority which have rated the instrument and which the "short-term monetary fund or its management company may deem relevant whilst at the same time avoiding any mechanical dependence in relation to these notations.

e) Must limit its investment to financial instruments with a residual maturity until the legal redemption date- corresponding to the contractual maturity date defined in the issuance documents of the financial instruments of no more than 397 days. The residual maturity means the period remaining before the legal redemption date;

f) Must have a net asset value based on a daily valuation and provide daily subscription and redemption;

g) Must ensure that its portfolio has a weighted average maturity until the portfolio's maturity date calculated according to the procedures defined in Committee of European Securities Regulators'Guidelines of 19 May 2010 under the heading "definitions" of no more than 60 days;

h) Must ensure that its portfolio has a weighted average life until the extinction date of the financial instruments of its portfolio calculated as an average of the financial instruments' final maturities according to the procedures defined in Committee of European Securities Regulators'Guidelines of 19 May 2010 under the heading "definitions" of no more than 120 days;

i) When calculating the weighted average life for financial instruments, including structured financial instruments, base the maturity calculation on the residual maturity until the legal redemption date of the instruments.

However, when a financial instrument embeds a put option before the legal date, the exercise date of the put option may be used instead of the legal residual maturity only if the following conditions are fulfilled at all times:

i) The option can be freely exercised by the retail investment fund at its exercise date;

ii) The exercise price of the put option is close to the anticipated valuation of the financial instrument at the nearest exercise date;

iii) The investment strategy means that there is a strong probability that the option will be exercised at the nearest exercise date.

j) Take into account, for both the weighted average life and weighted average maturity calculations, the impact of financial derivatives, term deposits and the techniques and instruments used for efficient investment management, in accordance with the criteria defined in Article R. 214-32-27, II of the Monetary and Financial Code;

k) Not incur direct or indirect exposure to equity or commodities markets, including via derivatives; and use derivatives only in line with its money market investment strategy. Derivatives that give exposure to the foreign exchange market may be used only for hedging purposes. Investments in financial instruments denominated in a currency other than the currency of the unit or share of the retail investment fund are authorised provided that the exchange rate exposure is fully hedged. ;

l) Must limit its investment in other UCITS and AIFs to those that comply with the definition of a "short-term money market fund";

m) Must have a constant or a variable net asset value.

2° A "money market" retail investment fund:

a) Must fulfil the conditions in points a, b, c, d, f, i, j and k of point 1;

Furthermore, a "money market" retail investment fund:

b) Must have a variable net asset value;

c) Must limit its investments to financial instruments with a residual maturity of no more than 2 years, provided that the time remaining until the next interest rate reset date is no more than 397 days. Floating rate securities should reset to a money market rate or index;

d) Must ensure that its portfolio has a weighted average maturity of no more than 6 months calculated according to the procedures defined in Committee of European Securities Regulators'Guidelines of 19 May 2010 in the "Definitions" section;

e) Must ensure that its portfolio has a weighted average life calculated as the average of the final maturities of financial instruments according to the procedures defined in Committee of European Securities Regulators' Guidelines of 19 May 2010 in the "Definitions" section of no more than 12 months.

f) Must limit its investment in other UCITS and AIFs to those that comply with the definition of "money market" "short-term money market" funds.

Article 422-76

If the net asset value of the retail investment fund is liable to experience high volatility due to the composition of its portfolio or the portfolio management techniques that may be used, the prospectus shall include a clearly visible statement drawing readers' attention to this characteristic.

Article 422-77

If an investor who has received the retail investment fund prospectus so requests, the fund shall supply them with additional information on the quantitative limits that apply to the fund risk management, the methods chosen for this purpose and on recent changes in the principal risks and yields of instrument classes.

Article 422-78

The retail investment fund shall forward its prospectus, and any changes made thereto, to AMF, pursuant to procedures set forth in an AMF instruction.

PARAGRAPH 4 - HALF-YEARLY REPORTS

Article 422-79

Half-yearly reports for retail investment funds shall contain the elements specified in an AMF instruction.

If the retail investment fund includes sub-funds, a half-yearly report shall also be drafted for each sub-fund.

Article 422-80

The retail investment fund shall supply its half-yearly reports to AMF pursuant to procedures set forth in an AMF instruction.

PARAGRAPH 5 - NET ASSET VALUE

Article 422-81

Retail investment funds shall be required to establish their net asset value pursuant to Articles 422-26 to 422-32. This net asset value shall be established and published with a frequency appropriate to the nature of the financial instruments, contracts, securities and deposits held by the retail investment fund.

Retail investment funds shall, as appropriate, publish the net asset value of the shares or units they issue at least twice a month. The frequency of publication of the net asset value of shares or units issued may however be monthly, provided that this is not prejudicial to the interests of shareholders and is subject to prior approval by AMF.

The prospectus shall specify the frequency with which the net asset value is determined and published, and the reference calendar adopted.

Once a net asset value has been published, it must be possible to purchase and redeem retail investment fund shares or units on the basis of this value, pursuant to the terms and conditions set forth in the prospectus.

This article shall apply for each sub-fund.

Article 422-82

Retail investment funds whose shares or units have been admitted for trading on a regulated market that operates regularly shall determine and publish their net asset value on each trading day of the market to which they have been admitted.

This article shall apply for each sub-fund.

Article 422-83

Retail investment funds whose assets exceed 80 million euros shall be required to have the composition of these assets certified by the statutory auditors on a quarterly basis.

Sub-section 6 - Marketing of retail investment funds in France

Article 422-84

Without prejudice to Article L. 214-24-1 of the Monetary and Financial Code, marketing of shares or units in a retail investment fund and, where applicable, in one or more sub-funds, may occur only after having received a marketing authorisation from AMF.

Article 422-85

I. - If the retail investment fund invests mainly in one of the asset classes defined in Article L. 214-24-55 of the Monetary and Financial Code other than eligible financial securities and money market instruments or if the retail investment fund tracks a share index or debt security index pursuant to Article R. 214-32-30 of the Monetary and Financial Code, any communication of a promotional nature shall include a clearly visible statement drawing readers' attention to its investment policy.

II. - If the net asset value of the retail investment fund is liable to experience high volatility due to the composition of its portfolio or the portfolio management techniques that may be used, any communication that is promotional in nature shall include a clearly visible statement drawing readers' attention to this characteristic.

III. - Any retail investment fund specified in Article R. 214-32-32 of the Monetary and Financial Code shall include in any communication of a promotional nature, in a clearly visible fashion, a declaration drawing readers' attention to the authorisation from which it benefits and specifying any Member States of the European Union, local government bodies or international public organisations in whose securities it intends to invest or has invested over 35 per cent of its assets.

Article 422-86

The key investor information document shall be supplied free of charge and in due time to investors, prior to any issue of shares or units in the retail investment fund.

Article 422-87

The retail investment fund may supply the key investor information document on durable media as defined in Article 314-26 or on its website or on that of its asset management company.

A hardcopy version shall be supplied free of charge to any investor who so requests.

An updated version of the key investor information document shall be published on the retail investment fund website or on that of its asset management company.

Article 422-88

The retail investment fund shall supply the key investor information document to all persons marketing its shares or units or providing advice regarding this fund or products with exposure on said fund, at such persons' request.

These persons shall abide by the obligation specified in Article 422-86.

Article 422-89

The prospectus shall be supplied free of charge to any investor who so requests, on durable media as defined in Article 314-26 or by means of a website.

The most recent annual and half-yearly reports of the retail investment fund shall be supplied free of charge to any investor who so requests, pursuant to the procedures specified in the prospectus and key investor information document.

A hardcopy version of the documents specified in this article shall be supplied free of charge to any investor who so requests.

Article 422-90

Any management fee reversals payable in respect of investments made on behalf of the retail investment fund in shares or units of collective investments governed by French or foreign law or third country investment funds shall be assigned to the fund:

1° Either by direct payment into the retail investment fund;

2° Or by being deducted from the management fee charge levied by the asset management company.

Article 422-91

I. - Reversals to the asset management company or any other person or fund of management charges or subscription or redemption fees for investments made by said asset management company on behalf of a retail investment fund marketed within the territory of the French Republic, in shares or units of collective investments governed by French or foreign law or third country investment funds are prohibited, with the exception of the following:

1° Fees and charges specified in clause 8 of Article 314-79 or 319-14;

2° Reversals that benefit solely the retail investment fund;

3° Reversals paid by the master retail investment fund's asset management company for the purposes of compensating a third party tasked with marketing this master fund's feeder retail investment funds;

4° Reversals designed to remunerate a third party tasked with marketing a collective investment governed by French or foreign law or third country investment fund, provided that this third party acts independently of the asset management company investing in these UCITS, AIFs or investment funds.

II. - In particular, payment to the benefit of the asset management company of reversals is prohibited for the following:

1° Subscription or redemption fees resulting from investment by the portfolio in a retail investment fund managed in a collective investment governed by French law or foreign law or a third country investment fund;

2° Management fees arising from investment by the portfolio in a retail investment fund managed in a collective investment governed by French law or foreign law or a third country investment fund.

Sub-section 7 - Miscellaneous provisions

Article 422-94

I. - Article 422-83 does not apply to retail investment funds for which the subscription or acquisition of shares or units is restricted in application of Article L. 214-26-1 of the Monetary and Financial Code.

II. - In waiver of Article 422-22, redemption of shares in any retail investment fund for which the subscription or acquisition of shares or units is restricted in application of Article L. 214-26-1 of the Monetary and Financial Code shall be suspended if the value of its assets falls below 160,000 euros.

III. - In a waiver of sub-section 5 of this section, retail investment funds for which the subscription or acquisition of shares or units is restricted in application of Article L. 214-26-1 of the Monetary and Financial Code need draft no more than a prospectus whose content is specified in an instruction, subject to having obtained the unanimous agreement of their direct or indirect holders. After the entry into force of the Regulation (EU) n° 1286/2014 of the European Parliament and of the Council of 26 November 2014, this waiver is applicable as long as the shares or units of retail investment funds are not subscribed or acquired by non-professional clients.

IV. - In waiver of section I of Articles 422-7 and 422-11, the time periods shall be reduced to eight working days for retail investment funds for which the subscription or acquisition of shares or units is restricted in application of Article L. 214-26-1 of the Monetary and Financial Code.

For application of Articles 422-86 to 422-89 inclusive, the reference to the key investor information document shall be replaced by a reference to the prospectus.

Article 422-95

Investment funds as defined by Article R. 214-32-19 of the Monetary and Financial Code shall fulfil the following criteria at all times:

1° Fundholders shall hold enforceable real rights to their assets;

2° Responsibility for preserving the funds' assets shall be entrusted to one or more companies that are distinct from the asset management company, regulated for this purpose and identifiable by the retail investment fund asset management company;

3° They shall circulate regular, adequate information; specifically, the shares or units shall be the subject of appropriate valuation performed at least monthly, and their accounts shall be legally obliged to be audited or legally certified at least annually;

4° They shall not be domiciled in non-cooperative countries or jurisdictions as identified by FATF.

Article 422-96

In waiver of Article 422-67, retail investment funds in existence as of 1 July 2011 may elect not to draft a key investor information document provided that no further subscriptions are possible after 1 July 2013.

PARAGRAPH 1 - MERGERS AND DEMERGERS

Article 422-97

An open-ended investment company (SICAV) or mutual fund (FCP) may merge with any other open-ended investment company or mutual fund.

An open-ended investment company may merge with any other company.

Any retail investment fund may be the subject of a demerger.

The rules in this article shall apply, where applicable, to contributions consisting of sub-funds and to transactions relating to multiple sub-funds within a single AIF.

Article 422-98

No planned merger, merger-demerger, demerger or absorption relating to any UCITS or retail investment fund or one or more sub-funds within a UCITS or retail investment fund may result in a UCITS becoming an AIF. The project shall be determined by the executive board or board of directors of the open-ended investment company or by the mutual fund's asset management company. It shall be subject to prior approval by AMF and the conditions set forth in section 1 of this chapter. Notwithstanding the above, in waiver of Articles 422-7 and 422-11, the retail investment fund concerned by the transaction or its asset management company shall be informed, within twenty working days following submission of the request, of whether approval for the transaction has been granted or refused. In the absence of any response from AMF within twenty working days after acknowledgement of receipt by AMF of any such request, approval shall be deemed to have been granted.

As applicable, the merger or demerger project shall specify the name, registered office and trade and companies register number of the open-ended investment companies in question, the name of the mutual fund(s) and the name, registered head office and trade and companies register number of the asset management company or companies.

It shall also specify the grounds, aims and terms of the transaction. It shall specify the date on which the extraordinary general meetings of the open-ended investment companies in question shall be called to rule on share and/or unit exchange ratio.

Article 422-99

If the retail investment fund is managed by an asset management company, the legal costs for the consultancy and administrative services relating to preparation and completion of the merger shall not be invoiced to the absorbed fund, the absorbing fund or their holders.

Article 422-100

In waiver of Article 422-98, any demerger resolved pursuant to the second clause of Article L. 214-24-33 or the second clause of Article L. 214-24-41 of the Monetary and Financial Code shall not be subject to prior approval by AMF; however it must be declared to the latter without delay.

This declaration shall include the following information:

1° The report issued to holders specified in Articles D. 214-32-12 and D. 214-32-15 of the Monetary and Financial Code;

2° The list of assets transferred to the professional specialised fund governed by section 2, sub-section 1, paragraph 4 of chapter III herewith.

Article 422-101

I.-For transactions concerning open-ended investment funds, the project shall be lodged with the clerk of the commercial tribunal with jurisdiction for the head office of the open-ended investment funds in question. The statutory auditors shall draw up a supplementary report on the terms of completion of the transaction no later than eight days after this date, unless the holders have exercised their right to apply Article L. 236-10 (II) of the Commercial Code.

The executive board or board of directors of each of the open-ended investment funds in question shall supply the project to the statutory auditors of each open-ended investment fund no later than forty-five days prior to the open-ended investment funds' extraordinary general meetings at which a vote on the transaction is to be held. The transaction shall be carried out by the executive boards or boards of directors of the open- ended investment funds in question, or their agents acting under the control of the statutory auditors of the open-ended investment funds in question. The statutory auditors' reports on the terms of completion of the transaction shall be made available to shareholders no later than fifteen days before the date set for the extraordinary general meetings.

Any creditors of the open-ended investment funds participating in the merger whose debt dates from before the announcement of the planned merger may oppose the latter within thirty days of publication of the announcement in the Official Bulletin of Civil and Commercial Announcements (Bulletin officiel des annonces civiles et commerciales). The statutory auditors shall draft a supplementary report on the final terms of the transaction no later than eight days following its completion.

II. - For transactions relating to mutual funds, the project shall be lodged with the clerk of the commercial tribunal with jurisdiction for the head office of the mutual funds in question.

The executive board or board of directors of each of the mutual funds in question shall supply the project to the statutory auditors of each mutual investment fund no later than forty-five days prior to the open-ended mutual funds' extraordinary general meetings at which a vote on the transaction is to be held. The transaction shall be carried out by the mutual funds' asset management companies, under the control of the statutory auditors of the mutual funds in question.

Any creditors of the mutual funds participating in the merger whose debt dates from before the announcement of the planned merger may oppose the latter no later than fifteen days prior to the planned transaction date. The statutory auditors shall draft a supplementary report on the final terms of the transaction no later than eight days following its completion.

Article 422-102

Article 422-101 shall not apply to demergers of mutual funds decided pursuant to clause 2 of Article L. 214-24-41 of the Monetary and Financial Code.

Article 422-103

The obligation to redeem or issue shares or units may cease following a resolution, by the executive committee or board of directors of an open-ended investment fund or a mutual fund's asset management company, no more than fifteen days prior to the planned transaction date. The articles of association of open-ended investment funds created by the transactions specified in Article 422-16 shall be signed by their legal representatives. Mutual funds' regulations shall be drafted by their asset management company.

Holders may redeem their shares or units free of charge in accordance with the terms set forth in Article 411-56.

Article 422-104

Any shareholders who, due to exchange ratio, are not entitled to a whole number of shares or units, shall be entitled to redemption of the fractional share or to make a cash payment of the supplement required for a whole share or unit to be assigned to them. No subscription or redemption fees may be added or deducted relating to any such redemptions or payments.

PARAGRAPH 2 - MASTER AND FEEDER RETAIL INVESTMENT FUNDS

Article 422-105

Feeder retail investment funds may have a master UCITS or AIF specified in II of Article L. 214-24-57 of the Monetary and Financial Code.

If the master UCITS or AIF is an AIF under foreign law, approval of the feeder retail investment fund may be granted only if the master UCITS or AIF is subject to the control of a foreign authority with which AMF has concluded an appropriate information exchange and assistance agreement for supervision of these master and feeder UCITS and AIFs, pursuant to the terms set forth in Articles L. 632-1 and L. 632-7 of the Monetary and Financial Code.

Approval of the feeder retail investment fund shall require marketing authorisation for France of the master UCITS or AIF.

Article 411-85-1 shall apply to feeder retail investment funds governed by this paragraph.

Sub-paragraph 1 - Information exchange agreements between master and feeder retail investment funds and internal rules of conduct

Article 422-106

Feeder retail investment funds or the asset management company representing them shall conclude an information exchange agreement with the master UCITS or AIF or the asset management company representing the latter, pursuant to which the master UCITS or AIF shall supply the feeder retail investment fund with all necessary documentation and information to ensure the latter is in a position to observe its regulatory obligations.

The contents of this agreement shall be specified in an AMF instruction.

Article 422-107

If the master UCITS or AIF and the feeder retail investment fund are managed by the same asset management company, the agreement may be replaced by internal rules of conduct that ensure the requirements set forth in this article are observed. The internal rules of conduct of the asset management company shall specify appropriate measures to minimise any conflicts of interest between the feeder retail investment fund and the master UCITS or AIF, or between the feeder retail investment fund and other master UCITS or AIF holders, if this risk is not sufficiently covered by the measures taken by the asset management company to prevent conflicts of interest adversely affecting the interests of its clients, pursuant to Article L. 533-10 (3) of the Monetary and Financial Code.

The contents of these rules of conduct shall be specified by an AMF instruction.

Article 422-108

The master UCITS or AIF and the feeder retail investment fund shall take all appropriate measures to coordinate the schedule for calculation and publication of their net realizable value, in order to prevent any share switching between book value and market value.

Sub-paragraph 2 - Agreement between depositaries

Article 422-109

Prior to approval of the feeder retail investment fund and investment by the latter in shares or units of the master UCITS or AIF, the UCITS or AIF depositaries shall conclude an information exchange agreement in order to ensure proper fulfilment of the obligations of both depositaries.

This agreement shall enable the depositaries of these UCITS or AIFs to receive all the information and documentation required for the performance of their duties.

The contents of this agreement shall be specified in an AMF instruction.

Article 422-110

If the master UCITS or AIF or the feeder retail investment fund is established in a foreign State, the information exchange agreement concluded between the depositaries shall include the same stipulations as the exchange agreement between the master UCITS or AIF and the feeder retail investment fund in terms of the law applicable to the contract and attribution of jurisdiction.

The irregularities specified in II of Article L. 214-24-59 of the Monetary and Financial Code which master UCITS or AIF depositaries may detect in the performance of their duties and which may have a negative impact on the feeder retail investment fund include but are not limited to the following:

a) Errors in the calculation of the net realizable value of the master UCITS or AIF;

b) Errors during the course of transactions performed by the feeder retail investment fund with a view to purchase, subscription or requesting redemption or repayment of master UCITS or AIF units, or on settlement of these transactions;

c) Errors on payment or capitalisation of income from the master UCITS or AIF, or during calculation of related deductions at source;

d) Shortcomings observed with regard to the purpose, policy or investment strategy of the master UCITS or AIF as described in the latter's regulations or articles of association, prospectus or, where applicable, its key investor information document;

e) Breaches of the investment and borrowing limits established by regulations or fund regulations or open-ended investment fund articles of association, their prospectus or, where applicable, their key investor information document.

Sub-paragraph 3 - Agreement between the master and feeder retail investment funds' statutory auditors

Article 422-111

Prior to approval of a feeder retail investment fund, the statutory auditors of the master and feeder UCITS or AIFs shall conclude an information exchange agreement in order to enable the master and feeder UCITS or AIF statutory auditors to receive all necessary documentation and information for the performance of their duties.

The contents of this agreement shall be specified in an AMF instruction.

In their audit report, the feeder retail investment fund's statutory auditors shall take account of the master UCITS or AIF audit report.

If the feeder retail investment fund and the master UCITS or AIF have different financial periods, the statutory auditors of the master UCITS or AIF shall draw up an ad hoc report as of the feeder retail investment fund's closing date.

In particular, the statutory auditors of the feeder retail investment fund shall draft a report on any irregularity noted in the master UCITS or AIF audit report and its impact on the feeder retail investment fund.

If the master UCITS or AIF is established in a foreign State, the information exchange agreement concluded between the statutory auditors of the master UCITS or AIF and the feeder retail investment fund shall include the same stipulations as the exchange agreement between the master and feeder collective investment funds in terms of applicable law and attribution of jurisdiction and, where applicable, the agreement between the depositaries.

Sub-paragraph 4 - Costs

Article 422-112

If a distribution fee, charge or other monetary advantage relating to an investment in master UCITS or AIF units is paid to the feeder retail investment fund, its asset management company or any person acting on behalf of the former or its asset management company, this fee, charge or other monetary advantage shall be paid into the assets of the feeder retail investment fund.

Article 422-113

The master UCITS or AIF shall not invoice any subscription or redemption fee for the acquisition or redemption of its units by the feeder retail investment fund.

Sub-paragraph 5 - Information

Article 422-114

The master UCITS or AIF shall ensure that all information required by virtue of law and applicable regulations, its regulations or its articles of association shall be made available in due time to the feeder retail investment fund or, where applicable, its asset management company, as well as to AMF, the depositary and the statutory auditors for the feeder retail investment fund.

Article 422-115

I. - The prospectus for the feeder retail investment fund shall specify the following:

a) That this fund feeds a given master UCITS or AIF and that its assets are wholly and permanently invested in the shares or units of a single, so-called "master" UCITS or AIF and, secondarily, in deposits limited strictly to the amounts required for managing retail investment fund flows. Where applicable, the prospectus should also specify that the feeder retail investment fund may conclude the financial contracts specified in Article L. 214-24-55 of the Monetary and Financial Code;

b) The feeder retail investment fund's investment purpose and policy, its risk profile and information as to whether the performance of the feeder retail investment fund and the master UCITS and AIF is identical, or the extent to which this performance differs and why. The prospectus shall also contain a description of any assets other than master UCITS or AIF shares or units in which the feeder retail investment fund assets may be invested;

c) A brief description of the master UCITS or AIF, its structure and its investment purpose and policy, including its risk profile and an indication of how the master UCITS or AIF prospectus may be obtained;

d) A summary of the agreement between the feeder retail investment fund and the master UCITS or AIF, or the internal rules of conduct established pursuant to Article L. 214-24-58 of the Monetary and Financial Code;

e) An explanation of how shareholders may obtain additional information about the master UCITS or AIF and about the aforementioned agreement concluded between the feeder retail investment fund and the master UCITS or AIF;

f) A description of the remuneration and cost refunds owed by the feeder retail investment fund relating to its investment in the master UCITS or AIF shares or units, and a description of all costs for the feeder retail investment fund and the master UCITS or AIF;

g) A description of the tax consequences for the feeder retail investment fund of investing in the master UCITS or AIF shares or units;

II. - The annual report of the feeder retail investment fund shall specify the information set forth in an AMF instruction and the total costs for the feeder retail investment fund and the master UCITS or AIF.

The annual and half-yearly reports of the feeder retail investment fund shall specify how the annual and half-yearly reports of the master UCITS or AIF may be obtained.

In addition to the obligations specified in Articles 422-70, 422-78 and 422-80, any feeder retail investment fund approved by AMF shall send the latter its prospectus, key investor information document and, where applicable, any amendments thereto and the annual and half-yearly reports for the master UCITS or AIF.

In all related communications documents, feeder retail investment funds shall specify whether the whole of their assets are permanently invested in a single so-called "master" UCITS or AIF and, secondarily, in deposits limited strictly to the amounts required for managing retail investment fund flows, and where applicable, that it is entitled to conclude financial contracts.

The feeder retail investment fund shall supply a hardcopy version of the prospectus and annual and half- yearly reports of the master UCITS or AIF to investors on request, free of charge.

Sub-paragraph 6 - Conversion of existing retail investment funds into feeder retail investment funds and changes in master UCITS or AIFs

Article 422-116

I. - Any retail investment fund which becomes a feeder for a master UCITS or AIF, or any feeder retail investment fund which changes master UCITS or AIF, shall supply the following information to its holders:

1° A declaration specifying that AMF has approved its investment in the said master AIF's shares or units;

2° The prospectus or, where applicable, the key investor information document specified in Article 422-67 for the feeder retail investment fund and the master UCITS or AIF;

3° The date on which the feeder retail investment fund is to begin investing in the master UCITS or AIF or, if its assets are already invested, the date on which over 20 per cent of its assets will be invested in this UCITS or AIF's shares or units.

II. - Retail investment funds, funds of alternative funds, professional investment funds, company mutual funds and employee shareholder open-ended investment funds shall supply their holders with a declaration specifying that they are entitled, pursuant to the terms set forth in I (4) of Article 411-98, to request redemption or repayment of their shares or units, with no other costs apart from those charged by the retail investment fund to cover disinvestment costs: this entitlement shall be valid as soon as the feeder retail investment fund has supplied the information specified in this article.

Sub-paragraph 7 - Master retail investment fund mergers and demergers

Article 422-117

If a master UCITS or AIF is affected by merger, merger-demerger, demerger or absorption transactions, any changes this implies for the feeder retail investment fund shall be subject to approval by AMF pursuant to the terms specified in Article 411-101.

Any refusal of approval for the change affecting the feeder retail investment fund(s) shall entail dissolution of the latter, unless they invest their assets in another master UCITS or AIF no later than the day on which the transactions specified above are finally completed.

Feeder retail investment fundholders shall benefit from the same information and no-charge exit opportunities as those set forth in Article 411-100.

Article 422-118

If the feeder retail investment fund changes master UCITS or AIF or converts to a non-feeder UCITS or AIF, it may redeem or refund all the master UCITS or AIF shares or units before the merger or splitting of the latter occurs.

Article 422-119

If a retail investment fund, fund of alternative funds, professional investment fund, company mutual fund or employee shareholder open-ended investment fund is a feeder fund and changes master UCITS or AIF subsequent to the liquidation, merger or splitting of its master UCITS or AIF, this must not adversely affect holders' rights to a no-charge exit by temporarily suspending redemption or repayment, unless exceptional circumstances require a suspension of this nature in order to protect holders' interests.

Article 422-120

Liquidation of a master UCITS or AIF shall entail that of the feeder retail investment fund unless, prior to closing of liquidation, the latter has invested in another master UCITS or AIF or becomes a non-feeder UCITS or AIF.

Any such transaction shall be subject to the prior approval of AMF pursuant to the terms set forth in Article 411-104.

Feeder retail investment fundholders shall benefit from the same information and the same protection as that specified for retail investment fundholders in the event of liquidation and, more generally, that offered to master UCITS or AIF holders.

The procedures to be followed in the event of liquidation of a master UCITS or AIF shall be specified in an AMF instruction.

SECTION 2 - PRIVATE EQUITY FUNDS

Article 422-120-1

Chapter I of this part and section 1 of this chapter, with the exception of clauses 2 to 5 inclusive of I and II of Article 422-11 and Articles 422-17, 422-21 and 422-83, shall apply to retail private equity investment funds (*fonds communs de placement à risques, FCPR*) governed by Article L. 214-28 of the Monetary and Financial Code, including retail venture funds (*fonds communs de placement dans l'innovation, FCPI*) governed by Article L. 214-30 of the same Code and retail local investment funds (*fonds d'investissement de proximité, FIP*) governed by Article L. 214-31 of the same Code.

These funds shall also be subject to the following provisions.

Sub-section 1 - Establishment and approval

Article 422-120-2

The approval period shall be reduced to eight working days for the so-called "dedicated" retail private equity investment funds listed in Article L. 214-26-1 of the Monetary and Financial Code and, where applicable, their sub-funds.

Article 422-120-3

Retail private equity investment fund regulations may include unit classes with different entitlements to the retail private equity investment fund's net assets or income.

Article 422-120-4

The retail private equity investment fund regulations shall specify the rights for different unit classes, the management strategy, the rules observed by the asset management company in the event of the retail private equity investment fund retaining the option to act in the acquisition or transfer of securities involving portfolios managed or advised by this asset management company or any related companies.

An AMF instruction shall specify the contents of the retail private equity investment fund's regulations' rubrics and the key investor information document.

Article 422-120-5

Shareholders in a feeder retail private equity investment fund whose entire assets are permanently invested in a retail private equity investment fund shall be expressly informed of the particular rules applicable to this type of feeder fund.

Procedures for this information shall be specified in an AMF instruction.

Sub-section 2 - Operating rules

Article 422-120-6

The conditions in which AMF shall issue approvals for transfers with an impact on retail private equity investment funds shall be defined in an AMF instruction. The approval period shall be eight working days for a transfer, twenty working days for a merger or demerger and fifteen working days for transfer to a feeder AIF.

Article 422-120-7

Retail private equity investment funds may make or receive contributions in kind other than those specified in Article 422-25.

If the contribution transaction is between a retail private equity investment fund and a company with links to the fund's asset management company or between multiple retail private equity investment funds managed by the same asset management company, these contributions may not concern capital or debt securities that have been held for over twelve months. All such contributions shall be valued pursuant to the terms set forth in the asset management fund's regulations and in line with the code of ethics for asset management companies involved in private equity investment.

Article 422-120-8

Retail private equity investment funds, retail venture funds and retail local investment funds may merge only with other retail private equity investment funds, retail venture funds and retail local investment funds respectively.

Article 422-120-9

In the event of a merger, merger-demerger, demerger or absorption affecting one or more retail private equity investment funds or one or more retail private equity investment fund sub-funds, holders of retail private equity investment fund units may redeem their units pursuant to the terms set forth in an AMF instruction.

This option shall not apply to holders of retail private equity investment fund units during the period specified in Article L. 214-28 VII of the Monetary and Financial Code.

Article 422-120-10

If a retail private equity investment fund issues different units, the net asset value of each type of unit, issued at the time of the first total or partial payment of their subscription price or at the time of subsequent payments, shall be obtained by dividing the proportional share of the net assets corresponding to the type of unit concerned by the number of units with identical characteristics. The calculation procedures shall be detailed in the retail private equity investment fund prospectus and regulations.

Article 422-120-11

The net total of fees charged by the asset management company for services and consultancy to companies in which a retail private equity investment fund holds securities shall result in a decrease, in proportion to the stake held, of the fee to which this asset management company is entitled for managing this fund.

The procedures for informing retail private equity investment fund unit holders about these fees shall be specified in an AMF instruction.

Sub-section 3 - Informing the public

Article 422-120-12

Retail private equity investment fund prospectuses shall consist of the retail private equity investment fund regulations: the content of the latter, specifically as regards information about charges, shall be determined by an AMF instruction.

If the retail private equity investment fund regulations allow for allocation of units known as "capital gains units" pursuant to the terms set forth in section II clauses 4 and 5 of Article R. 214-44 of the Monetary and Financial Code, the regulations shall present the characteristics of these units, the risk taken by their holders and the nature of these holders if the latter are not restricted to the asset management company, its officers and its employees.

Article 422-120-13

Retail private equity investment fund regulations may specify that the retail private equity investment fund shall publish its net asset value no more than twice a year.

Article 422-120-14

If the retail private equity investment fund regulations allow holders the option of requesting advance redemption of their units in the event of any transfer, no such redemption shall entail any costs for the holders.

SECTION 3 - REAL ESTATE COLLECTIVE INVESTMENT UNDERTAKINGS

Article 422-121

Except where otherwise specified, chapter I of this part shall apply to real estate collective investment undertakings (*organismes de placement collectif immobilier, OPCI*).

Article 422-121-1

Real estate collective investment undertakings governed by book II, chapter IV, section 2, sub-section 2, paragraph 3 of the Monetary and Financial Code shall be subject to the provisions of this section, as shall their asset management companies and external valuers.

Article 422-122

The term "real estate collective investment undertaking" (*organisme de placement collectif immobilier, OPCI*) shall refer either to open-ended real estate investment companies (*société de placement à prépondérance immobilière à capital variable, SPPICAV)* or real estate investment funds (*fonds de placement immobilier, FPI*).

The term "holder" shall designate unit holders in a real estate investment fund or shareholders in an open-ended real estate investment company.

Article 422-123

Constitution of an open-ended real estate investment company shall be governed by Articles 422-4, 422-5 and 422-9. Constitution of a real estate investment fund shall be governed by Article 422-13.

Article 422-124

The fund regulations specified in Article L. 214-73 of the Monetary and Financial Code shall state the duration of the real estate investment fund.

Article 422-125

Approval of a real estate collective investment undertaking, specified in Article L. 214-35 of the Monetary and Financial Code and, where applicable, the approval of each sub-fund, specified in Article L. 214-85 of the same Code, shall be subject to the procedure specified in Article 422-7 (I) for an open-ended real estate investment company and the procedure specified in Article 422-11 (I) for a real estate investment fund.

Article 422-126

Without prejudice to Article L. 214-24-1 of the Monetary and Financial Code, marketing of real estate collective investment undertaking shares or units and, where applicable, their sub-funds, shall take place only after notification of AMF approval. This notification shall be subject to the conditions set forth in Article 422-10 for an open-ended real estate investment company and clause 1 of Article 422-15 for a real estate investment fund.

Article 422-127

Within a single real estate collective investment undertaking or a single sub-fund, the prospectus may specify different share or unit classes subject to the terms specified in Article 422-23 with the exception of (1).

Article 422-128

Real estate collective investment undertaking shares or units may be issued at any time at the request of holders on the basis of their net asset value established after the subscription application centralisation deadline, plus:

1° The variable component of the subscription fee specified in Article 422-129;

2° Where applicable, the subscription fee.

Real estate collective investment undertaking shares or units may be redeemed at any time at the request of holders on the basis of their net asset value established after the subscription application centralisation deadline, less redemption fees where applicable.

Article 422-129

Without prejudice to Articles 314-77 and 314-78 or 319-12 and 319-13, the subscription fee shall include a variable component forfeit to the real estate collective investment undertaking, the purpose of which is to cover fees and taxes for acquisition or transfer of assets specified in I (1)-(3) inclusive of Article L. 214-36 of the Monetary and Financial Code.

The procedures for calculating this variable component shall be distinctly detailed in the real estate collective investment undertaking prospectus.

Article 422-130

The real estate collective investment undertaking's prospectus and key investor information document shall specify:

1° The deadline date and time for centralising subscription and redemption orders for real estate collective investment undertaking shares and units;

2° The date on which the net asset value is established;

3° The date on which the net asset value will be calculated and published.

The real estate collective investment undertaking prospectus and key investor information document shall also specify the maximum period between the subscription or redemption order centralisation date and the date of delivery or settlement of the shares or units by the depositary. This period shall not exceed six months.

Article 422-131

The prospectus shall define the objective circumstances entailing temporary closure of subscriptions, e.g. when a maximum number of shares or units has been issued or a maximum asset threshold reached.

Article 422-132

If the prospectus states that the real estate collective investment undertaking is restricted to a maximum of twenty holders or an investor class whose characteristics are defined precisely in its prospectus, the real estate collective investment undertaking may cease issuing shares or units.

Article 422-133

In the event of exercise of the option of suspending redemptions set forth in Articles L. 214-67-1 and L. 214-77 of the Monetary and Financial Code, the asset management company shall inform AMF and real estate collective investment undertaking holders of the reasons and procedures for the redemption suspension no later than its time of implementation.

Article 422-134

The redemption of holder units specified in Article L. 214-45 of the Monetary and Financial Code may be suspended if the real estate collective investment undertaking articles of association or regulations provide for this and the redemption request exceeds 2 per cent of the number of real estate collective investment undertaking shares or units. In this case, the real estate collective investment undertaking prospectus shall specify:

1° The objective conditions constituting grounds for not executing the holder's redemption requests;

2° The possibility of asset management companies staggering performance of the redemption request and all related conditions.

3° How the holder is to be informed.

Article 422-134-1

In accordance with Articles L. 214-61-1, L. 214-67-1 or L. 214-77 of the Monetary and Financial Code, redemption requests may be gated if the rules or the articles of association of the real estate collective investment undertaking so provides. The rules or articles of association and the prospectus of the real estate collective investment undertaking shall provide:

1° The circumstances under which the real estate collective investment undertaking exercise this option;

2° The procedures for exercising this option;

3° The procedures for informing holders.

Article 422-135

When subscribing, holders shall immediately inform the asset management company if they exceed the threshold of 10 per cent of the real estate collective investment undertaking's shares or units.

This threshold shall be assessed on the basis of the number of units issued by the real estate collective investment undertaking.

The number of units shall be published by the asset management company on its website on publication of each net asset value.

Article 422-136

If, for a period of twenty-four consecutive months, the asset remains lower than the amount specified in Article D. 214-118 of the Monetary and Financial Code, the real estate collective investment undertaking shall be liquidated, or alternatively one of the transactions specified in Articles L. 214-66 and L. 214-76 of said Code shall be performed.

If the real estate collective investment undertaking includes sub-funds, the provisions of this article shall be applicable to each sub-fund.

Article 422-137

Contributions in kind shall be permitted only for the assets specified in Article L. 214-36 (I) of the Monetary and Financial Code, with the exception of assets specified in I (9) of said article.

The holder information specified in Articles L. 214-66 and L. 214-76 of the Monetary and Financial Code shall be clear and accurate. It shall be the subject of effective circulation to holders pursuant to the terms specified in an AMF instruction.

Article 422-138

There are two possible types of change during the lifetime of a real estate collective investment undertaking:

1° Changes subject to pre-approval (mutations); this refers to transformations and merger, demerger, dissolution and liquidation transactions;

2° Changes subject to ex-post notification.

The procedures for informing holders and the circumstances in which they may obtain redemption of their shares or units shall be defined in an AMF instruction.

Article 422-139

The conditions in which AMF shall issue approves changes subject to pre-approval having an impact on real estate collective investment undertakings shall be defined in an AMF instruction. Approval shall be granted within eight working days, except for merger and demerger transactions, for which approval must be granted within twenty working days.

Article 422-140

Any merger, demerger or absorption project for one or more real estate collective investment undertakings or one or more sub-funds thereof shall be determined by the executive board or board of directors of the open-ended real estate investment company or by the real estate investment fund's asset management company or, if the open-ended real estate investment company is a simplified joint stock company (*société par actions simplifiée*), by the officers of this company. It shall be subject to prior approval by AMF pursuant to the terms set forth in Articles 422-123 to 422-125.

As applicable, the merger or demerger project shall specify the name, registered office and trade and companies register number of the open-ended real estate investment companies in question, the name of the real estate investment fund(s) and the name, registered office and trade and companies register number of the asset management company or companies.

It shall also specify the grounds, purpose and terms of the transaction, as well as the value of the real estate assets specified in point 1° to 3° of I of Article L. 214-36 of the Monetary and Financial Code. It shall specify the date on which the extraordinary general meetings of the open-ended real estate investment companies in question shall be called to rule on share and/or unit exchange ratios.

Article 422-141

The merger, demerger or absorption project shall be lodged with the clerk of the commercial tribunal with jurisdiction for the head office of the companies in question.

The executive board or board of directors of each of the companies in question shall supply the project to the statutory auditors of each company or open-ended real estate investment company concerned no later than forty-five days prior to the open-ended real estate investment companies' extraordinary general meetings at which a vote on the transaction is to be held, or the date set by the executive board or the board of directors of the asset management company for the real estate investment funds in question. The transaction shall be carried out by the executive boards or boards of directors of the open-ended real estate investment companies in question, or the real estate investment funds' management companies, under the control of the statutory auditors of the open-ended real estate investment companies in question. The statutory auditors' reports specified in Article R. 214-126 of the Monetary and Financial Code shall be made available to holders no later than eight days before the date set by the extraordinary general meetings or, in the case of real estate investment funds, by the asset management company or companies.

Article 422-142

The obligation to issue shares or units at any time may be suspended following a resolution, by the executive committee or board of directors of an open-ended real estate investment company or a real estate investment fund's asset management company, no more than fifteen days prior to the planned date of completion of any of the transactions specified in Article L. 214-66 or L. 214-76 of the Monetary and Financial Code. The articles of association of the open-ended real estate investment company created as a result of these transactions shall be signed by their legal representatives.

Real estate investment funds' regulations shall be drafted by their asset management company.

Holders shall have a period of six months during which they may obtain no-charge redemption of their shares or units.

Any holders who, due to exchange ratios, are not entitled to a whole number of shares or units, shall be entitled to redemption of the fractional share or to make a cash payment of the supplement required for a whole share or unit to be assigned to them. No subscription or redemption fees relating to any such repayments or payments may be added or deducted.

Article 422-143

In the event of liquidation of a real estate collective investment undertakings or, where applicable, a sub-fund, the statutory auditor shall draw up a report of the asset valuation, the terms of liquidation and any transactions since the closure of the previous financial period. This report shall be made available to holders and supplied to AMF.

Article 422-144

If the real estate collective investment undertaking includes sub-funds, the real estate investment fund regulations or open-ended real estate investment company articles of association shall specify the terms and procedures for assigning assets in the event of liquidation of sub-funds.

Article 422-145

Conditions for liquidation and the procedures for allocation of the assets shall be determined by the real estate investment fund regulations or the open-ended real estate investment company's articles of association.

In particular, the real estate investment fund regulations or the open-ended real estate investment companies' articles of association may allow for redemption to take place in kind if the liquidation is concluded by redemption of shares or units.

If the obligation relating to the total net assets specified in Article L. 214-47 of the Monetary and Financial Code is no longer fulfilled, repayment of holders shall take place within the following periods, starting from the date of the transfer signalling liquidation:

1° Five days for a real estate investment fund and two months for an open-ended real estate investment company if they do not hold any of the real estate assets specified in I (1)-(3) inclusive of Article L. 214-36 of the Monetary and Financial Code;

2° Twelve months in all other cases.

Article 422-146

Real estate collective investment undertakings affected by changes shall declare this to AMF pursuant to the procedure set forth in an AMF instruction.

Article 422-147

Members of the supervisory board shall be elected by the real estate investment fund unit holders and from among their number.

For the purposes of this election, the asset management company shall carry out a request for candidates that it shall publish on its website and in the periodic disclosure document.

Real estate investment fund unit holders shall reply to this request for candidates on the asset management company's website within three months of its publication.

Candidatures shall include elements offering proof of the independence of the candidate with regard to the asset management company and any related companies as understood in Article R. 214-43 of the Monetary and Financial Code.

No legal or natural person may hold more than five directorships at any one time in the capacity of member of the supervisory board of a real estate investment fund.

The real estate investment fund regulations may further restrict the number of such directorships.

Holding such directorship shall be incompatible with holding any other function liable to create a conflict of interest. The real estate investment fund regulations may specify an age limit for members of the supervisory board.

Article 422-148

Unit holders shall directly elect the members of the supervisory board pursuant to the procedures set forth by the fund regulations.

Elections of the members of the supervisory board shall take place at least every three years.

Shareholders may vote by post.

Article 422-149

If the real estate investment fund regulations specify that holders shall be invited to attend a meeting for the purposes of electing the members of the supervisory board, holders shall be invited to attend by the asset management company no later than fifteen working days prior to the date of this meeting, by letter or, subject to agreement by the holder, by e-mail.

The notice to attend shall specify the procedures for postal votes.

Article 422-150

Voting rights of each holder shall be proportional to the number of units they hold in the real estate investment fund.

Article 422-151

If the number of candidates does not exceed the number of positions to be filled, the candidates shall automatically be appointed as members of the supervisory board.

Article 422-152

The term of office for members of the supervisory board shall be three years, renewable twice.

In the event of the decease or resignation of a member of the supervisory board resulting in there being fewer members than the number specified in the fund regulations, the supervisory board shall carry out a temporary appointment to replace the vacant directorship until the relevant directorship expires.

This appointment shall take place within three months from the date on which the position becomes vacant.

Appointees shall be those candidates who have obtained the largest number of votes at the previous election excluding those already appointed to be members of the supervisory board.

The fund regulations may specify the partial renewal of the members of the supervisory board at the time of each election specified in Article 422-147.

Article 422-153

At the first meeting following the election or appointment of new members, the supervisory board shall elect its chairman, by simple majority vote.

Article 422-154

The fund regulations shall determine the rules relating to convening meetings of the supervisory board, how it passes resolutions, and the circumstances in which a member of this board may be represented by another member at a board meeting.

Each member shall hold one vote. In the event of a tie, the chairman shall have the casting vote.

Article 422-155

The supervisory board shall meet at least twice per financial period, convened by its chairman or following any request with supporting grounds by at least one third of its members.

The first meeting of the supervisory board following the establishment of the real estate collective investment undertakings shall be held no later than twelve months after approval of the real estate collective investment undertaking.

The supervisory board's resolutions shall be valid only if at least one half of its members are present.

The chairman shall establish the agenda of the session; this may be supplemented at the request of any member, no later than the day prior to the meeting.

Supervisory board members' attendance shall be noted in a dedicated register.

Resolutions passed by the supervisory board shall be recorded in minutes.

Article 422-156

The prospectus shall establish the maximum amount of monies assigned each year for all expenditure relating to the workings of the supervisory board.

These expenses shall be borne by the real estate collective investment undertaking up to this amount, on the basis of proofs supplied by the chairman of the supervisory board to the asset management company.

The fund regulations shall establish the list of these expenses; in particular, these may include:

1° Where applicable, details of any compensation received by its members;

2° Training expenses for board members.

Article 422-157

The supervisory board may ask the asset management company to provide training lasting no more than two working days for board members appointed within the previous year.

Article 422-158

The asset management company shall make available all premises required for supervisory board meetings to be held, as well as the staff and technical resources to provide secretarial services for the board.

Article 422-159

When drafting its reports, the supervisory board may request any relevant additional information from the asset management company; the latter shall be required to respond in writing within eight working days.

Article 422-160

Supervisory board reports shall be ratified by a simple majority vote of its members.

Article 422-161

Supervisory board reports shall be made available to holders pursuant to the terms set forth in the fund regulations.

If a holder asks to receive a hardcopy version of the report, the expenses relating to its dispatch by post may be charged to the former.

Article 422-162

Assets other than those specified in I (1)-(3) inclusive of Article L. 214-36 of the Monetary and Financial Code shall be valued pursuant to Articles 422-26 to 422-27.

Article 422-163

The asset management company shall value the assets specified in I (1)-(3) of Article L. 214-36 of the Monetary and Financial Code on each day on which the net asset value is determined.

This valuation shall be on a market value basis.

The asset management company shall implement controllable, formal procedures that supply proof of how the value established has been arrived at.

Article 422-164

The asset management company shall, for the assets specified in I (1) of Article L. 214-36 of the Monetary and Financial Code, establish a schedule of works to be performed within five years. This plan shall be implemented with a frequency appropriate to the characteristics of these assets and shall be made available to AMF.

If the asset management company does not observe the schedule of works, it shall supply the reasons for not doing so in the report specified in clause 3 of Article L. 214-50 of the Monetary and Financial Code.

Article 422-165

I. - The value of the real estate assets specified in I (1) of Article L. 214-36 of the Monetary and Financial Code and the buildings or real estate rights held directly and/or indirectly by the companies specified in I (2) and (3) of the same article that fulfil the conditions laid down in Article R. 214-83 of the Monetary and Financial Code shall be determined in the following manner:

1° At least four times a year and at three-monthly intervals, each asset shall be valued by two external valuers appointed by the asset management company, which shall establish their remit. One of the valuers shall determine the value of the asset; the other shall perform a critical analysis of this value.

2° Once a year, each asset shall be the subject of an annual real estate appraisal by an external valuation expert.

The real estate expert analysis for any given asset shall be performed in each successive financial period by each external valuation expert on an alternating basis.

The asset management company shall establish, and communicate to the statutory auditor, a schedule setting forth the application procedures for this clause.

II. - For determination of the value of the buildings and real estate properties held directly by the companies specified in I (2) and (3) of Article L. 214-36 of the Monetary and Financial Code which do not fulfil the conditions set forth in (2) and (3) of Article R. 214-83 of this Code, the external valuers shall perform a critical analysis of the valuation methods used by the asset management company to determine the value of the assets and the extent to which they are appropriate. This critical analysis shall take place at least four times a year, at three-monthly intervals.

Article 422-166

For each real estate asset specified in I (1) of Article L. 214-36 of the Monetary and Financial Code and each building or real estate right held directly or indirectly by the companies specified in I (2) and (3) of the same article, the external valuers shall draft a document specifying the following:

1° For all assets fulfilling the conditions laid down in Article R. 214-83 of the Monetary and Financial Code, the method used and the value adopted by the external valuation expert to determine the value of the asset, as well as the procedure and controls implemented by the external valuation expert carrying out the critical appraisal of this value. The external valuers who perform the critical value appraisal shall supply this document to the asset management company, the depositary and, at the end of each calendar half-year and on closing of the accounts, to the statutory auditors.

2° For all assets that do not fulfil the conditions laid down in Article R. 214-83 of said Code, the procedure and controls performed by the external valuers.

The external valuers shall forward this document to the asset management company, the depositary, and at the end of each calendar half-year and closing of the accounts, to the statutory auditor.

Article 422-167

Each external valuation expert shall implement a procedure that allows any difficulties encountered in performance of their duties to be reported. The depositary, asset management company, statutory auditor and AMF shall immediately be made aware of any such difficulties.

Article 422-168

At the end of the financial period, the external valuers shall jointly draft the summary report specified in Article L. 214-55 of the Monetary and Financial Code. This report shall give an account of all their interventions during the financial period and the implementation of the procedure specified in Article 422-165.

Article 422-169

The real estate collective investment undertaking's annual report shall contain the elements specified in an AMF instruction.

Article 422-170

If shares or units in a real estate collective investment undertaking are denominated in different currencies, the assets of the real estate collective investment undertaking or, where applicable, any sub-fund, shall be booked in one currency only.

Article 422-171

The annual accounts of the real estate collective investment undertaking shall be presented pursuant to the accounting plan in force.

Article 422-172

The annual accounts, inventory of assets, reports of real estate collective investment undertaking's statutory auditors, the report of the executive board or board of directors of open-ended real estate investment companies, or the report of the supervisory board of real estate investment funds shall be made available to holders at the registered office of the asset management company. They shall be sent to any holder whose so requests within eight working days following receipt of any such request. Subject to the consent of the holder, they may be dispatched in electronic format.

Article 422-173

The executive board, or board of directors of open-ended real estate investment companies, or the asset management company of a real estate investment fund or, if the open-ended real estate investment company is a simplified joint stock company, the officers of this company, shall determine the amount and date of the distributions specified in Articles L. 214-69 and L. 214-81 of the Monetary and Financial Code.

The executive board or board of directors of open-ended real estate investment companies, or the asset management company of a real estate investment fund or, if the open-ended real estate investment company is a simplified joint stock company, the officers of this company, may resolve to implement interim distributions on the basis of a balance sheet and income statement.

Article 422-174

If a real estate collective investment undertaking reserved for no more than twenty subscribers or a class of subscribers specified in Article 422-132 exercises the waiver option specified in Article R. 214-120 of the Monetary and Financial Code, the period during which redemption of shares or units of schemes specified in (2) of this article shall not exceed sixty days.

Article 422-175

The investment limits established in Articles R. 214-96 and R. 214-97 of the Monetary and Financial Code shall not apply if the real estate collective investment undertaking nvests in UCITS invested solely in the instruments specified in (1)-(3) inclusive of Article R. 214-93 of said Code.

Article 422-176

The calculation of beneficiary debt claims for real estate collective investment undertakings specified in Article R. 214-10 of the Monetary and Financial Code shall be performed pursuant to the procedures set forth in Article 422-31.

The valuation of the goods or rights making up the collateral granted by the real estate collective investment undertakings specified in Article R. 214-109 of the Monetary and Financial Code shall be performed pursuant to the procedures set forth in Article 422-32.

The commitment calculation specified in Article R. 214-112 of the Monetary and Financial Code shall be performed pursuant to the procedures specified in Articles 422-51 to 422-64 inclusive.

Article 422-177

I. - A key investor information document shall be drafted for all real estate collective investment undertakings pursuant to Articles 422-67 to 422-70 inclusive.

Real estate collective investment undertakings established prior to 3 October 2011 shall establish a key investor information document to replace the simplified prospectus, no later than 1 July 2013.

Details of the information to be specified in the key investor information document shall be set forth in an AMF instruction.

II. - In a waiver of the provisions of I, real estate collective investment undertakings which restrict subscription or acquisition of their shares or units pursuant to II of Article L. 214-35 of the Monetary and Financial Code need draft no more than a prospectus whose content is specified in an AMF instruction, subject to having obtained the unanimous agreement of their direct or indirect holders. After the entry into force of the Regulation (EU) n° 1286/2014 of the European Parliament and of the Council of 26 November 2014, this waiver is applicable as long as the shares or units of real estate collective investment undertakings are not subscribed or acquired by non-professional clients.

In such cases, for application of Articles 422-86 to 422-89, the reference to the key investor information document shall be replaced by a reference to the prospectus.

Article 422-178

A prospectus compliant with Articles 422-71, 422-73, 422-74, 422-76 and 422-77 and subject to approval by AMF shall be drafted for all real estate collective investment undertakings.

In particular, this prospectus shall describe the real estate collective investment undertaking investment policy and its management goals. Details of the information to be specified in the prospectus shall be set forth in an AMF instruction.

Article 422-179

The prospectus shall describe all the fees to be borne by real estate collective investment undertaking holders or by the real estate collective investment undertaking, including all taxes, and specify the following:

1° For fees of which the cost is borne by holders:

a) The maximum rate of that part of the subscription and redemption fee that does not revert to the real estate collective investment undertaking

b) The rate of that part of the fee that reverts to the real estate collective investment undertaking and the conditions in which this rate may be reduced;

2° For costs borne by the real estate collective investment undertaking:

a) The various components of the charges and fees relating to the management of the assets specified in I (1)-(3) of Article L. 214-36 of the Monetary and Financial Code

b) The details set forth in Article 422-72 (2) relating to management of assets other than those specified in a above.

Article 422-180

If the real estate collective investment undertaking includes sub-funds, the prospectus shall describe the characteristics of the real estate collective investment undertaking and those of each of its sub-funds.

Article 422-181

The asset management company shall retain sole liability for the content of documents supplied to AMF to be placed online on the latter's website.

Article 422-182

The prospectus, net asset value, most recent annual report and the most recent periodic disclosure document shall be published on the asset management company's website.

If any person asks to receive these documents in hardcopy format, they shall be sent within one week of receipt of this request; costs relating to the dispatch by post may be charged to the requesting party.

Article 422-183

I. - Articles 422-86 to 422-91 shall apply to distribution of real estate collective investment undertaking shares or units.

II. - Any person marketing real estate collective investment undertaking shares or units shall ensure that subscribers fulfil the subscription conditions specified in Article 422-132.

If the asset management company has concluded a contract to distribute real estate collective investment undertaking shares or units, this contract shall specify the conditions in which subscribers have access to the prospectus and key investor information document, real estate investment fund regulations or open-ended real estate investment company articles of association, and the real estate collective investment undertaking's most recent annual report and periodic statement.

Article 422-184

Real estate collective investment undertakings shall draft the periodic disclosure document specified in Article L. 214-53 of the Monetary and Financial Code, known as the "half-yearly report", at the end of the first half-yearly period.

The contents of this half-yearly report shall be specified in an AMF instruction.

If the real estate collective investment undertaking includes sub-funds, half-yearly reports shall also be drafted for each sub-fund.

The half-yearly report shall be published no later than eight weeks following the end of the first half-yearly period.

Article 422-185

For the transactions listed in an AMF instruction, the asset management company shall publish details of any such transactions performed that involve real estate collective investment undertaking securities during the course of the previous twelve months.

Article 422-186

Real estate collective investment undertakings are required to establish their net asset value. This net asset value shall be established and published with a frequency appropriate to the real estate collective investment undertaking management policy, the type of assets held and the nature of its subscribers. Real estate collective investment undertakings shall establish and publish their net asset value at least every six months and at most twice a month.

If the prospectus specifies that there must be three months or more between two net asset valuations, the real estate collective investment undertaking shall publish the estimated value specified in Article 422-73 at least every three months.

The prospectus shall specify the frequency with which the net asset value is established and published, the valuation method and the reference calendar chosen.

Once a net asset value has been published, it shall be possible to issue and redeem real estate collective investment undertaking shares or units on the basis of this value, pursuant to the terms and conditions set forth in the prospectus.

This article shall apply for each sub-fund.

Article 422-187

The net asset value shall be supplied to AMF on the day it is determined, pursuant to procedures set forth by an AMF instruction.

If the real estate collective investment undertaking issues different classes of share or unit, the net asset value of the units in each class shall be obtained by dividing the proportional share of the net asset corresponding to the unit class concerned by the number of units in this class.

The procedures for calculating the net asset value of the real estate collective investment undertaking unit classes shall be detailed in the prospectus.

Any changes shall be subject to approval by AMF.

Article 422-188

The net asset value shall be obtained by dividing the net assets of the real estate collective investment undertaking by the number of shares or units issued.

SECTION 4 - REAL ESTATE INVESTMENT COMPANIES AND FORESTRY INVESTMENT COMPANIES

PARAGRAPH 1 - GENERAL REGIME

Article 422-189

Except where otherwise specified, chapter I of this part shall apply to real estate investment companies (*sociétés civiles de placement immobilier, SCPI*) and forestry investment companies (*sociétés d'épargne forestière, SEF*).

Article 422-189-1

The initial capital for real estate investment companies and forestry investment companies shall be fully subscribed and paid up by the founding members, with no "public offering." The shares shall be non-transferable for a duration of three years from the date of issue of the AMF approval.

Article 422-190

The guarantee specified in Article L. 214-86 of the Monetary and Financial Code shall be supplied by a banking establishment.

It may take the form of joint and personal surety on the part of the real estate or forestry investment company, waiving the benefit of discussion or division.

The text of the bank guarantee issued shall be submitted to AMF when approval is requested. This guarantee shall be specified in the offer document.

Article 422-191

If, on expiry of the statutory one-year period for real estate investment companies or the two-year period for forestry investment companies, the conditions set forth in clause 1 of Article L. 214-116 of the Monetary and Financial Code for real estate investment companies and in Article L. 214-123 of the same Code for forestry investment companies are not fulfilled, the management company shall inform AMF within fifteen days as well as the bank, specifying to the latter the list of subscribers and the amounts to be reimbursed.

This information shall be given by registered letter with return receipt, specifying the date on which the extraordinary general meeting to decide dissolution of the company is to be held.

The meeting shall be convened within a period of two months from expiry of the statutory one-year period.

Refunds to shareholders shall be paid within no more than six months from the date on which the extraordinary general meeting specified above is held.

The bank guarantee may not specify an expiry date that falls prior to the expiry of this six-month period.

Article 422-192

I. - Real estate and forestry investment companies may not make any public offering unless:

1° They have drafted an offer document authorised by AMF;

2° They have drafted a subscription form.

II. - Furthermore, the initial public offering shall be subordinate to the following:

1° Subscription of the original capital by the founders;

2° Approval by the management company;

3° Acceptance by the external real estate valuation expert presented or the forestry experts presented;

4° Approval of the bank guarantee specified in Article 422-190.

Article 422-193

An offer document shall be drafted:

1° Prior to the "initial public offering";

2° If the gap between the share subscription price for the real estate or forestry investment company and the replacement value for a share notified to AMF exceeds 10 per cent;

3° If substantial changes within the real estate or forestry investment company or the management company require the offer document to be updated.

Article 422-194

Any request for approval shall be preceded by authorisation on the part of the extraordinary general meeting, resolved on the basis of a report drafted by the management company in the following cases:

1° If there is an issue of new shares after a period of more than three years without any increase in capital. In this case, the management company report shall be approved by the statutory auditors;

2° If there is a change to the initial investment policy.

Article 422-195

If AMF observes that the offer document no longer corresponds to the actual circumstances of the real estate or forestry investment company, and if there is no response to a formal demand to rectify the situation, the approval for the offer document shall be withdrawn.

The real estate or forestry investment company's management company shall be notified of the decision to withdraw the approval and the supporting grounds for this; it shall inform the supervisory board.

This measure shall prohibit any offer to the public to acquire or subscribe to shares in the real estate or forestry investment company.

Article 422-196

In the event of an increase in capital, prior to any announcement for the purposes of subscribing to shares and before any subscription to these shares, the new share issue shall be the subject of a notice drawn up in the format specified in an AMF instruction.

Prospectuses, circulars, posters and announcements in newspapers informing the public of the share transfer or issue offer shall very clearly specify the existence of the offer document specified in Article L. 412-1 of the Monetary and Financial Code.

Companies which have opted for variable capital pursuant to the conditions set forth in Article L. 231-1 of the Commercial Code shall publish a notice explaining the conditions for subscription or redemption in the event of any change in these conditions (price, entitlement, etc.) pursuant to the same procedures and deadlines as those set forth in clause 1.

Shareholders shall also be made aware of the indications contained in the notice no later than six days prior to the opening of subscriptions, by standard letter.

Article 422-197

In the event of new shares being issued, each investor shall, prior to subscription, receive a complete dossier comprising the following:

1° The company articles of association

2° The currently valid offer document authorised by AMF, updated if applicable, printed in easily readable type

3° The subscription form, to include the indications set forth in the instruction established pursuant to this paragraph

4° The most recent annual report

5° The most recent quarterly bulletin.

Any share subscription shall be recorded on a subscription form, dated and signed by the investor or their agent, who shall write the number of shares subscribed in letters. They shall be given a copy of this form.

Article 422-198

Agreements concluded between real estate or forestry investment companies and their management company or any shareholder in the latter shall be approved by the ordinary shareholders' general meeting.

The rate, assessment base and any other components of remuneration of the management company may be specified in the real estate or forestry investment company articles of association. If not, the precise terms of remuneration shall be established by a special agreement concluded between the management company and the real estate or forestry investment company and ratified by the latter's ordinary general meetings.

Shareholders shall be made aware of the terms of remuneration of the management company in an offer document approved by AMF.

All fees or remuneration received by the management company shall be defined in the offer document.

Article 422-199

The supervisory board shall issue an opinion on the motions submitted by the management company to shareholders.

It shall refrain from any management action; in the event of default on the part of the management company, it shall convene a general meeting forthwith with a view to replacing the management company.

Article 422-200

On the occasion of the general meeting called upon to ratify the accounts of the company's third full financial period, the supervisory board shall be wholly renewed in order to ensure the broadest possible representation of shareholders with no links to the founders.

The maximum duration of the mandate of representatives on the supervisory board shall be three years.

Article 422-201

The management company shall observe the strictest neutrality in the conduct of procedures to appoint members of the supervisory board.

Prior to the meeting which is to designate new members of the supervisory board being convened, the management company shall carry out a request for candidatures with a view to ensuring the broadest possible representation of non-founder shareholders.

For the vote to appoint members of the supervisory board, only votes expressed by shareholders who are present and postal votes shall be taken into account.

The list of candidates shall be presented in a motion. Candidates shall be elected on the basis of those who receive the greatest number of votes, up to the number of positions to be filled.

Article 422-202

The ordinary general meeting that is called upon to ratify the annual accounts shall be convened at least once a year within six months following closure of the financial period, subject to this deadline being extended following a court ruling.

Article 422-203

The management company may not contract loans, take on debt or carry out fixed-term purchases on behalf of the real estate or forestry investment company, or may do so only up to a set maximum amount.

The shareholders' general meeting shall establish this amount such that it is compatible with the repayment capabilities of the real estate investment company on the basis of its ordinary income for borrowings and debts, and on the basis of its commitment capabilities for fixed-term purchases.

In the event of the sale of one or more items of the rental real estate assets of the company and if the money is not reinvested, the general meeting shall have sole powers to decide on allocation of the revenue from this sale to:

1° Total or partial distribution with, where applicable, depreciation of the nominal share value;

2° Allocation to the redemption fund specified in Articles 422-231 to 422-233 inclusive.

In the event of the sale of one or more items of the company's forestry assets, if the money is not reinvested, the general meeting shall have sole powers to decide on allocation of the revenue from this sale to total or partial distribution with, where applicable, depreciation of the nominal share value.

Article 422-204

For the purposes of this section:

1° The term "order" used in Article L. 214-93 of the Monetary and Financial Code means any sale or purchase order for real estate or forestry investment company shares sent to the management company or an intermediary.

2° The term "intermediary" means any person other than the management company who, due to their professional business, is authorised to receive a sale or purchase order relating to real estate or forestry investment company shares

3° The term "person" means any natural or legal person.

Article 422-205

Orders shall be recorded in a register held at the company's head office pursuant to the terms set forth in an AMF instruction, failing which they shall be null and void.

An order to sell shall be valid for a period of twelve months. Any shareholder having made or passed on an order shall be informed of the expiry date of the order beforehand. The validity period for the order may be extended for a maximum of twelve months if expressly requested by the shareholder.

Recording of orders on the register specified in clause 1 above for a variable-capital real estate investment company or a forestry investment company shall constitute an appropriate measure as understood in Article L. 214-93 (II) of the Monetary and Financial Code. Application of this measure shall entail suspension of redemption requests.

Article 422-206

The management company or intermediary shall be required to forward the five highest purchase prices and the five lowest purchase prices recorded in the register to any person who so requests, as well as the quantities requested and offered at these prices.

On receipt by the management company or intermediary, orders shall be recorded, such that the stages of processing of each order and its various executions may be reconstituted.

Article 422-207

Prior to forwarding orders to the management company, the intermediary shall check that they have all the characteristics specified in an AMF instruction.

The intermediary shall pass on orders to the management company without summing orders of the same nature or with the same limits, and without offsetting sale and purchase orders.

Article 422-208

For the purposes of hedging, the management company may:

1° Either subordinate recording of purchase orders to payment of funds pursuant to the terms set forth in an AMF instruction;

2° Or establish a deadline by which funds must be received, on expiry of which orders recorded in the register shall be cancelled if the funds have not been paid. In this case, funds must be received no later than the day before the execution price is determined.

Article 422-209

The management company shall timestamp the orders it receives having ensured that they fulfil the registration conditions. It

shall record them on the register specified in Article 422-205 in chronological order.

Article 422-210

Prior to determination of the execution price, the management company shall ensure that there is no barrier to execution of the sale orders.

In particular, it shall ensure that the assignor has sufficient powers to assign the shares it holds and a sufficient number of shares to honour its sale order if it is executed.

Article 422-211

If due grounds are supplied in a resolution the management company may, on its own liability, suspend the recording of orders on the register after having informed AMF.

If the reason for suspension is the occurrence of a major event which, if it was publicly known, would be liable to have a significant impact on the execution price of shares or the circumstances and rights of shareholders, the management company shall cancel orders in the register and inform its clients or intermediaries on an individual basis.

The management company shall use any and all appropriate means to ensure that this decision and the reasons for it are circulated publicly, effectively and in full.

Article 422-212

The only grounds for change to the frequency established in Article 422-229 for real estate investment companies and 423-243 for forestry investment companies shall be market constraints.

The management company shall make clients, intermediaries and the general public aware of this change no later than six days prior to its effective date.

Procedures for circulating this information to the public shall be specified in the offer document.

Article 422-213

The execution price shall be the price at which the greatest quantity of shares may be traded.

If, at the same time, multiple prices may be determined on the basis of this initial criterion, the execution price shall be the price at which the number of non-traded shares is the lowest.

In the event of neither of these two criteria allowing a single price to be determined, the execution price shall be that closest to the most recent execution price determined.

The execution price, and the quantities of shares traded, shall be made public by any appropriate means on the day on which the price is determined.

In the event of it not being possible to determine an execution price, the management company shall, in the same conditions as those set forth in the previous clause, publish the highest purchase price and the lowest sale price, each accompanied by the quantities of shares offered.

Article 422-214

Orders shall be executed immediately on determination of the execution price and at this price alone.

Execution shall concern: as a priority, purchase orders recorded with the highest price and sale orders recorded with the lowest price. Orders with equal prices shall be executed in their chronological order of record in the register.

The management company shall record all transactions completed in this manner in the shareholder register without delay.

Article 422-215

The management company shall make the information regarding the price and quantities shown in the order register available to the public. It shall implement any and all means necessary to minimise the following periods:

1° The time between receipt of orders and them being recorded in the register

2° The time taken to inform clients and/or intermediaries.

It shall supply proof of orders being executed and them being passed on to clients and intermediaries.

Article 422-216

Intermediaries shall implement any and all means necessary to minimise the following periods:

1° The time between orders being received and passed on

2° The time taken to inform their clients.

They shall supply proof of receipt of orders and of them being passed on to clients and the management company.

Article 422-217

Supporting proofs for the various stages specified in Articles 422-215 and 422-216 shall be kept for a period of five years.

Article 422-218

In real estate or forestry investment companies that have opted for variable capital, the management company shall be made aware of redemption requests by registered letter with return receipt.

On receipt, these shall be recorded in the redemption request register and fulfilled in the chronological order in which they are recorded.

Article 422-219

In the event of a fall in the redemption price, the management company shall, by registered letter with return receipt, inform shareholders who have requested redemptions no later than the day before the effective date.

In the absence of any response by shareholders within a period of fifteen days from the date on which the registered letter with return receipt is received, the redemption request shall be deemed to be maintained at the new price.

This information shall be included in the notification letter.

Article 422-220

New shares resulting in an increase in capital may not be issued if, in the register specified in Article 422-218, there are outstanding redemption requests at a price which is less than or equal to the subscription price.

Article 422-221

In order to sell shares publicly, real estate or forestry investment companies may use any form of announcement, provided that the following is specified:

1° The number of the Bulletin des annonces légales obligatoires (statutory legal announcements bulletin) in which the announcement is published;

2° The name of the real estate or forestry investment company;

3° The existence of the currently valid offer document authorised by AMF, the date thereof, the approval number and where it may be obtained free of charge.

Article 422-222

In the event of the real estate or forestry investment company's management company losing its accreditation, the general meeting of each of the real estate and/or forestry investment companies in question shall convened within two months in order to choose a management company which agrees to provide management for these real estate and/or forestry management companies.

PARAGRAPH 2 - SPECIAL PROVISIONS FOR REAL ESTATE INVESTMENT COMPANIES

Article 422-223

Any request for approval shall be preceded by ratification by the extraordinary general meeting, resolved on the basis of a report drafted by the management company in the following cases:

1° If there is an issue of new shares after a period of more than five years without any increase in capital. In this case, the management company report must be approved by the statutory auditors;

2° If there is a change to the initial investment policy.

Article 422-224

The real estate investment company's management company shall be compensated by means of the following fees:

1° A subscription fee calculated on the basis of monies received at the time of capital increases;

2° A transfer fee, calculated on the basis of the amount of the transaction if the transfer is from the register specified in Article 422-205, or a flat fee;

3° A management fee based on rental income banked, before tax: the assessment basis for this fee may extend to include net financial income if the public is informed thereof.

The articles of association of the real estate investment company or, failing this, the offer document shall clearly specify the assessment base and rate of fees paid to the management company.

4° A real estate asset acquisition and/or transfer fee calculated on the basis of the amount of the real estate acquisition or transfer;

5° A monitoring and coordination fee for the performance of works on the real estate assets, calculated on the basis of the total cost of works performed.

Article 422-225

The real estate investment company's management company may not take out loans, take on debt or carry out fixed-term purchases on behalf of the real estate investment company, or may do so only up to a set maximum amount.

The shareholders' general meeting shall establish this amount such that it is compatible with the repayment capabilities of the real estate investment company on the basis of its ordinary income for borrowings and debts, and on the basis of its commitment capabilities for fixed-term purchases.

In the event of the sale of one or more items of the rental real estate assets of the company and if the monies are not reinvested, the general meeting shall have sole powers to decide on allocation of the revenue from this sale to:

1° Total or partial distribution with, where applicable, depreciation of the nominal share value;

2° Allocation to the redemption fund specified in Articles 422-231 to 422-233 inclusive.

Article 422-226

I. - Shareholder information shall be provided, pursuant to the terms of an AMF instruction, in the form of written media:

1° Prior to subscription: the offer document approved by AMF, the subscription form, the articles of association, the most recent annual report and the most recent quarterly bulletin shall be given to future shareholders;

2° The annual report, quarterly bulletins and circulars.

II. - The management company shall send AMF all documents intended for shareholders, without delay. It shall send AMF, as defined by the latter, the following:

1° Within one month of the end of each quarter, the statistical information for that period;

2° Prior to 15 March of each year, the market value and replacement value for the real estate investment company, which must be subject to ratification by the shareholders;

3° Any changes during the course of the year to these values following their ratification by the supervisory board, accompanied by an explanation.

Article 422-227

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 Articles 422-21-1, 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 Articles 422-21-1, 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 of shares in a professional investment fund shall come with a warning that subscriptions and purchases of units or shares in this fund, made directly or through an intermediary, are reserved for the investors referred to in Article 423-2. This warning shall also state that the fund may adopt special investment rules.

Article 423-5

Investors shall give written acknowledgement, when making the first subscription or purchase, that they have been warned that the subscription or purchase of units of shares in the fund, made directly or through an intermediary, is reserved for the investors referred to Article 423-2.

Article 423-6

The depositary, or the person named by regulation or in the articles of association of the fund shall ensure that the subscribers or purchasers meet the eligibility criteria and that they have received the information required under the provisions of Articles 423-4 and 422-86. They shall also ensure that the written acknowledgement referred to in Article 423-5 exists.

Article 423-7

Between the date at which the subscription or redemption order is centralised and the date at which the fund's custody account-keeper settles or delivers the units or shares, the prospectus of the fund may provide for a period that shall not exceed:

1° Fifteen days where the net asset value is established daily;

2° Sixty days where the net asset value is not established daily.

The prospectus shall indicate the date of centralisation of the subscription and redemption order for the fund units or shares, the date of establishment of the net asset value and the latest date by which the net asset value will be calculated and published.

The net asset value shall be calculated and published on the same date.

Article 423-8

The management fee for professional investment funds may include a variable component that is paid as soon as the first euro of positive performance is posted. The procedures for calculating and paying this fee shall be explained in the prospectus.

Article 423-9

Professional investment funds may prepare only a prospectus whose content is specified by an AMF instruction.

For the purposes of applying Articles 422-86 to 422-89, the reference to the key investor information document shall be replaced in such case by a reference to the prospectus.

PARAGRAPH 2 - NET ASSET VALUE

Article 423-10

The professional investment fund prospectus shall stipulate that the net value shall be published at least once a month.

PARAGRAPH 3 - CALCULATING AGGREGATE RISK

Article 423-11

I. - By way of derogation to III of Article 422-55, where a professional investment fund that uses the option provided for in III of Article R. 214-193 of the Monetary and Financial Code and employs the commitment approach, it shall take account of these temporary cash borrowing arrangements when calculating aggregate risk.

II. - By way of derogation to II of Article 422-57, where a professional investment fund uses the option provided for in III of Article R. 214-193 of the Monetary and Financial Code, the maximum value at risk that it may attain may not exceed 30 per cent of the market value of its net assets.

Sub-section 2 - Professional real estate collective investment undertakings

Article 423-12

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 of shares in the professional specialised fund, made directly or through an intermediary, is reserved for the investors referred to Article 423-27.

The prospectus of the professional specialised fund as well as the most recent periodic documents shall be available on a simple written request by the holder within one week of receipt of the request. At the holder's option, these documents shall be able to be sent electronically.

Article 423-31-1

When Articles 423-30 and 423-31 are applied to the limited partner shares of SLPs, the reference to « Article 423-27 » shall be replaced by a reference to « Article 423-27-1 ».

Article 423-32

The depositary or the person named by regulation or in the articles of association of the professional specialised fund shall ensure that the subscribers or purchasers meet the eligibility criteria and that they have received the information required under the provisions of Articles 423-30 and 423-31. The depositary or the abovementioned named shall also ensure that the written acknowledgement referred to in Article 423-31 exists.

Article 423-32-1

The professional specialised fund for which subscription or acquisition is not exclusively reserved to professional clients within the meaning of Article L.533-16 of the Monetary and Financial Code may prepare a key information document for investor. In such case, Articles 422-67 to 422-69, 422-86 to 422-89 are applicable.

PARAGRAPH 4 - SPECIFIC PROVISIONS APPLICABLE TO PROFESSIONAL SPECIALISED FUNDS FORMED FROM A DEMERGER IN ORDER TO HOUSE ASSETS WHOSE DISPOSAL WOULD NOT BE IN THE BEST INTERESTS OF HOLDERS OF SHARES OR UNITS IN THE SPLIT UCITS OR AIF

Article 423-33

Subject to the following provisions, the provisions common to all professional specialised funds referred to in this sub-section shall apply to the professional specialised funds formed in accordance with the second paragraph of Article L. 214-24-33 or the second paragraph of Article L. 214-24-41 of the Monetary and Financial Code in order to house the assets whose disposal would not be in the best interests of the holders of shares or units in the professional specialised funds.

Article 423-34

Article 423-24 does not apply to professional specialised funds governed by this paragraph.

The prospectuses of professional specialised funds governed by this paragraph shall specify the frequency, which shall be at least quarterly, for disseminating the estimated value of the fund's assets. The procedures and frequency for calculating the estimated asset value shall be appropriate to the type of assets held by the AIF.

Article 423-35

Article 422-22 does not apply to professional specialised funds governed by this paragraph.

Article 423-36

All holders of a UCITS or an AIF split pursuant to the second paragraph of Article L. 214-24-33 or the second paragraph of Article L. 214-214-41 of the Monetary and Financial Code may hold the shares or units in a professional specialised fund governed by this paragraph that are reserved for them at the time of the demerger.

The holders of shares or units in a professional specialised fund governed by this paragraph may sell such shares and units only to the persons referred to in Article 413-27.

Article 423-36-1

The provisions of this paragraph shall not apply to SLPs.

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.

Article 423-55

Article 422-21-1 applies.

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.

Article 425-7

The criteria and conditions referred to in 1° of Article 212-17 may also be presented in the prospectus in the following form:

1° A range for the nominal rate and the subscription price;

2° A yield spread or a range of yield spreads against a specified market benchmark for the yield to maturity. Barring special circumstances in the market, spreads for the yield to maturity must not exceed 10 basis points.

Article 425-8

The rating document referred to in Article L. 214-170 of the Monetary and Financial Code must be provided to the AMF at least five trading days before the desired date of issue of the approval.

Article 425-9

The time period referred to in Article 212-21 for notification of receipt of an approval application is shortened to five trading days.

Article 425-10

The time period referred to in Article 212-22 for issuance of the approval may be shortened to five trading days where:

- the securitisation company, or
- the management company and the depositary, where the securitisation vehicle is formed as a securitisation common fund, attest that the draft prospectus of a sub-fund contains operating rules that are strictly identical to those in a draft prospectus previously approved by the AMF for another sub-fund of the same securitisation vehicle.

Article 425-11

Pursuant to the provisions of 2° of I of Article 212-27, investors may obtain a copy of the prospectus free of charge from the management company and from the service providers responsible for taking subscription orders.

Investors may also obtain, free of charge, the rules of the securitisation common fund, and any sub-fund thereof, or the articles of association of the securitisation company.

Article 425-12

Securitisation vehicles whose financial securities are admitted to trading on a regulated market or an organised multilateral trading facility are subject to the provisions of Articles 223-1 A to 223-10-1.

Article 425-13

Securitisation vehicles whose financial securities are admitted to trading on a regulated market are subject to the provisions of this sub-section.

Article 425-14

At the close of each financial year :

- the securitisation company, or
- the management company, where the securitisation vehicle is formed as a securitisation common fund,

shall draw up the accounting documents of the securitisation vehicle, under the supervision of the depositary.

Article 425-15

No later than four months after the close of the financial year,

- the securitisation company, or
- the management company, where the securitisation vehicle is formed as a securitisation common fund,

shall prepare and publish, under the supervision of the depositary of the securitisation entity and after verification by the statutory auditor, an activity report for the year.

No later than three months after the close of the first half of the financial year:

- the securitisation company, or
- the management company, where the securitisation vehicle is formed as a securitisation common fund,

shall prepare and publish, under the supervision of the depositary of the securitisation entity and after verification by the statutory auditor, an activity report for the half-year.

Where the securitisation vehicle includes sub-funds, these activity reports are prepared for each sub-fund. Annual financial statements including notes are likewise prepared, as appropriate, for each sub-fund.

Article 425-16

The activity reports referred to in Article 421-15 are sent free of charge to the holders of the financial securities who request them.

Investors may obtain these activity reports upon publication and free of charge, from:

- the securitisation company, or
- the management company, where the securitisation vehicle is formed as a securitisation common fund,

These documents are distributed by mail or by any other means provided for in the prospectus of the securitisation vehicle. The investor may choose his preferred means of delivery of these documents from among the options offered.

A copy of each of these documents is sent to the AMF.

Article 425-17

The securitisation company, or the management company, where the securitisation vehicle is formed as a securitisation common fund, makes periodic disclosures about the securitisation vehicle's assets and liabilities.

TITLE III - OTHER COLLECTIVE INVESTMENTS

Article 431-1

The provisions of sections 2 and 3 of Chapter 1 and sections 1 and 5 of Chapter II of Title II or, where this other collective investment is open to professional investors, of paragraph 1 of section 1 and paragraph 1 of section 2 of Chapter III of Title II shall apply to the SICAVs referred to at 1° of I of Article L. 214-191 of the Monetary and Financial Code.

Article 431-2

The provisions of sections 2 and 3 of Chapter 1 and section 3 of Chapter II of Title II or, where this other collective investment is open to professional investors, of paragraph 2 of section 1 of Chapter III of Title II shall apply to open-ended real estate investment companies referred to at 2° of I of Article L. 214-191 of the Monetary and Financial Code.

TITLE IV - MISCELLANEOUS ASSETS

Article 441-1

The document relating to miscellaneous assets governed by Article L. 550-1 to L. 550-5 of the Monetary and Financial Code, and mentioned in Article L. 550-3 of the same code, must include all the necessary information for investors to make an informed investment decision.

The content of this document and the marketing and investment procedures for these assets and specified in an AMF instruction.

BOOK V - MARKET INFRASTRUCTURES

TITLE I - REGULATED MARKETS AND MARKET OPERATORS

CHAPTER I – RECOGNITION OF REGULATED MARKETS

SECTION 1 - PROCEDURES FOR RECOGNISING REGULATED MARKETS

Article 511-1

To obtain recognition for the market it intends to manage as a regulated market in financial instruments within the meaning of Article L. 421-1 of the Monetary and Financial Code, the market operator shall submit a file containing the following information to the AMF:

1° the items concerning the market operator, referred to in Article 511-2;

2° the items concerning the market, referred to in Article 511-3.

Article 511-2

The items concerning the market operator, referred to in Point 1°, Article 511-1, shall include:

1° Its articles of association;

2° Its internal regulations (bylaws);

3° The *curriculum vitae* of its directors and officers and of any other person likely to effectively direct the business and operation of the regulated market;

4° The identity of persons who are in a position to exercise, directly or indirectly, significant influence over the management of the regulated market, as well as the amount of their holding.

Shareholders who, alone or in concert, own directly or indirectly 10% or more of the capital or voting rights are deemed to exercise significant influence;

5° A programme of operations setting out the organisation and resources of the operator with respect to the envisaged activity on the regulated market concerned, including the type of transactions envisaged, the market model and the human and technical resources that it has implemented or plans to implement;

6° The latest annual accounts, where they exist, and the financial resources available to it when the regulated market is recognised;

7° The policy for managing any conflicts of interests, as referred to in Article 512-4;

8° Agreements, if any, for outsourcing the management of trading systems and information dissemination systems provided for under this Title.

Article 511-3

The market-related items referred to in Point 2°, Article 511-1 shall include:

1° Market rules, including the conditions and procedures for consulting with market members and issuers whose financial instruments are admitted to trading on this market, if such rules are modified;

2° A description of the arrangements for finalising transactions and the rules of the system or systems used for settlement and delivery of financial instruments, as well as the operating rules of the clearing house used by the market, where such is the case.

3° A description of procedures and mechanisms, as well as a list of tests to which the systems are subject, that ensure that these have enough capacity to manage high volumes of orders and messages to allow the orderly processing of orders during periods of extreme market volatility or severe tensions on the markets;

4° A description of mechanisms that ensure that activities continue in the event of the unexpected failure of trading systems;

5° A description of procedures and mechanisms that guarantee that persons using automated processing facilities under the terms of article 315-67 do not create conditions that could impair the orderly functioning of the market;

6° Fee structures that do not encourage order cancellations or modifications and, where appropriate, limit the number of non-executed orders.

Article 511-4

The AMF shall ensure that the items forwarded to it in accordance with Article 511-2 comply with relevant laws and regulations. In particular it checks:

1° that the market operator is entitled to exercise the rights corresponding to the regulated market it manages;

2° that the persons referred to in Point 4°, Article 511-2 are suitable to ensure the sound and prudent management of the regulated market;

3° that the market operator has implemented:

a) arrangements for supervising trading on the regulated market it manages;

b) arrangements for supervising market members;

c) arrangements for ensuring on a continuous basis that it complies with the provisions applicable to it and to the regulated market it manages;

d) arrangements for monitoring the compliance of its business and staff;

4° that the market operator has made provisions in case the persons referred to in b) and d) of Point 3 fail to comply with their obligations.

Where the persons referred to in the third subparagraph of Article 511-2 are already directing the activities and operation of a regulated market of another Member State of the European Union or another State party to the European Economic Area agreement, they are deemed to be of sufficiently good repute and sufficiently experienced to ensure the sound and prudent management of the regulated market.

Article 511-5

Pursuant to Article L. 421-4 of the Monetary and Financial Code, the AMF shall seek the opinion of the Prudential Supervision Authority on the organisation, the human, technical and material resources and the financial resources of the market operator.

Article 511-6

The AMF can ask the market operator to provide any additional information it deems useful for ensuring that all the arrangements are put in place to meet the obligations applicable to the market operator or the financial instrument market it intends to manage.

Article 511-7

The AMF shall reach a decision on the programme of operations referred to in Point 5°, Article 511-2 within three months of receiving the file or, where such is the case, the additional information it has requested.

Article 511-8

The AMF shall ensure that the items forwarded to it in accordance with Article 511-3 comply with relevant laws and regulations. In particular it checks that:

1° The rules of the market concerned comply with relevant laws and regulations;

2° The market operator has made the necessary arrangements for ensuring that the market concerned meets the requirements of this General Regulation on a continuous basis;

3° The market operator's human, financial and material resources under Points 5° and 6° of Article 511-2 and 1° to 6° of Article 511-3 are suitable for managing the regulated market concerned;

4° The market operator has effective arrangements for ensuring the efficient and timely finalisation of transactions executed under the systems of the regulated market it manages.

Article 511-9

The AMF shall reach a decision on market rules within three months of receiving the file or, where such is the case, the additional information it has requested.

Article 511-10

Pursuant to Article L. 421-4 of the Monetary and Financial Code, the AMF proposes to the minister for economic affairs that the financial instrument market be recognised as a regulated market if it considers that all the conditions for recognition have been met.

Article 511-11

After the market has been recognised as a regulated market, and before commencing operations, the market operator shall inform the AMF that the resources referred to in Point 5°, Article 511-2 have been put in place.

Article 511-12

AMF decisions relating to the approval of the market rules shall be published on the AMF website. The approved rules shall be appended to the AMF decision.

Such publication shall take place after a new market has been recognised as a regulated market by the minister for economic affairs.

Article 511-13

The market operator shall publish the market rules on its website. It shall also permit any person wishing to refer to its market rules to do so at its registered office and to take away or receive, at that person's expense, a copy of those rules.

The rules of the systems and arrangements referred to in Point 2°, Article 511-3 shall be made accessible under the same conditions if they have not already been made public in accordance with this Book.

SECTION 2 - CHANGES IN THE CONDITIONS GOVERNING RECOGNITION OF REGULATED MARKETS

Article 511-14

The market operator shall promptly inform the AMF prior to any changes to the items in the file referred to in Article 511-1 that resulted in the financial instrument market being recognised as a regulated market.

The AMF shall determine the measures to be taken as a result of such changes within one month of receiving the file or, where appropriate, any additional information it might have requested and, in particular, whether the provisions of Article L. 421-5 of the Monetary and Financial Code shall apply. Failing an express response from the AMF within this period, the changes shall be deemed to have been accepted.

Article 511-15

The market operator shall inform the AMF of any plans to change the identity of the persons referred to in Article L. 421-7 of the Monetary and Financial Code who effectively manage the market operator.

The AMF shall refuse to approve these changes where there are objective and demonstrable grounds for believing that they would pose a serious threat to the sound and prudent management and operation of the regulated market.

The AMF makes its ruling on these amendments within three months of receiving the request or, where such is the case, the additional information it has requested.

Article 511-16

Where they do not result directly from relevant laws and regulations, material changes to market rules shall give rise to a consultation with market members and issuers whose financial instruments are admitted to trading on this market, under arrangements appropriate to the type of changes envisaged.

A market operator submits for AMF approval any proposed amendments to the rules of the market it operates. Where appropriate, it shall append the findings of the aforementioned consultation to its application.

The AMF makes its ruling on the amendments in accordance with Article L. 421-10 of the Monetary and Financial Code. It gives its ruling within one month of receiving the request or, where such is the case, the additional information it has requested.

AMF decisions relating to the approval of rule amendments are published on the AMF website. The approved rules shall be appended to the AMF decision.

CHAPTER II - ORGANISATIONAL RULES FOR MARKET OPERATORS AND RULES OF CONDUCT

SECTION 1 - ORGANISATIONAL RULES

Article 512-1

A market operator cannot delegate or outsource decisions concerning the admission of members or the listing of financial contracts referred to in II of Article L. 211-1 of the Monetary and Financial Code and equivalent financial instruments issued under foreign law.

Without the consent of the AMF, it cannot rely on a third party for the organisation of trading, the recording and publication of trades, the suspension of trading or the functions referred to in Article 512-9. A third party can be another market operator, a company directly controlled, within the meaning of Article L. 233-3 of the Commercial Code, by the market operator in question, or a company or economic interest grouping controlled directly by that operator and one or more other market operators.

The second paragraph shall not apply if the third party supplies the market operator with technical resources.

Reliance on a third party shall not under any circumstances relieve the market operator of its responsibilities.

Article 512-2

I. - Where derivative financial instruments are traded on the regulated market it manages, the market operator shall ensure that trades in such instruments are cleared though a clearing house or under arrangements allowing for orderly and secure finalisation.

II. - Where the market operator ensures that transactions in financial instruments admitted to trading on the regulated market it manages are cleared through a clearing house, that clearing house must:

1° When it is established in France, comply with the conditions applicable to clearing houses referred to in the present Book and in Regulation (EU) n° 648/2012 of the European Parliament and Council of 4 July 2012;

2° When it is established in another European Union Member State or a State that is a party to the European Economic Area agreement, comply with the provisions of Regulation (EU) n° 648/2012 of 4 July 2012; or

3° When it is established in a State other than a European Union Member State or a State that is a party to the European Economic Area agreement, have been recognised in accordance with Article 25 of the abovementioned Regulation.

SECTION 2 - CONFLICTS OF INTEREST

Article 512-3

The market operator and the third party referred to in the third paragraph of Article 512-1 shall conduct their business diligently, fairly, neutrally and impartially, respecting the integrity of the market.

Article 512-4

The market operator shall establish and maintain an effective conflicts of interest policy, set out in writing and appropriate to the size, organisation and businesses of the operator, including any multilateral trading facilities it manages.

Article 512-5

The conflicts of interest policy shall include the following content:

1° it must identify, with reference to the specific activities carried out by the market operator, the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more of its members;

2° it must specify procedures to be followed and measures to be adopted in order to manage such conflicts.

Article 512-6

The market operator shall keep and regularly update a record of the activities in which a conflict of interests entailing a material risk of damage to the interests of one or more of its members has arisen or, in the case of an ongoing activity, may arise.

SECTION 3 - COMPLIANCE RULES FOR MEMBERS OF STAFF OF THE MARKET OPERATOR

Article 512-7

The market operator shall ensure that persons acting under its authority or on its behalf know that they are bound by the obligation of professional secrecy as provided for by law and on pain of the penalties prescribed thereunder.

Such persons may not use any confidential information in their possession other than to perform their duties at or on behalf of the market operator.

Article 512-8

The market operator shall draw up internal regulations establishing the rules of conduct applicable to persons acting under their responsibility or on its behalf.

These internal regulations shall stipulate the conditions in which a person may execute trades in financial instruments for his own account. They provide that persons with a function relating to the admission to trading of financial instruments or to market surveillance cannot trade for his own account in the financial instruments for which he is responsible. They give due regard to the provisions of Article 512-7.

SECTION 4 - ISSUANCE OF A PROFESSIONAL LICENCE TO CERTAIN MEMBERS OF STAFF OF A MARKET OPERATOR AND THE CONDITIONS IN WHICH THEY PERFORM THEIR DUTIES

Article 512-9

The market operator shall appoint a person or persons to be responsible for the following:

1° supervision of trading;

2° monitoring of market members;

3° compliance monitoring of the market operator and its staff.

Article 512-10

The persons referred to in Article 512-9 shall have the requisite independence of decision-making as well as the technical and human resources needed to carry out their duties.

Such resources shall be commensurate with the size of the regulated market or markets managed by the market operator.

Article 512-11

The persons referred to in Article 512-9 shall hold a professional licence, issued by the AMF on the proposal of the market operator.

In preparation for the issuance of this licence, the market operator shall forward to the AMF, for each of the persons concerned, an application containing the items specified in an AMF instruction.

The AMF can ask the market operator or the persons concerned for any further information it deems appropriate.

The AMF shall reach a decision within one month of receiving the application or, where such is the case, the additional information it has requested.

Article 512-12

When the holder of a professional licence referred to in Article 512-11 ceases to perform the duties referred to in Article 512-9, the market operator shall inform the AMF, which withdraws the licence.

When the AMF withdraws the licence in accordance with an enforcement decision under Article L. 621-15 of the Monetary and Financial Code, it shall inform the market operator thereof.

Article 512-13

The person or persons referred to in Article 512-9 shall draw up a yearly report on the conditions in which they carry out their duties. This report shall be submitted to the executive body of the market operator, as well as to the AMF, no later than four months after the close of the financial year.

The report shall include:

1° a description of how supervision and monitoring are organised;

2° a list of the tasks performed in carrying out these duties;

3° any observations made by the responsible person;

4° measures adopted as a result of such observations.

CHAPTER III - MEMBERS OF REGULATED MARKETS

Article 513-1

The rules of the regulated market governing the admission of market members shall stipulate their obligations under :

1° the constitution and administration of the market operator;

2° rules relating to transactions on the market;

3° the professional requirements for the staff of investment services providers that are market members;

4° the conditions referred to in Article L. 421-18 of the Monetary and Financial Code applicable to members other than investment services providers. These conditions establish, inter alia, the minimum capital or equivalent resources or guarantees required of these members for each regulated market;

5° rules and arrangements for the clearing and settlement of transactions effected on the regulated market.

Article 513-2

The market operator shall ensure that the market member is authorised for the investment services it intends to provide on the regulated market, where such is the case.

Where the market rules provide for several categories of member, they shall stipulate the membership requirements for each category.

Article 513-3

Where a market member is based outside a State party to the European Economic Area agreement, admission is conditional on there being a cooperation and information sharing agreement between the AMF and the competent authority in the member's home country.

Notwithstanding the first paragraph, the market operator may enter into agreements with recognised markets, within the meaning of Article L. 423-1 of the Monetary and Financial Code and decree 90-948 of 25 October 1990, whereby the members of one market are recognised as members of the other market, and vice versa.

Article 513-4

The market operator shall provide the AMF with a list of members of the regulated market it manages, stipulating their home country. It shall promptly inform the AMF of any changes to the list.

Article 513-5

The market operator shall ensure that members comply with the rules governing the market.

The market operator shall conclude an agreement with each member whereby the member agrees to:

1° comply with market rules on a continuous basis;

2° reply to any requests for information from the market operator;

3° submit to on-site inspections by the market operator;

4° rectify, at the behest of the market operator, any situation in which it no longer meets the membership requirements.

Article 513-6

Members of the regulated market shall enforce the obligations set forth in Section 6, Chapter IV, Title I of Book III when executing orders on a regulated market on behalf of their clients.

Article 513-7

The market rules may authorise a market member to outsource trading operations to another member. In

such an event, outsourcing in no way alters the market member's responsibilities to its clients.

Article 513-8

The market operator shall specify how it ensures, directly or indirectly, the availability of the necessary training for natural persons who are to become traders of financial instruments on its market.

Article 513-9

For transactions effected on the regulated market it manages, a market operator can oppose its members' choice of a financial instrument settlement and delivery system other than the one it proposes, in the following circumstances:

1° where the arrangements and links between this settlement and delivery system and any other system or infrastructure needed for efficient and cost-effective transaction settlement are not in place;

2° where the AMF considers that the technical conditions for settling transactions effected on this regulated market by a settlement and delivery system other than the one proposed by the market operator would not permit the financial markets to function in a smooth and orderly manner.

CHAPTER IV - PRINCIPLES FOR TRADING ON REGULATED MARKETS - TRANSPARENCY RULES

SECTION 1 - GENERAL PROVISIONS

Article 514-1

The market rules shall set forth the conditions in which multiple third-party buying and selling interests are brought together within the market in a way that results in transactions in the financial instruments traded on the market's systems.

They shall also establish the manner in which prices are determined, as well as the functions likely to be carried out by market members.

Article 514-2

The market rules shall determine the categories of orders that members can execute.

They shall provide that market members must time-stamp orders upon receipt if these are placed by a client, and upon issue if the member is the issuer of the order.

The market rules shall specify the principles of priority that apply when orders at the same price and on the same side of the market (buy or sell) are presented at the same time on the market.

Article 514-3

The market rules shall establish the principles under which trading can be halted.

They also provide for the conditions:

a) Of technical interruption of trading in a financial instrument in the case of significant price fluctuations in this financial instrument on the market, particularly when the price variation reaches whether during the same trading session or from one session to the other one of the thresholds set by the market operator;

b) In which orders exceeding pre-determined volume and price thresholds, or clearly erroneous orders, are rejected.

The market rules regulating price fluctuations shall take into consideration both the market model and the characteristics of the financial instruments traded on the market. The market operator must have the resources that enable it to verify the consistency of the prices resulting from transactions.

Article 514-4

The market rules shall specify the conditions in which the market operator may cancel one or more transactions or, in exceptional cases, clearly erroneous or irregular trades. They also stipulate the arrangements for informing the market of any such cancellations.

SECTION 2 - TRANSPARENCY PRINCIPLES AND PUBLICATION OF MARKET INFORMATION

Article 514-5

For shares admitted to trading on a regulated market it manages, the market operator shall make public the buying and selling interests as well the size of the trading positions expressed at these prices, which are displayed by the systems of the regulated market.

This information shall be made public in accordance with the arrangements set forth in Regulation (EC) n° 1287/2006 of 10 August 2006.

The AMF waives the requirement for the market operator to make public the aforementioned information in the conditions set forth in Regulation (EC) n° 1287/2006 of 10 August 2006.

Article 514-6

For transactions in shares admitted to trading on a regulated market it manages, the market operator shall publish the registered prices, quantities and times, in accordance with Regulation (EC) n° 1287/2006 of 10 August 2006.

The AMF shall authorise the market operator to delay publication of these transactions depending on their type or size, especially in the case of transactions that are large in scale compared with normal market size, as provided for and according to the arrangements set out in Regulation (EC) n° 1287/2006 of 10 August 2006. In this case, the conditions for delaying publication shall be stipulated in the market rules.

Article 514-7

For non-equity financial instruments admitted to trading on a regulated market it manages and traded in accordance with Article 514-1, the market operator shall decide what information on buying and selling interests it will publish to ensure fair and orderly trading. This information shall be appropriate to the characteristics of the financial instruments concerned and to the arrangements for trading them.

Article 514-8

For transactions in the financial instruments referred to in Article 514-7, the market operator shall publish information about prices and quantities within a time period suited to the traded instrument, the method of trading and the amount of the transaction.

This period shall be established in the market rules and shall make it possible to provide the market with adequate information.

Publication shall occur on or before the opening of the trading session on the third business day after the transaction date.

SECTION 3 - NOTIFICATION TO THE AMF

Article 514-9

The market operator shall report daily to the AMF:

1° On the orders received from the members of the regulated market it manages and on the transactions effected on its systems, as specified in an AMF instruction;

2° On the positions opened on financial contracts, except if this information has already been disclosed to the AMF by the terms of Article 541-24.

Article 514-10

The market operator shall retain data about the transactions effected on the regulated market it manages for at least five years. For each transaction, that information shall comprise:

1° the name of the financial instruments bought or sold;

2° the quantity transacted;

3° the date and time of the transaction;

4° the price of the transaction;

5° where such is the case, the indication that the transaction resulted from an order executed in accordance with Article 3 of Regulation (EC) n° 1287/2006 of 10 August 2006;

6° the name of the market member or members that executed the order.

CHAPTER V - ADMISSION OF FINANCIAL INSTRUMENTS TO TRADING ON A REGULATED MARKET

Article 515-1

The market operator shall establish procedures to regularly review the compliance with the admission requirements of the financial instruments admitted to trading on the regulated market it manages.

Article 515-2

The market operator shall establish effective procedures to check that the issuers of the financial instruments referred to in II of Article L. 211-1 of the Monetary and Financial Code and of any equivalent foreign-law instruments admitted to trading on a regulated market it manages comply with the relevant provisions of Title II of Book II.

Article 515-3

The market operator shall establish procedures that facilitate its members in gaining access to information published by issuers pursuant to Titles I and II of Book II.

CHAPTER VI - SPECIAL PROVISIONS FOR CERTAIN MARKETS

SECTION 1 - ORDERS WITH INSTRUCTIONS FOR DEFERRED SETTLEMENT AND DELIVERY

Article 516-1

The market rules may authorise a buyer or a seller, following execution of such buyer's or seller's order on the market, to defer the payment of the funds or the delivery of the financial instruments until a date set by those rules. The buyer, who is irrevocably bound to pay for the financial instruments once his order has been executed, shall not be required to disburse the funds until the date, set by the market rules, on which the financial instruments are registered in his account.

The financial instruments shall belong to the market member, in whose account they are registered at the date set by the market rules, pending registration in the buyer's account. The seller, who is irrevocably bound to deliver the financial instruments once his order has been executed, shall deliver them only at the date set by the market rules on which his account is debited. He retains title to the financial instruments as long as they are registered in his account.

Article 516-2

The provisions of Articles 516-3 to 516-13 shall apply to authorised investment service providers receiving orders for deferred settlement and delivery as well as to custody account keepers.

Where the market rules provide for the possibility referred to in the first paragraph of Article 516-1, an investment service provider who receives an order for deferred settlement or delivery shall not accept it unless the investor remits a margin deposit, either in the provider's books or in the books of the custody account keeper if the provider does not perform that function.

Article 516-3

An investment service provider who does not keep his client's account cannot consent to transmit or execute an order for deferred settlement and delivery unless he is able, under an agreement with the client's custody account keeper, to ascertain that the necessary margin has been duly deposited with the custody account keeper before he transmits or executes that order..

The investment service provider who keeps the client's account shall be subject to the provisions of this section..

Article 516-4

The investment service provider shall be subject to the rules, set forth in an AMF instruction, governing the posting and composition of clients' mandatory margin deposits.

Margin is calculated as a percentage of the position and according to the type of assets. It shall be at least 20 per cent.

The margin rates referred to in the aforementioned instruction are minimum rates. Investment service providers are entitled to demand higher rates from any client.

Article 516-5

Should a client fail, within the required time period, to remit or top up the margin deposit or to fulfil the commitments arising from the order executed on his behalf, the investment services provider shall liquidate some or all of the client's commitments or positions.

The AMF can, where necessary, set more stringent margin deposit rules for a given financial instrument or market, either temporarily or permanently.

Article 516-6

Where a margin deposit consists of financial instruments, the investment services provider can legally refuse any such instrument that:

1° he considers he would be unable to realise at any time or on his own initiative;

2° he deems will not provide adequate collateral, having regard to the type of position to be collateralised.

In any event, long positions in a given financial instrument cannot be collateralised with the same financial instrument.

Article 516-7

Cheques cannot be accepted as margin until they have been cashed.

Article 516-8

An investment service provider must be able to inform his client, upon request, of the value of the margin deposited under the three categories set forth in an AMF instruction and, pursuant to the same article, of the position that may be taken or the increase in an existing position that may be realised.

Article 516-9

The AMF can increase the minimum margin rates provided for in Article 516-4 for one or more designated financial instruments, as specified in that article. The new rates cannot come into force for at least two trading days after they have been published.

Article 516-10

Initial margin deposits are readjusted, if need be, in view of the daily marking to market of the position and the assets accepted as collateral therefor, so that the deposits comply at all times with the minimum regulatory requirement.

The investment services provider shall order the client, by any and all means, to top up or restore its collateral within one trading day.

If the collateral is not topped up or restored in due time, the investment services provider shall take the necessary measures so that the client's position is once again collateralised. Unless the provider and the client have agreed on a different procedure, the investment services provider shall begin by reducing the position before realising some or all of the collateral.

Article 516-11

Absent a contractual agreement, an investment services provider who wishes to increase the collateral on a client's position by higher rates than those provided for in an AMF instruction shall warn the client of the new rates by registered letter with return receipt. That letter shall be sent at least eight calendar days before the effective date of the increase.

Article 516-12

Where an investment services provider reduces a client's position or realises some or all of its collateral, pursuant to the third paragraph of Article 516-10, it shall send the corresponding trade confirmations and account statements to the client by registered mail with return receipt.

Article 516-13

Notwithstanding the first paragraph of Article 516-3, a member of a regulated market who does not hold the account of a client is not required to ascertain that margin has been deposited if the order is sent to him by an investment service provider acting as an order receiver-transmitter.

SECTION 2 - CORPORATE ACTIONS

Article 516-14

The market rules shall establish the procedures relating to the detachment of rights and other corporate actions that influence the price of financial instruments; they shall also stipulate the respective claims of buyers and sellers.

The rules shall also lay down the procedures that issuers of financial instruments admitted to trading on the regulated market managed by the market operator must follow to inform the operator of such actions.

Where financial instruments are admitted to trading without the consent of the issuer, the market operator shall make the necessary arrangements for gaining access to this information.

SECTION 3 - SPECIAL PROVISIONS FOR DERIVATIVES MARKETS

Article 516-15

An investment services provider who receives an order for execution on a regulated market in derivative financial instruments shall not accept such order unless the client remits a margin deposit, either in the provider's books or in the books of the custody account keeper if the provider does not perform that function.

By way of derogation from the first paragraph, where the client is a professional client or an eligible counterparty within the meaning of Articles D. 533-11 and D. 533-13 of the Monetary and Financial Code, the investment services provider may grant it a period of time in which to remit the margin. Such period may not exceed the period granted by the clearing house to the clearing member with whom the positions are recorded.

The margin referred to in the first paragraph shall be equal to or greater than that required by the market rules, if called from market members, or that required by the clearing house rules, if called from clearing house members. Since the aforementioned margin levels are minimum requirements, the investment services provider may, upon receiving the orders and at any time, call additional margin from the client.

If, in light of market conditions, the margin posted by the client falls below the amount required under the third paragraph, additional margin shall be deposited in the same conditions and time limits as those specified in the second and third paragraphs.

Should a client fail to post margin or remit additional margin within the above time limits, the provider shall liquidate some or all of the client's commitments or positions.

SECTION 4 - OTHER PROVISIONS

Article 516-16

At the request of a market operator, the AMF can put in place an arbitration procedure to resolve disputes arising between the operator and its market members, between market members themselves, or between members and their clients.

Article 516-17

Without prejudice to special regulatory provisions, where mandatory sales of the financial contracts referred to in II of Article L. 211-1 of the Financial and Monetary Code and equivalent financial instruments issued under foreign law are effected through an investment services provider, said provider shall publish a notice stipulating the date of sale, the type and number of financial instruments for sale, the selling price and the arrangements for the sale. This information shall be published at least fifteen days before the sale in a publication that carries legal notices.

SECTION 5 - PROVISIONS APPLICABLE TO CERTAIN COMPARTMENTS

Article 516-18

The market undertaking may open a compartment for issuers applying to admit their financial instruments to trading on a regulated market without a public issue or sale if the equity securities or the securities that give or may give access directly or indirectly to the issuer's capital or voting rights are not already admitted to trading on a French regulated market.

Issuers may not ask for their financial instruments to be transferred off the compartment referred to in the first paragraph except in the case of a public issue or sale of financial instruments that entails the preparation of a prospectus.

Article 516-19

Financial instruments admitted to trading on the compartment referred to in Article 516-18 may not be acquired by an investor other than a qualified investor, within the meaning of 2 of II of Article L. 411-2 of the Monetary and Financial Code, unless such investor takes the initiative to do so and has been duly informed by the investment services provider about the characteristics of the compartment.

TITLE II – MULTILATERAL TRADING FACILITIES

CHAPTER I – GENERAL PROVISIONS

Article 521-1

The provisions of this Title and of Chapters 1 and 2 of Title I of this Book shall apply to market operators managing a multilateral trading facility (MTF) referred to in Article L. 424-1 of the Monetary and Financial Code.

Except for Articles 521-3, 521-4, 521-6, 521-9 and 521-10, the provisions of this Title shall apply to investment services providers managing an MTF.

SECTION 1 - OBSERVATIONS ON THE REQUEST FOR AUTHORISATION FILED BY INVESTMENT SERVICES PROVIDERS OFFERING THE SERVICE OF OPERATING A MULTILATERAL TRADING FACILITY, AND ON AUTHORISATION BY THE MARKET OPERATOR

Sub-section 1 - AMF observations on the request for authorisation filed by investment services providers offering the service of operating a multilateral trading facility

Article 521-2

In connection with the examination by the Prudential Supervision Authority of the authorisation request for the service referred to in Point 8°, Article L. 321-1 of the Monetary and Financial Code, and before such authorisation is granted, the AMF shall examine the applicant's file in accordance with Article R. 532-1 of that Code.

The applicant shall append the information referred to in Points 1° and 5°, Article 521-3 to its file.

The AMF shall ensure that the intended resources are appropriate to the envisaged activities and that the rules of the MTF are consistent with the relevant provisions.

Once authorisation has been granted, the investment services provider shall publish the rules of the MTF on its website. It shall also permit any person wishing to refer to the facility's rules to do so at its registered office and to take away or receive, at that person's expense, a copy of those rules.

Sub-section 2 - Authorisation by the market operator

Article 521-3

With a view to obtaining authorisation to manage an MTF, the market operator shall send the AMF a file comprising:

1° the operating rules of the MTF, referred to in Article 521-4;

2° a programme of operations setting out inter alia the types of business envisaged by and the organisational structure of the market operator, as well as the human and material resources implemented with respect to the envisaged activity, in particular the characteristics of the trading system, the arrangements for settlement and delivery of the financial instruments to be traded thereon and, where such is the case, the arrangements for clearing the transactions concluded on the facility;

3° the latest annual accounts, where they exist, and the financial resources of the market operator with respect to the envisaged business;

4° agreements, if any, for outsourcing the management of the facility;

5° the arrangements for monitoring compliance by members with the rules of the facility.

Article 521-4

The rules of the facility shall establish:

1° the membership requirements. Where a market member is established in a State not party to the European Economic Area agreement, membership is conditional on there being a cooperation and information sharing agreement between the AMF and the competent authority in the member's home country;

2° the category or categories of financial instruments that can be traded on the facility;

3° the conditions that issuers must fulfil before their financial instruments are traded on the facility and, where appropriate, the necessary steps they must take;

4° the conditions for trading financial instruments on the facility, in particular:

a) the arrangements for bringing together buying and selling interests, and the dates and opening hours for trading;

b) the information given to members;

c) the information made public concerning buying and selling interests and the transactions undertaken;

d) the procedures for suspending trading;

e) the time periods and conditions for finalising transactions;

5° Where such is the case, the obligations for making periodic and ongoing financial disclosures by issuers with financial instruments traded on the facility;

6° the responsibilities of members in the event of non-compliance with the rules of the facility.

Article 521-5

Where the persons running a regulated market are the same as those managing the MTF for which authorisation has been requested, such persons shall be deemed to be of sufficiently good repute and to have sufficient experience to ensure the sound and prudent management of the MTF.

Article 521-6

The AMF shall check that the documents or information referred to in Articles 521-3 and 521-4 comply with relevant laws and regulations, and in particular that the market operator has the resources and organisational structure suitable for the envisaged activity.

The AMF shall seek the opinion of the Prudential Supervision Authority on the organisation, the human, technical and material resources and the financial resources of the market operator.

The AMF can ask the MTF manager to provide any additional information it deems useful.

It can demand any rule amendments or resource adjustments needed to ensure that the facility complies with this Title.

The AMF shall reach a decision on the authorisation request within three months of receiving the file or, where such is the case, the additional information it has requested.

Article 521-7

Once authorisation has been granted, the market operator shall publish the rules of the facility on its website. It shall also permit any person wishing to refer to the facility's rules to do so at its registered office and to take away or receive, at that person's expense, a copy of those rules.

SECTION 2 - CHANGES TO THE CHARACTERISTICS OF THE MTF AND WITHDRAWAL OF AUTHORISATIONS

Article 521-8

The MTF manager shall submit rule amendments to the AMF at least once month before they are due to come into effect.

Where it considers that these amendments are inconsistent with MTF status, the AMF shall oppose their enforcement within one month. If the MTF manager is an investment services provider, the AMF shall inform the Prudential Supervision Authority of its objection.

Article 521-9

Notwithstanding Article 521-7, a market operator authorised to manage an MTF shall inform the AMF of any amendments it intends to make to the items taken into account when its authorisation was granted.

The AMF shall inform the market operator of the possible consequences such amendments may have on its authorisation.

Article 521-10

The AMF shall withdraw the authorisation granted to a market operator where such operator:

1° does not make use of the authorisation within 12 months, expressly renounces the authorisation, or if the MTF has not operated over the previous six months;

2° has obtained the authorisation by making false statements or by any other irregular means;

3° no longer meets the conditions under which authorisation was granted;

4° has seriously and systematically infringed the provisions applicable to it.

CHAPTER II – PRINCIPLES FOR TRADING ON MULTILATERAL TRADING FACILITIES

SECTION 1 – FAIR AND ORDERLY TRADING AND MARKET INTEGRITY

Article 522-1

Where the rules of the facility provide for a membership or admission agreement between the manager and issuers, the manager shall make the necessary arrangements for ensuring that issuers comply with their contractual arrangements. The agreement shall specify the consequences of non-fulfilment of these obligations.

Article 522-1-1

The market operator or investment firm that manages a multilateral trading facility:

a) Shall have procedures and mechanisms that ensure that its systems have enough capacity to manage high volumes of orders and messages to allow the orderly trading processing of orders during periods of extreme market volatility or severe tensions on the markets. These systems are subject to tests to confirm that the trading activity remains orderly under the aforementioned conditions;

b) Shall implement mechanisms that ensure that activities continue in the event of the unexpected failure of trading systems;

c) Shall implement and provide for, in its operating rules, mechanisms that make it possible to reject clearly erroneous orders or those exceeding pre-determined volume and price thresholds;

d) Shall set in its rules, the principles governing the suspension of trading in the case of significant price fluctuations in a financial instrument on the market;

e) Shall provide in its rules, for the possibility of cancelling, in exceptional cases, clearly erroneous or irregular trades and the means of informing the market;

f) Shall Implement procedures and mechanisms that guarantee that persons using automated processing facilities defined in article 315-67 do not create conditions that could impair orderly market operations;

g) Shall take measures, particularly in terms of pricing, that do not encourage order cancellations or modifications and, where appropriate, limit the number of non-executed orders.

The obligations provided for by this article are implemented taking into account the nature of financial instruments traded on the multilateral trading facility, the order matching model used, volumes that are usually exchanged as well as the type of persons which, directly or indirectly, carry out trades on it.

SECTION 2 - PUBLICATION OF MARKET INFORMATION

Article 522-2

For shares admitted to trading on a regulated market and traded on the facility, the MTF manager shall publish information about buying and selling interests, as provided for and according to the arrangements set out in Regulation (EC) n° 1287/2006 of 10 August 2006.

The AMF waives these requirements for the MTF manager in the conditions set forth in Regulation (EC) n° 1287/2006 of 10 August 2006.

Article 522-3

For transactions in shares admitted to trading on a regulated market and concluded on the facility, the MTF manager shall publish information as provided for and according to the arrangements set out in Regulation (EC) n° 1287/2006 of 10 August 2006.

The AMF authorises the MTF manager to delay publication of these transactions depending on their type or size, especially in the case of transactions that are large in scale compared with normal market size, as provided for and according to the arrangements set out in Regulation (EC) n° 1287/2006 of 10 August 2006. In this case, the conditions in which publication is delayed are stipulated in the facility's rules.

Article 522-4

For financial instruments other than shares admitted to trading on a regulated market, traded on the facility, the MTF manager shall publish information about buying and selling interests. That information shall be relevant in view of the characteristics of the traded financial instrument, in particular whether or not it is admitted to trading on a regulated market, the method used to trade it, and the number and type of facility members and final investors holding the financial instrument.

Article 522-5

For financial instruments other than shares admitted to trading on a regulated market, traded on the facility, the MTF manager shall publish information that is relevant in view of the characteristics of the traded financial instrument, in particular whether or not it is admitted to trading on a regulated market, the method used to trade it, and the number and type of facility members and final investors holding the financial instrument.

SECTION 3 - CLEARING AND SETTLEMENT

Article 522-6

The MTF rules referred to in Article 521-4 shall specify the settlement and delivery system or systems used to finalise transactions in financial instruments and, where such is the case, shall specify which clearing house clears the transactions concluded on the facility.

Article 522-7

The MTF manager shall put in place the necessary arrangements to facilitate the efficient finalisation of the transactions concluded on the facility.

The MTF manager shall clearly inform its users of their respective responsibilities for the finalisation of the transactions executed on the facility.

SECTION 4 - RULES OF CONDUCT

Article 522-8

Where applicable, the MTF manager shall provide, or ensure that there is access to, sufficient publicly available information to enable its users to form an investment judgement, taking into account both the nature of the users and the types of instruments traded.

Article 522-9

The MTF manager shall establish and maintain a conflicts of interest policy that is specific to the business of the facility, particularly where it trades for own account on the facility it manages.

CHAPTER III - SUPERVISION OF THE FUNCTIONING OF THE MTF AND ITS MEMBERS

SECTION 1 - ISSUANCE OF PROFESSIONAL LICENCES TO SOME MEMBERS OF STAFF

Article 523-1

The MTF manager shall appoint a person or persons to be responsible with the following:

1° supervision of trading;

2° monitoring of MTF members.

Where managing an MTF is not its sole business, the investment services provider shall appoint a person other than the compliance officer to perform the functions referred to in Points 1° and 2°.

The market operator that manages an MTF may appoint the person or persons referred to in Article 512-9 to perform these functions in connection with the management of an MTF.

Article 523-2

The persons referred to in Article 523-1 shall have the requisite independence of decision-making as well as the technical and human resources needed to carry out their duties.

Such resources shall be commensurate with the size of the facility or facilities managed by the manager.

Article 523-3

The persons referred to in Article 523-1 shall hold a professional licence, issued by the AMF on the proposal of the manager, as provided for in Articles 512-9 to 512-13.

SECTION 2 - SUPERVISION OF MTF MEMBERS

Article 523-4

The MTF manager shall ensure that its members comply with the rules of the facility and shall put in place appropriate resources and procedures for this purpose.

It shall sign a membership agreement with each member, providing inter alia for:

1° the obligation for the member to comply at all times with the rules of the facility and their implementing measures, to answer all requests from the manager for information, to submit to on-site inspections by the manager and bring itself into line with requirements at the manager's request;

2° the undertaking by the manager to take measures, in the event of poor performance or breach by the member of its contractual obligations, that may include suspension of the member or cancellation of the agreement.

Article 523-5

The MTF rules provide that members of the facility must time-stamp orders for financial instruments admitted to trading on a regulated market immediately if they are placed by a client or upon issue if the member is the issuer of the order.

SECTION 3 - NOTIFICATION AND RECORD-KEEPING WITH RESPECT TO TRANSACTIONS

Article 523-6

The MTF manager shall report daily to the AMF:

1° On the orders for financial instruments admitted to trading on a regulated market that it has received from the members of the facility and on the transactions effected on the systems of that facility, as specified in an AMF instruction;

2° On the positions opened on financial contracts, except if this information has already been disclosed to the AMF by the terms of Article 541-24.

Article 523-7

The MTF manager shall notify the AMF of the transactions conducted on the facility as follows:

1° with regard to financial instruments admitted to trading on a regulated market, the manager shall notify the AMF of the prices, volumes and times of transactions concluded on its facility, as specified in an AMF instruction;

2° with regard to financial instruments not admitted to trading on a regulated market, the manager shall notify the AMF according to the procedures established individually for each MTF.

The MTF manager shall indicate inter alia the identity of the members that effected the transaction, specifying whether they were trading for own account or for a third party if this is required under the rules of the facility.

Article 523-8

The MTF manager shall retain data about the transactions concluded on its facility for at least five years, as specified in Article 514-10.

CHAPTER IV - ORGANISED MULTILATERAL TRADING FACILITIES

Article 524-1

Multilateral trading facilities are considered as organized multilateral trading facilities if:

1° Their operating rules referred to in Article 521-4 are approved by the AMF at their request;

2° They are subject to the market abuse provisions defined in the market abuse regulation (regulation n° 596/2014/EU);

3° They report daily to the AMF, in accordance with an AMF instruction, with regard to the orders they receive from their members for financial instruments admitted to trading on the facility; and

4° They arrange for a mandatory public offer procedure pursuant to Article 235-2 if the financial instruments they admit to the facility are those mentioned in point 1° of II of Article L. 211-1 of the Monetary and Financial Code.

Article 524-1-1

The AMF makes its ruling on the operating rules within three months of receiving the file or, as appropriate, any additional information it might have requested. This period is reduced to one month for changes to the rules.

Article 524-1-2

The AMF publishes decisions relating to the approval of the operating rules on its website. The approved rules are annexed to the decision of the AMF.

Article 524-2

The provisions common to all MTFs referred to in Chapters I to IV of this Title shall apply to organised MTFs.

MTFs shall also be subject to the following provisions.

Article 524-3

The information and documents to be sent to the AMF in accordance with Article 521-3 shall also relate to the arrangements implemented to monitor compliance with the obligations under Chapter IV, Title I of Book III and defined in the market abuse regulation (regulation n° 596/2014/EU).

Article 524-4

The manager shall notify the AMF without delay of any difficulties encountered in the performance of its obligations and of any facts known to them that may jeopardise the proper functioning of the facility.

They shall in particular provide the AMF without delay with all appropriate information where such facts may constitute market abuse as defined by the market abuse regulation (regulation n° 596/2014/EU) as well as any failure by an issuer to comply with the obligations it has undertaken toward the managers in respect of financial disclosures.

Article 524-5

The rules of organised MTFs shall also establish:

1° the procedures to be implemented in the event of the acquisition of control of an issuer whose financial instruments are traded on these facilities;

2° the arrangements put in place to monitor compliance by issuers and members with the obligations under Chapter IV, Title I of Book III and defined by the market abuse regulation (regulation n° 596/2014/EU).

Article 524-6

The agreement referred to in Article 522-1 shall also establish the obligations relating to the procedures to be implemented in the event of the acquisition of control of an issuer whose financial instruments are traded on an organised MTF.

TITLE III – SYSTEMATIC INTERNALISERS

CHAPTER I – GENERAL PROVISIONS

SECTION 1 - SCOPE - INFORMING THE AMF

Article 531-1

Where an investment services provider carries on the business of systematic internalisation, within the meaning of Article 21 of Regulation (EC) n° 1287/2006 of 10 August 2006, it shall inform the AMF as soon as it is a systematic internaliser of a particular share, identifying the financial instrument or instruments concerned.

When it ceases to be a systematic internaliser of a share, it shall inform the AMF thereof no later than the day after it ceases this activity.

Article 531-2

Section 1 of Chapter II shall not apply to systematic internalisers that deal only in sizes above standard market size, as defined in Article 23 of Regulation (EC) n° 1287/2006 of 10 August 2006, in the particular share.

SECTION 2 - COMMERCIAL POLICY

Article 531-3

A systematic internaliser shall be allowed to decide, on the basis of its commercial policy and in an objective non-discriminatory way, the clients with which its trades. To that end, it shall have clear standards for establishing its commercial policy.

It may refuse to enter into or discontinue business relationships with investors on the basis of commercial considerations such as the client's credit status, the counterparty risk and the final settlement of the transaction.

CHAPTER II – PRE-TRADE TRANSPARENCY RULES

SECTION 1 – PUBLICATION OF QUOTES

Article 532-1

For the purposes of Article L. 425-2 of the Monetary and Financial Code, "liquid market" shall mean the market referred to in Article 22 of Regulation (EC) n° 1287/2006 of 10 August 2006.

Article 532-2

A systematic internaliser shall make public its quotes and quantities on a regular and continuous basis during the normal trading hours set out in Article 2 of Regulation (EC) n° 1287/2006 of 10 August 2006.

It shall be entitled to update its quotes and quantities at any time.

It shall also be allowed to withdraw its quotes and quantities under exceptional market conditions.

SECTION 2 - QUOTATION PROCEDURES

Article 532-3

A systematic internaliser may decide the size or sizes at which it will quote.

The price or prices quoted by systematic internalisers shall reflect the prevailing market conditions for the share in question, in accordance with Article 24 of Regulation (EC) n° 1287/2006 of 10 August 2006.

CHAPTER III - ORDER EXECUTION PROCEDURES

Article 533-1

A systematic internaliser shall execute orders received from its non-professional clients at the quoted price at the time of reception of the order.

Article 533-2

I. - A systematic internaliser shall execute orders received from the professional clients referred to in Article L. 533-16 of the Monetary and Financial Code and from the eligible counterparties referred to in Article L. 533-20 of the Code at the quoted price at the time of reception of the order.

II. - By way of derogation from I, a systematic internaliser may execute those orders at a better price than the quoted price, on condition that:

1° the use of such waiver is justified

2° the price falls within a public range close to market conditions;

3° the order is of a size bigger than the size customarily undertaken by a non-professional client, as stipulated in Article 26 of Regulation (EC) n° 1287/2006 of 10 August 2006.

III. - By way of derogation from I, a systematic internaliser may execute this order at a price different than its quoted price in the following cases:

1° the order is for a portfolio trade and is part of one transaction, in accordance with Article 25 of Regulation (EC) n° 1287/ 2006 of 10 August 2006,
2° the order is neither an order for the execution of a transaction in shares at the prevailing market price nor a limit order, in accordance with the aforementioned Article 25.

Article 533-3

I. - Where a systematic internaliser who quotes only one quote or whose highest quote is lower than the standard market size receives a client order of a size bigger than its quotation size but lower than the standard market size, it may execute that part of the order which exceeds its quotation size, provided that this is executed at the quoted price, except as provided in Article 533-2.

For a particular share, each quote shall include a firm bid and/or offer price or prices, and a size or sizes that could be up to standard market size for the class of shares to which the share belongs.

II. - Where a systematic internaliser is quoting in different sizes and receives an order between those sizes, it shall execute the order at one of the quoted prices, in compliance with Article L. 533-19 of the Monetary and Financial Code, except as otherwise provided in Article 533-2.

Article 533-4

To limit the risk of being exposed to multiple transactions from the same client, a systematic internaliser shall be allowed to limit in a non-discriminatory way the number of transactions from the same client which it undertakes to enter at the published conditions, where it is able to execute those transactions without exposing itself to undue risk, in accordance with the conditions set out in Article 25 of Regulation (EC) n° 1287/2006 of 10 August 2006.

A systematic internaliser is allowed, in a non-discriminatory way and in accordance with Article L. 533-19 of the Monetary and Financial Code, to limit the total number or the amount of transactions from different clients at the same time where such number or such amount considerably exceeds the norm provided for in Article 24 of the aforementioned regulation.

CHAPTER IV - PUBLICATION OF TRANSACTIONS

Article 534-1

A systematic internaliser shall publish the transactions it has effected, within the time periods and according to the arrangements set in Regulation (EC) n° 1287/2006 of 10 August 2006.

TITLE IV – CLEARING HOUSES

CHAPTER I – COMMON PROVISIONS

SECTION 1 - APPROVAL AND PUBLICATION OF CLEARING HOUSE OPERATING RULES

Article 541-1

The clearing house submits its operating rules to the AMF for approval.

The AMF makes its ruling on the basis of the activities that the clearing house intends to perform and the resources and facilities that it intends to implement.

The AMF makes its ruling on the operating rules within three months of receiving the file or, as appropriate, any additional information it might have requested. This period is reduced to one month for changes to the rules.

Article 541-2

Pursuant to Article L. 440-1 of the Monetary and Financial Code, the AMF may approve the operating rules in a language customary in the sphere of finance other than French, when they concern clearing of over-the-counter derivatives within the meaning of Article 2 (7) of Regulation (EU) n° 648/2012 of the European Parliament and Council of 4 July 2012.

Article 541-3

The AMF publishes decisions relating to the approval or of clearing house operating rules or amendments thereto, on its website. The approved rules are annexed to the decision of the AMF.

Article 541-4

The clearing house must permit any person who so wishes to access its operating rules at its registered office and to take away or receive, at that person's expense, a copy of the said rules.

SECTION 2 - RULES OF CONDUCT APPLICABLE TO CLEARING HOUSE AND ITS STAFF

Article 541-5

The clearing house shall perform its activities diligently, honestly and impartially.

Article 541-6

The clearing house shall remind the persons acting under its authority or on its behalf that they are bound by the rules of professional secrecy, under the terms and penalties provided by law.

Such persons may not use any confidential information in their possession other than to perform their functions within or on behalf of the clearing house.

Article 541-7

The clearing house shall draw up internal regulations establishing the rules of conduct applicable to persons acting under its responsibility or on its behalf.

These internal regulations shall stipulate the conditions in which a person may execute trades in financial instruments for his own account. They give due regard to the provisions of Article 541-6.

SECTION 3 - ISSUANCE OF PROFESSIONAL LICENCES TO CERTAIN CLEARING HOUSE STAFF

Article 541-8

The clearing house shall appoint the following persons:

1° A person responsible for supervising clearing;

2° A person responsible for supervising clearing house members;

3° A head of compliance.

Article 541-9

The responsible persons referred to in Article 541-8 must have the requisite independence of decision-making as well as the technical and human resources needed to carry out their duties. The resources must be suited to the clearing house's volume of business.

Article 541-10

The responsible persons referred to in Article 541-8 are required to hold professional licences, which are issued by the AMF on the clearing house's proposal.

In preparation for the issuance of this licence, the clearing house shall forward to the AMF for each of the persons concerned, an application containing the elements specified in an AMF instruction.

The AMF can ask the clearing house or the persons concerned for any further information it deems appropriate.

The AMF rules within one month of receiving the application or, where such is the case, the additional information it has requested.

Article 541-11

The clearing house informs the AMF when the holder of a professional licence referred to in Article 541-10 ceases to perform the function requiring that licence. The AMF then revokes the licence.

The AMF informs the clearing house whenever it revokes a professional licence in connection with the disciplinary proceedings referred to in Article L. 621-15 of the Financial and Monetary Code.

Article 541-12

The responsible persons mentioned in Article 541-8 draw up a yearly report on the conditions in which they carry out their duties. This report is submitted to the executive body of the clearing house, as well as to the AMF, no later than four months after the close of the financial year.

This report includes:

1° A description of how supervision and monitoring are organised;

2° A description of the tasks performed in carrying out these duties;

3° Any observations made by the responsible person;

4° Measures adopted as a result of such observations.

SECTION 4 - CLEARING HOUSE PARTICIPATION CONDITIONS

Article 541-13

The operating rules of the clearing house stipulate the categories of admissible clearing members and the admission criteria, notably the minimum amount of financial resources and, where appropriate, the collateral clearing members must provide and operational capacity requirements.

If necessary, the minimum amount of financial resources and, where appropriate, the collateral clearing members must provide may be increased by the clearing house on the terms set out in its operating rules.

Where the rules provide for several categories of member, they stipulate the membership requirements for each category.

Article 541-14

At least once yearly, clearing members provide the clearing house with written information, including their financial statements and documents concerning any relevant collateral. They inform the clearing house immediately should their financial resources fall below the minimum requirement applicable to them.

Article 541-15

The operating rules determine the cases in which membership of clearing members that no longer meet the admission criteria is suspended or terminated.

Article 541-16

Pursuant to 5 of Article L. 440-2 of the Monetary and Financial Code, prior authorisation from the AMF is required for membership of a clearing house by credit institutions and investment firms having their registered office in a State not party to the European Economic Area agreement and by legal persons whose principal or sole purpose is the clearing of financial instruments and which are not established in metropolitan France or overseas administrative areas (départements).

The AMF shall ascertain that such organisations are subject in their home State to rules governing the conduct of clearing and supervision that are equivalent to those in effect in France.

Absence of objection by the AMF within one month of receiving the membership application forwarded by the clearing house shall imply authorisation.

Where the AMF requests further information from the applicant or the clearing house, this time period shall be suspended until such information is received.

Article 541-17

The AMF enters into agreements with the competent authorities of the home State referred to in Article 541-16 in order to organise exchanges of information with them.

The AMF can extend the time period referred to in the third paragraph of Article 541-16 where this is warranted by the conclusion of an agreement with home State authorities.

An agreement may provide for an exemption from prior authorization for a category of institutions.

Article 541-18

Where, in connection with its supervisory duties as defined in this Title, a clearing house ascertains that one of its clearing members is not complying with the rules established by the AMF, it informs the AMF to this effect immediately.

Article 541-19

The clearing house checks that its operating rules are being complied with by its clearing members.

It enters into a membership agreement with each of their clearing members. By the terms of this agreement, the clearing members agree notably to:

1° Comply with the rules established by the clearing house at all times;

2° Reply to any request for information made by the clearing house;

3° Submit to inspections conducted by the clearing house;

4° Rectify, at the behest of the clearing house, any situation in which it no longer meets the conditions for membership.

Article 541-20

The operating rules of the clearing house define the list of clauses that must appear in the agreements referred to in Article 324-1.

Article 541-21

The operating rules of the clearing house may authorise a clearing member to subcontract clearing operations to another clearing member.

The rules may also authorise a clearing member to subcontract clearing operations to an entity that it controls, or by which it is controlled, within the meaning of Article L. 233-3 of the Commercial Code, provided that such entity fulfils the conditions of Article 541-13 and submits to inspection by the clearing house in question.

A subcontracting agreement does not alter the liability of a clearing member vis-à-vis third parties with regard to the subcontracted activities.

Article 541-22

The clearing house shall provide support for the natural persons who are to fulfil clearing functions and shall provide them with the information required for the conduct of their activity.

SECTION 5 - TRANSPARENCY RULES

Article 541-23

The operating rules of the clearing house define the terms on which the prices and fees associated with the services are publicly disclosed.

Article 541-24

The clearing house shall report daily to the AMF on the transactions cleared and open positions on financial contracts.

SECTION 6 - CLEARING HOUSE OPERATION

Article 541-25

The operating rules of the clearing house stipulate the nature and scope of the guarantee that the clearing house gives to its clearing members, whether they are acting on their own account or on behalf of their clients.

Article 541-26

The operating rules of the clearing house stipulate:

1° The arrangements for recording the transactions in its system;

2° The arrangements to distinguish between the accounts opened by clearing members in which the transactions for their own account or for the account of their clients are recorded and, pursuant to Article 541-23, the level of protection and the costs associated with the different levels of segregation offered;

3° Where appropriate, the arrangements for the settlement of the transactions that are cleared or the underlying thereof, and the arrangements for winding up settlement fails in the financial securities referred to in Article L. 211-1, II of the Financial and Monetary Code and in equivalent financial instruments issued under foreign law.

Article 541-27

The operating rules of the clearing house stipulate the pricing arrangements used to calculate its exposures to clearing members and the contributions referred to in Article 541-31 and for the liquidation of commitments at maturity.

Article 541-28

The operating rules of the clearing house of regulated markets provide that clearing members are *del credere* agents with regard to the clients whose accounts they keep.

In their capacity as *del credere* agents, clearing members are answerable to the clearing house for their clients' commitments.

Article 541-29

Where the clearing house of a regulated market in derivative financial instruments guarantees to clients the performance of their trades, it monitors the exposure of those clients.

Article 541-30

The operating rules of the clearing house require clearing members to inform the clearing house, upon request, of the identity of the clients whose positions they record.

SECTION 7 - COLLATERAL REQUIREMENTS

Article 541-31

The operating rules of the clearing house establish the principles governing the determination of the:

1° Deposits, margins and, more generally, all types of guarantees that clearing members must remit to cover or guarantee their commitments or positions, and the deadlines for providing the said cover to the clearing house;

2° Contributions to the default fund;

3° Assets and collateral it accepts to cover their exposure to their clearing members.

Article 541-32

The operating rules of the clearing house stipulate the terms on which they make intraday margin calls.

Article 541-33

The operating rules of the clearing house of regulated markets make provision for the minimum amounts that clearing members must call from clients whose accounts they keep in order to cover or guarantee those clients' commitments or positions, as well as the assets or collateral accepted to cover such exposures.

Article 541-34

The clearing house of a regulated market in derivative financial instruments set position limits on the market and limits on risk exposure applicable to market members. It may also set limits applicable to all market participants.

When these limits are reached, the clearing house may decide to increase the amount of margin that the market member or client must deposit with the clearing member to cover or guarantee the positions that have been taken. The clearing house may also refuse to record any transaction that would increase the open position of the market member or client in question.

SECTION 8 - DEFAULT PROCEDURES

Article 541-35

The operating rules of the clearing house stipulate the cases considered as default of a clearing member, which shall include at least any failure by the clearing member to comply with its obligations pertaining to the settlement of market transactions or to the cover or collateral referred to in Article 541-31, and to in Article L. 440-9 of the Monetary and Financial Code.

The operating rules stipulate the procedures for managing such defaults and, in particular:

1° According to the arrangements for recording and posting the assets and positions held, the terms and deadlines for the transfer of the assets and positions held by the defaulting clearing member for the account of its clients to another clearing member and, where appropriate, the steps taken by the clearing house with a view to actively managing the risks to which it is exposed on account of these positions, including the liquidation of the assets and positions in question, in accordance with Article L. 440-9 of the Monetary and Financial Code;

2° The arrangements for the return of the balance referred to in Paragraph 7 of Article 48 of Regulation (EU) n° 648/2012 of the European Parliament and Council of 4 July 2012.

Article 541-36

The operating rules of the clearing house stipulate, in the event of the default of one or several clearing members:

1° The order of use of the financial resources at their disposal to cover the losses incurred in accordance with Article 45 of Regulation (UE) n° 648/2012 of the European Parliament and Council of 4 July 2012;

2° The amount of the dedicated own resources of the clearing house allocated in accordance with Paragraph 4 of Article 45 of Regulation (EU) n° 648/2012.

Where the clearing house considers that a clearing member is unable to meet its future obligations, it shall inform the AMF immediately.

SECTION 9 - OTHERS PROVISIONS

Article 541-37

At the request of a clearing house, the AMF can put in place an arbitration procedure to resolve disputes arising between the clearing house and its members, between clearing members themselves or between clearing members and their clients.

TITLE V - CENTRAL DEPOSITORIES OF FINANCIAL INSTRUMENTS

Article 550-1

The conditions for authorising central depositories and for approving their operating rules are set forth in this Title.

The functions of a central depository are to:

1° Record in a specific account the entirety of the financial instruments making up each issue accepted for the depository's transactions. The issuing entities shall become members of the depositary under the conditions set by its operating rules;

2° Open current accounts for the following legal entities:

a) Legal entities eligible to participate in a financial instrument settlement system, under the terms of II of Article L. 330-1 of the Monetary and Financial Code;

b) Legal entities referred to in 5° and 7° of Article L. 542-1 of the Monetary and Financial Code;

3° Ensure the circulation of financial instruments by book-entry transfer from one account to another;

4° Verify that the total amount of each issue accepted for its operations and recorded in the specific account referred to in 1° is equal to the sum of the financial instruments recorded on the current accounts of the members referred to in 2°;

5° Take all steps necessary to enable the exercise of rights attached to the financial instruments recorded in current accounts;

6° Transmit registration information regarding holders of financial instruments between its members referred to in 2° and the member issuing entities referred to in 1°;

7° Issue certificates representing French-law financial instruments for use abroad.

A central depository may accept for deposit financial instruments for which it does not hold the account of the issue. In such a case, it must at all times make sure that the quantity of financial instruments deposited with it is equal to the sum of financial instruments recorded on the current accounts of its members.

A central depository may organise and operate any system for the purpose of effecting delivery of financial instruments between its members as well as, if applicable, the corresponding cash payment, in accordance with the provisions of this Title.

Article 550-1-1

Admission of institutions wishing to open a current account with a central depository is subject to the prior approval of the AMF in the case of the institutions referred to in 6° of II of Article L. 330-1 or 7° of Article L. 542-1 of the Monetary and Financial Code.

The central depository shall submit the application for prior approval to the AMF and the components of the application shall be specified in an Instruction.

The AMF shall ensure that the competent home State authorities of the institution agree to set up exchanges of information with it.

If there is no opposition from the AMF in the one month period following the reception date of the application for approval submitted by the central depository or, as appropriate, further information requested by the AMF, the application shall be deemed to be approved. However, the AMF may extend this period if warranted by the arrangements for exchanges of information with the home State authorities.

Article 550-2

Any entity applying to be a central depository must be incorporated as a commercial company.

The applicant shall transmit to the AMF a filing that includes:

1° Its articles of association;

2° Its bylaws;

3° Its operating rules;

4° The identity of the persons who are in a position to exercise, directly or indirectly, significant influence over the management of the company, and the amount of their holding.

Shareholders who, alone or in concert with others, own directly or indirectly a fraction of 10% or more of the capital or voting rights are deemed to exercise significant influence;

5° With regard to the activities in which it proposes to engage, a description of the human, technical and financial resources at its disposal or that it plans to commit, and in particular the resources assigned to risk management;

6° The *curriculum vitae* of its main executives,

7° The operating rules of any payment and settlement system it operates, if appropriate.

The AMF may ask the applicant to provide any additional information that the AMF deems useful.

The AMF shall ensure that the operating rules submitted to it comply with the provisions of these General Regulations and that all of the envisaged activities are compatible with the functions of a central depository.

The AMF shall approve the rules within three months from the date of receipt of the filing or the date of receipt of any additional information that was requested. For changes in the rules, the time period shall be reduced to one month. The approval decision shall be published on the AMF website. The approved rules shall be annexed to the decision.

The AMF makes its ruling on the authorisation application within three months of receiving the file or, as appropriate, any additional information it might have requested.

Article 550-3

The central depositary shall promptly inform the AMF prior to any changes to the items referred to in Article 550-2, points 1 to 6.

The AMF shall determine the measures to be taken as a result of such changes within one month of receiving the file or, as appropriate, any additional information it might have requested. Failing an express response from the AMF within this period, the changes shall be deemed to have been accepted.

Article 550-4

Central depositories shall establish supervision of:

1° The performance of their duties defined in Article 550-1;

2° Compliance with their operating rules approved by the AMF pursuant to Article 550-2;

3° The application of Articles 550-9 to 550-11.

For this purpose, they shall appoint a person to be in charge of this supervision.

Article 550-5

The supervisor referred to in Article 550-4 draws up a yearly report on the conditions in which he carries out his duties. This report is submitted to the central depository's executive body and to the AMF no later than four months after the end of the financial year.

The report includes:

1° A description of how supervision and monitoring are organised;

2° A description of the tasks performed in carrying out these duties;

3° Any observations made by the supervisor;

4° Measures taken as a result of such observations.

Article 550-6

The supervisor referred to in Article 550-4 shall have the requisite independence of decision-making as well as the technical and human resources they need to carry out their duties.

The resources must be suited to the nature and volume of the business done by the central depository.

Article 550-7

Relations between the central depository and its members shall be governed by a membership agreement.

This membership agreement shall oblige members to:

1° respond to any request for information from the central depository;

2° obey the operating rules of the central depository at all times;

3° rectify any irregularity at the request of the central depository if the latter finds the member to be in breach of its rules, of current regulations, or of conditions of membership.

Article 550-8

If a central depository finds that one of its members is not in compliance with the rules set forth in this Title, it shall so inform the AMF.

The central depository shall communicate any information or any document requested by the AMF.

Article 550-9

The central depositories shall establish systems for assessing and managing risks of money laundering and terrorist financing.

They shall set up suitable organisational structures, internal procedures and a supervision system to ensure compliance with the obligations relating to the prevention of money laundering and terrorist financing.

Article 550-10

The central depositories shall:

1° Appoint a member of management to be responsible for implementing the anti-money laundering and terrorist financing system stipulated in Article L. 561-32 of the Monetary and Financial Code;

This manager may delegate some or all of the implementation to one of the depository's employees under the following conditions:

a) The empowered person must have the necessary authority, resources and skills, and access to all relevant information;

b) The empowered person must not be involved in the execution of the services and activities under supervision.

The manager shall remain responsible for the delegated activities.

2° Ensure that the reporting party and correspondent referred to in Articles R. 561-23 and R. 561-24 of the Monetary and Financial Code have access to all the information they need to perform their duties. The depositories shall provide them with the appropriate tools and resources to comply with their obligations relating to the prevention of money laundering and terrorist financing.

The abovementioned reporting party and correspondent shall also be informed of:

a) Incidents relating to the prevention of money laundering and terrorist financing that are brought to light by internal control systems;

b) Shortcomings found by domestic or foreign supervisory authorities in the implementation of provisions relating to the prevention of money laundering and terrorist financing;

3° Compile and periodically update a classification of the risks of money laundering and terrorist financing involved in their activities, according to their exposure to such risks, assessing the risks according to the nature of the transactions in financial securities, the characteristics of their members and the accounts that the members have opened with them;

For this purpose, it shall consider the information published by the international body for cooperation and coordination in the prevention of money laundering and by the Minister for the Economy;

4° Where necessary, determine a profile of usual transactions in financial securities on a member's account(s) that can be used to detect unusual transactions specific to such accounts with regard to the risks of money laundering and terrorist financing;

5° Draft and implement written procedures to ensure compliance with the provisions relating to the prevention of money laundering and terrorist financing. These procedures shall focus on risk supervision, implementation of vigilance measures relating to members, record-keeping, detection of unusual or suspicious transactions in financial securities and compliance with the reporting obligation vis-à-vis the national financial intelligence unit. They shall update the procedures periodically;

6° Implement supervisory procedures for due diligence relating to the risk of money laundering and terrorist financing;

7° If the central depositories belong to a financial group, a mixed group or a financial conglomerate, they shall establish procedures for circulating the information needed to organise the prevention of money laundering and terrorist financing within the group as stipulated in Article L. 511-34 of the Monetary and Financial Code, while ensuring that this information is not used for any other purpose than the prevention of money laundering and terrorist financing.

8° Consider the risks relating to the prevention of money laundering and terrorist financing, when recruiting employees, in accordance with employees' level of responsibility.

9° At the time of hiring, and periodically thereafter, provide their staff with information on and training in the applicable regulations and amendments, current money-laundering techniques, prevention and detection measures, and the procedures established. They shall be adapted to the functions performed, members, locations and risk classification.

Article 550-11

The internal procedures shall also specify how the central depositories ensure that their branches and subsidiaries in other countries apply equivalent measures relating to vigilance and record-keeping, unless local legislation is an obstacle, in which case they shall inform the national financial intelligence unit.

Article 550-12

The central depositary shall report daily to the AMF on the balances of the accounts referred to in Article 550-1, point 2.

TITLE VI - PAYMENT AND SETTLEMENT SYSTEMS FOR FINANCIAL INSTRUMENTS

Article 560-1

In accordance with point 3°, Section VI, of Article L. 621-7 and Article L. 330-1 of the Financial and Monetary Code, the AMF shall determine the general principles of organisation and operation of payment and settlement systems for financial instruments and shall approve the operating rules of such systems, without prejudice to the authority conferred upon the *Banque de France* by Chapter I, Title IV, Book I of the Financial and Monetary Code.

The principal function of a payment and settlement system for financial instruments is to process the instructions of its participants in order to ensure delivery of the financial instruments by the central depository concerned and simultaneous payment, where applicable, on the books of the payment agent.

Article 560-1-1

The participation of an institution referred to in 6° of II of Article L. 330-1 of the Monetary and Financial Code in a securities settlement system is subject to the prior approval of the AMF.

The settlement system shall submit the application for prior approval to the AMF and the components of the application shall be specified in an Instruction.

The AMF shall ensure that the institution concerned is subject to the requirements referred to in 6° of II of Article L. 330-1 of the Monetary and Financial Code in its home State and that the competent authorities of its home State agree to set up exchanges of information with the AMF.

If there is no opposition from the AMF in the one month period following the reception date of the application for approval submitted by the settlement system or, as appropriate, further information requested by the AMF, the application shall be deemed to be approved. However, the AMF may extend this period if warranted by the arrangements for exchanges of information with the home State authorities.

Article 560-2

Any entity wishing to operate a payment and settlement system for financial instruments must be incorporated as a commercial company. If it has not already addressed to the AMF the items referred to in Article 550-2, the applicant shall transmit to the AMF a filing that includes:

1° Its articles of association;

2° Its bylaws;

3° The operating rules of the system;

4° The identity of the persons who are in a position to exercise, directly or indirectly, significant influence over the management of the company, and the amount of their holding.

Shareholders who, alone or in concert with others, own directly or indirectly a fraction of 10% or more of the capital or voting rights are deemed to exercise significant influence;

5° With regard to the activities in which it proposes to engage, a description of the human, technical and financial resources at its disposal or that it plans to commit, and in particular the resources it devotes or intends to devote to risk management;

6° The *curriculum vitae* of its main executives;

7° The names of the classes of financial instruments accepted in the system and the method of custody of each class.

The AMF may request that the applicant provide any additional information that the AMF deems useful.

The AMF shall verify that the system meets the definition given in Article L. 330-1 of the Financial and Monetary Code and that the rules submitted to it comply with the provisions of these General Regulations governing payment and settlement systems for financial instruments. It shall also verify that the applicant has or plans to have at its disposal suitable resources for operating a payment and settlement system for financial instruments.

The AMF shall approve the rules within three months from the date of receipt of the filing or the date of receipt of any additional information that was requested. For changes in the rules, this time period shall be reduced to one month. The approval decision shall be published on the AMF website.

The approved rules shall be annexed to the decision.

Article 560-3

The managers of financial instrument settlement and delivery systems shall promptly inform the AMF prior to any changes to the items referred to in Article 560-2, points 1 to 7.

The AMF shall determine the measures to be taken as a result of such changes within one month of receiving the file or, as appropriate, any additional information it might have requested. Failing an express response from the AMF within this period, the changes shall be deemed to have been accepted.

Article 560-4

The operator of a securities settlement system shall establish supervision of:

1° The performance of its duties defined in Article 560-1;

2° Compliance with the security settlement system's operating rules approved by the AMF pursuant to Article 560-2;

3° Application of Articles 560-12 to 560-14.

For this purpose, it shall appoint a person to be in charge of this supervision.

Article 560-5

The supervisor referred to in Article 560-4 draws up a yearly report on the conditions in which he carried out his duties. This report is submitted to the executive body of the operator of the payment and settlement system, and to the AMF no later than four months after the end of the financial year.

The report includes :

1° A description of how supervision and monitoring are organised;

2° A description of the tasks performed in carrying out these duties;

3° Any observations made by the supervisor;

4° Measures taken as a result of such observations.

Article 560-6

The supervisor referred to in Article 560-4 shall have the requisite independence of decision-making as well as the technical and human resources he needs to carry out their duties.

The resources must be suited to the nature and volume of the business done by the operator of the payment and settlement system for financial instruments.

Article 560-7

Relations between the operator of a payment and settlement system for financial instruments and the participants in that system shall be governed by a participation agreement.

This participation agreement shall oblige participants to:

1° Obey the operating rules of the system at all times;

2° Respond to any request for information from the system operator;

3° Rectify any irregularity at the request of the system operator if the latter finds the participant to be in breach of its rules, of current regulations, or of the conditions of participation.

Article 560-8

The operator of a payment and settlement system for financial instruments shall engage in no other activity that may create a conflict of interest with the operation of the said system.

Article 560-9

The operator of a payment and settlement system for financial instruments shall implement the procedures necessary to ensure that the number of financial instruments corresponding to each issue is identical to the number of financial instruments in circulation.

Article 560-10

A payment and settlement system for financial instruments must have appropriate risk management procedures to safeguard the rights of system participants in the event of a default on delivery or payment by one or more participants.

Article 560-11

The operating rules of a payment and settlement system for financial instruments shall establish the conditions, including the time, under which an instruction in the system is considered to be irrevocable, in accordance with Article L. 330-1 of the Financial and Monetary Code.

The operating rules of a payment and settlement system for financial instruments referred to in Article L. 330-1 of the Financial and Monetary Code shall also determine the conditions under which the settlement of transactions effected outside a regulated market and pertaining to financial instruments kept on account with a custody account-keeper participating in such payment and settlement system shall be deemed irrevocable within the meaning of Article L. 211-17 of the Code.

Article 560-12

The operator of a securities settlement system shall establish systems for assessing and managing risks of money laundering and terrorist financing.

It shall set up suitable organisational structures, internal procedures and a supervision system to ensure compliance with the obligations relating to the prevention of money laundering and terrorist financing.

Article 560-13

The operator of a securities settlement system shall:

1° Appoint a member of management to be responsible for implementing the anti-money laundering and terrorist financing system stipulated in Article L. 561-32 of the Monetary and Financial Code;

This manager may delegate some or all of the implementation to one of the operator's employees under the following conditions:

a) The empowered person must have the necessary authority, resources and skills, and access to all relevant information;

b) The empowered person must not be involved in the execution of the services and activities under supervision. The manager shall remain responsible for the delegated activities.

2° Ensure that the reporting party and correspondent referred to in Articles R. 561-23 and R. 561-24 of the Monetary and Financial Code have access to all the information they need to perform their duties. The operators shall provide them with the appropriate tools and resources to comply with their obligations relating to the prevention of money laundering and terrorist financing.

The abovementioned reporting party and correspondent shall also be informed of:

a) Incidents relating to the prevention of money laundering and terrorist financing that are brought to light by internal control systems;

b) Shortcomings found by domestic or foreign supervisory authorities in the implementation of provisions relating to the prevention of money laundering and terrorist financing;

3° Compile and periodically update a classification of the risks of money laundering and terrorist financing involved in their activities, according to their exposure to such risks, assessing the risks according to the nature of the instructions relating to securities and cash that the participants send to the system and the characteristics of the participants.

For this purpose, they shall consider the information published by the international body for cooperation and coordination in the prevention of money laundering and by the Minister for the Economy;

4° Where necessary, determine a profile of usual instructions from a participant that can be used to detect unusual instructions with regard to the risks of money laundering and terrorist financing;

5° Draft and implement written procedures to ensure compliance with the provisions relating to the prevention of money laundering and terrorist financing. These procedures shall focus on risk supervision, implementation of vigilance measures relating to participants, record-keeping, detection of unusual or suspicious instructions and compliance with the reporting obligation vis-à-vis the national financial intelligence unit.

It shall update them periodically;

6° Implement supervisory procedures for due diligence relating to the risk of money laundering and terrorist financing;

7° If the operator belongs to a financial group, a mixed group or a financial conglomerate, it shall establish procedures for circulating the information needed to organise the prevention of money laundering and terrorist financing within the group as stipulated in Article L. 511-34 of the Monetary and Financial Code, while ensuring that this information is not used for any other purpose than the prevention of money laundering and terrorist financing;

8° Consider the risks relating to the prevention of money laundering and terrorist financing, when recruiting employees, in accordance with employees' level of responsibility;

9° At the time of hiring, and periodically thereafter, it shall provide its staff with information on and training in the applicable regulations and amendments, current money-laundering techniques, prevention and detection measures, and the procedures and implementation arrangements referred to in Article 315-52. They shall be adapted to the functions performed, participants, locations and risk classification.

Article 560-14

The internal procedures shall also specify how the securities settlement system operator ensures that its branches and subsidiaries in other countries apply equivalent measures relating to vigilance and record-keeping, unless local legislation is an obstacle, in which case they shall inform the national financial intelligence unit.

Article 560-15

The manager of the settlement and delivery system shall report daily to the AMF:

1° On financial instrument delivery operations and, where appropriate, cash payment;

2° On settlement fails in financial instruments and cash.

TITLE VII - TRANSFER OF OWNERSHIP OF FINANCIAL INSTRUMENTS ACCEPTED BY A CENTRAL DEPOSITORY OR SETTLEMENT SYSTEM

Article 570-1

As soon as an order is executed, the buyer is definitively bound to pay for, and the seller is definitively bound to deliver, the financial instruments at the date mentioned in Article 570-2.

The service provider to which the order is transmitted may, upon receipt of the order or as soon as it is executed, require that a guarantee provision be made in its books, in cash in the case of a purchase and in financial instruments in the case of a sale.

Article 570-2

For a trade involving financial instruments mentioned to in II of Article L. 211 of the Financial and Monetary Code, on a market mentioned in Title or Title II of Book V, the transfer of ownership mentioned in Article L. 211-17 of the Financial and Monetary Code shall result from the entry of the transaction in the account of the buyer. This account entry takes place on the effective trade settlement date specified in the operating rules of the settlement system, when the account of the buyer's custody account-keeper, or the account of the agent of this custody account-keeper, is credited on the books of the central depositary.

Barring the exceptions provided for in Articles 570-3 to 570-8 and 322-55, the date on which the trade is effectively settled and, simultaneously, the account entry is made at the central depositary, shall be no later than three trading days after the order execution date.

The same date shall apply when the financial instruments of the buyer and the seller are recorded on the books of the same custody account-keeper.

Article 570-3

The trade shall be recorded in the accounts of the buyer and the seller as soon as the custody account-keeper is informed that the order has been executed. This accounting record shall be regarded as book entry registration and imply transfer of ownership as of the effective trade settlement date mentioned in Article 570-2.

In the case of a sale that is not settled in full within a time period set by the rules of the clearing house or the settlement system, the accounting record shall be cancelled.

In the case of a partial settlement affecting multiple buyers, the accounting records shall be cancelled in part in proportion to the rights of each buyer.

Such cancellation of accounting records shall be without prejudice to action brought by the parties concerned.

Article 570-4

In the case of a transaction covered by Book II, the initiator of the transaction shall specify the date on which entries will be made in the accounts of the buyers and sellers and the corresponding movements will be made in the accounts kept in the name of the custody account-keepers on the books of the central depository, in compliance with the rules of the market or multilateral trading facility concerned.

Article 570-5

The operating rules of a market or multilateral trading facility may provide that, for some types of transactions, the date on which entries are made in the buyers' accounts and, simultaneously, the corresponding movements are made in custody account-keepers' accounts at the central depository shall be less than three trading days after the trading date.

Article 570-6

For trades on a regulated market or multilateral trading facility, the buyer shall have title from the day of order execution to any financial rights detached between the trade date and the date of entry in the buyer's account.

By exception, the rules of a regulated market or multilateral trading facility may provide that, for some or all of the debt securities admitted to trading thereon, the buyer shall have title to such rights only after ownership of the said financial instruments has passed to him.

Article 570-7

An entry in the books of the central depository in a real-time settlement system recording the settlement of a transaction on behalf of a custody account keeper during the course of a day shall transfer ownership of the securities to that custody account keeper, if it is the acquirer or if its customer has not yet paid for them. The entry in the books of the central depository shall record a settlement on behalf of an acquiring customer of the custody account keeper in the course of a day if said customer has paid for the securities.

Article 570-8

In the case of a sale made outside a market mentioned in Title I or Title II of Book V, or an equivalent trade, as specified in an AMF instruction, and excluding the case provided for in Article 570-7, the transfer of ownership referred to in Article L. 211-17 of the Financial and Monetary Code results from entry in the account of the buyer, which takes place when the account of the buyer's custody account-keeper is credited on the books of the central depository.

This account entry date shall occur no earlier than three trading after the sale date, unless the parties agree otherwise.

The same date shall apply when the financial instruments of the buyer and the seller are recorded on the books of the same custody account-keeper.

TITLE VIII - AGRICULTURAL COMMODITIES FUTURES MARKET

Article 580-1

I. - In application of Article L. 421-16-2 of the Monetary and Financial Code, no person is authorised to hold a net position when this exceeds a limit set out in an AMF instruction on financial instruments:

1° Admitted to trading on a regulated market established in France;

2° The underlying of which is an agricultural commodity; and

3° The transactions of which are cleared by a clearing house.

The AMF may grant an exemption to anyone who can prove that the position they hold has been constituted for hedging purposes according to the conditions set out in an AMF instruction.

II - The limit mentioned in I is set as follows:

1° For futures contracts reaching maturity, the position limit applies to all long or short positions during the period between the twelfth working day preceding the maturity date of futures contracts and the maturity date of said contracts. This is set for each underlying in accordance with the table provided in an AMF instruction.

2° For futures contracts whose maturity date occurs after the first maturity date, and options contracts whose maturity date occurs after the first maturity dates of the underlying futures contracts, the position limit for a given underlying is applicable to the net position resulting from the aggregation of long and short positions on these financial instruments. For positions constituting options, these are measured in delta calculated by the position holder. The position limit in equivalent delta is set for each underlying in accordance with the table provided in an AMF instruction.

Article 580-2

The holder of a position declares their position to the AMF on a daily basis when this relates to the financial instruments:

1° Mentioned in I of Article 580-1;

2° Traded on a multilateral trading facility established in France, when the underlying is an agricultural commodity; or

3° Traded on a foreign market, when the underlying is an agricultural commodity, and when these financial instruments may give rise to a physical delivery on French territory.

The declaration is made according to procedures set out in an AMF instruction.

The holder is exempted from this declaration when the position results from transactions that have been cleared by a clearing house established in France subject to AMF reporting requirements in application of Article 541-24.

Article 580-3

The AMF publishes the weekly report mentioned in Articles L. 421-23 and L. 424-4-2 of the Monetary and Financial Code according to the procedures defined in an AMF instruction.

BOOK VI - MARKET ABUSE: INSIDER DEALING AND MARKET MANIPULATION

The provisions of Book VI are removed by the decree of 14 September 2016 as a result of the entry into application of Regulation (EU) No. 596/2014 on market abuse and its delegated regulations:

- Commission Delegated Regulation (EU) 2016/522 of 17 December 2015 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council as regards an exemption for certain third countries public bodies and central banks, the indicators of market manipulation, the disclosure thresholds, the competent authority for notifications of delays, the permission for trading during closed periods and types of notifiable managers' transactions (Text with EEA relevance);

- Commission Delegated Regulation (EU) 2016/908 of 26 February 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council laying down regulatory technical standards on the criteria, the procedure and the requirements for establishing an accepted market practice and the requirements for maintaining it, terminating it or modifying the conditions for its acceptance (Text with EEA relevance);

- Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures (Text with EEA relevance).

BOOK VII - REGULATED MARKETS FOR EMISSIONS TRADING

TITLE I – GENERAL PROVISIONS

Article 711-1

Without prejudice to the other provisions of the General Regulation, the provisions of this book apply to the regulated market in financial instruments that admits greenhouse gas emission allowances as defined in Article L. 229-15 of the Environmental Code, and other units mentioned in Chapter IX of Title II of Book II of the said code (hereinafter "emission allowances"), to trading on its auction or secondary compartments.

Where the regulated market sets up an auction compartment, this compartment is also governed by the provisions of Commission Regulation (EU) 1031/2010 of 12 November 2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowances trading within the Union (hereinafter "Regulation (EU) 1031/2010").

In the event of a contradiction between a provision of this Book and a provision of another Book of the General Regulation, the provision of this Book shall prevail.

Article 711-2

In this Book, with regard to the auction compartment, unless otherwise stipulated:

1° The term "order" means a bid within the meaning of Regulation (EU) 1031/2010;

2° The term "transaction" means an acquisition following an auction.

TITLE II - MARKET OPERATORS AND REGULATED MARKETS

CHAPTER I – MARKET OPERATORS

SECTION 1 - RECOGNITION OF A REGULATED MARKET

Article 721-1

The provisions of Chapter I of Title I of Book I apply to the market operator that manages a market mentioned in Article 711-1.

For the purposes of Article 511-3, the market rules applying to emission allowances include the procedures for consulting members of the market only, along with a description of the settlement system used.

SECTION 2 - ORGANISATIONAL RULES APPLYING TO MARKET OPERATORS AND RULES OF CONDUCT

Article 721-2

The provisions of Chapter II of Title I of Book V apply to the market operator that manages a market mentioned in Article 711-1.

CHAPTER II - PROVISIONS APPLYING TO THE SECONDARY COMPARTMENT

SECTION 1 - MEMBERS OF THE REGULATED MARKET

Article 722-1

The provisions of Articles 513-1, 513-2, 513-4, 513-5, 513-7 and 513-8 apply to the market operator that manages a market referred to in Article 711-1.

SECTION 2 - TRADING PRINCIPLES AND TRANSPARENCY RULES

Sub-section 1 - General provisions

Article 722-2

The provisions of Articles 514-1, 514-2 and 514-4 apply to emission allowances.

Sub-section 2 - Transparency principles and publication of market information

Article 722-3

The publication requirements of the market operator with regard to the financial instruments referred to in Articles 514-7 and 514-8 apply to emission allowances.

Sub-section 3 - Reporting to the AMF

Article 722-4

The market operator reports daily to the AMF on orders received from members of the regulated market that it manages and on the transactions executed through its systems, in accordance with the conditions set out in an AMF Instruction.

Article 722-5

The market operator retains information about transactions executed on the regulated market that it manages for at least five years. The information for each transaction includes:

1° The instrument traded;

2° The quantity traded;

3° The time and date of the transaction;

4° The transaction price;

5° The name(s) of the market member(s) that executed the order.

SECTION 3 - ADMISSION, SUSPENSION AND DELISTING OF EMISSION ALLOWANCES

Article 722-6

The provisions of Article 515-1 apply to emission allowances.

Article 722-7

The market operator establishes systems and procedures to make it easier for the members of the regulated market it manages to access information about emission allowances that is made public in accordance with the applicable laws and regulations.

Article 722-8

I.- The market operator may suspend trading in a given category of emission quotas on the market that it manages for a specified period if the integrity, security or efficiency of the market is under threat.

The Chairman of the *Autorité des Marchés Financiers* or his legally designated representative may require the market operator to suspend trading in a category of emission allowances.

II. - The market operator may decide to delist a category of emission allowances if the admission and trading requirements set out in the market rules are no longer met.

The Chairman of the AMF may also require the market operator to delist a category of emission allowances.

III. - Decisions on the admission, suspension or delisting of an emission allowance are made public by the person making the decision. If the market operator decides to suspend or delist an emission allowance, it notifies the AMF promptly.

SECTION 4 - ARBITRATION PROCEDURE

Article 722-9

The provisions of Article 516-16 apply to emission allowances.

SECTION 5 - SETTLEMENT

Article 722-10

The market operator takes the necessary steps to implement a settlement system for the emission allowances admitted to trading on the regulated market it manages. The primary function of this system is to deliver emission allowances and make the corresponding cash payments.

The market operator may delegate management of the settlement system for emission allowances to another entity, subject to prior authorisation from the AMF. The market operator remains liable for the delegated activities.

Article 722-11

Where a market operator wishes to delegate management of its settlement system to another entity, it files the following information about that entity with the AMF:

- Articles (*statuts*) of association;
- The identity of direct and indirect shareholders with equity interests of 10% or more, along with the size of their holdings.
- A description of the human, technical and financial resources it intends to implement for the purposes of managing the settlement system;
- The *curriculum vitae* of each senior manager;
- Details of the categories of emission allowances that will be settled through the system.

The AMF may require the market operator concerned to provide any further information it deems helpful.

Article 722-12

For transactions executed on the regulated market it manages, a market operator may oppose its members' choice of an emission allowance settlement system other than its own under any of the following circumstances:

1° If the mechanisms and links between this emission allowance settlement system and any other system or infrastructure needed for efficient and economical settlement of the transaction have not been put into place;

2° If the AMF deems that the technical conditions for settling transactions executed on the regulated market through a emission allowance settlement system other than that of the market operator are not likely to allow for harmonious and orderly market operation.

Article 722-13

As soon as an order is executed, the buyer and seller are irrevocably committed, respectively, to pay for and to deliver the emission allowances.

The date of settlement and simultaneous transfer of ownership is no more than two trading days after the order execution date.

CHAPTER III - PROVISIONS APPLYING TO THE AUCTION COMPARTMENT

Article 723-1

In the absence of any relevant provisions in Regulation (EU) 1031/2010, the provisions of Chapter II of this Title also apply, as long as they are consistent with the provisions of this Regulation, to the auctioning of emission allowances and emission allowance derivatives.

The market operator supplements or clarifies the provisions of Regulation (EU) 1031/2010 as needed in the market rules, provided these rules are consistent with the said Regulation.

CHAPTER IV – CLEARING HOUSES

Article 724-1

The provisions of Title IV of Book V apply to clearing houses that record trades in the emission allowances that they clear as part of the regulated market.

TITLE III - MEMBERS' OBLIGATIONS

CHAPTER I - SCOPE

Article 731-1

The provisions of this Title apply to transactions executed on the regulated market, to transactions executed outside the regulated market that are related to the previous transactions and to services provided to customers in relation to all of these transactions by:

1° Market members, whether or not they are authorised as investment services providers, when such transactions or services involve emission allowances;

2° Market members that are not authorised as investment services providers, when such transactions or services involve emission allowance derivatives;

Article 733-4 does not apply to the cases mentioned in 2°.

CHAPTER II - GENERAL OBLIGATIONS

SECTION 1 - RESPECT FOR MARKET INTEGRITY

Article 732-1

Market members must act honestly, fairly and professionally in a manner that promotes the integrity of the market. More specifically, they comply with all the rules pertaining to the organisation and operation of the regulated markets where they trade.

SECTION 2 - COMPLIANCE SYSTEM

Article 732-2

Market members establish and maintain appropriate operational policies, procedures and measures to detect any risk of non-compliance with professional obligations and applicable laws and regulations, as well as to detect the subsequent risks and to mitigate those risks.

For the purposes of the preceding paragraph, market members take into account the nature, scale, complexity and range of the investment services they provide and the businesses they engage in.

Article 732-3

Senior management and, where appropriate, the executive board, board of directors or supervisory board, are responsible for ensuring that market members comply with the obligations mentioned in Article 732-2.

More specifically, senior management and, where appropriate, the governing bodies mentioned above, periodically assess and review the effectiveness of the policies, systems and procedures that market members have established to comply with obligations in Article 732-2 and take the appropriate measures to remedy any deficiencies.

SECTION 3 - RECORD KEEPING

Article 732-4

Market members retain records of all services provided, all transactions executed and any information enabling the AMF to verify compliance with its obligations under the provisions of this Title and, more specifically, with all of the obligations mentioned in Articles 732-2, 732-3, 733-2, 733-4, 733-7, 733-12, 733-13 and 733-15.

Article 732-5

Market members retain records of all relevant information about orders issued, received or transmitted and about all transactions executed.

The relevant information about orders includes: the customer's identity, the instrument, the side (buy or sell) and type of order, the price, the quantity and the time and date of order processing.

The relevant information about transactions includes: the identity of the customer and, where appropriate, the counterparty, the instrument and side (buy or sell) of the transaction, the price, the quantity, and the execution time, date and venue.

If a market member ceases to be a member, it notifies the AMF, which may require that it retain all the relevant records for the five-year period stipulated in the first paragraph.

The AMF may, under exceptional circumstances, require market members to retain any or all of those records for longer periods, if that is necessary to enable the AMF to exercise its supervisory and investigative functions.

Article 732-6

Market members retain the records on a storage medium that makes the information accessible for future reference by the AMF, and in such a form and manner that the following requirements are met:

1° The AMF must be able to access the records readily and to reconstitute each key stage of processing for all transactions;

2° Any corrections or other amendments, and the contents of the records prior to such corrections or amendments, must be easily verifiable;

3° It must not be possible to manipulate or alter the records in any way.

SECTION 4 - MANAGING INSIDE INFORMATION

Article 732-7

Market members establish and maintain adequate procedures to control the circulation and use of inside information within the meaning of Articles 742-1 and 742-2, taking into account the activities of the group that the market member belongs to and the organisational structure adopted by that group. Such procedures provide for:

1° Identification of business segments, divisions, departments or any other entities likely to possess inside information;

2° Organisation, in particular physical organisation, so as to separate entities within which persons are likely to possess inside information;

3° Prohibition on persons possessing inside information from disclosing it to other persons, along with procedures for possible waivers of this rule and for monitoring such waivers.

SECTION 5 - SUSPICIOUS TRANSACTION REPORTS

Article 732-8

[Removed by the decree of 14 September 2016]

CHAPTER III - FURTHER OBLIGATIONS OF MEMBERS IN THEIR DEALINGS WITH CUSTOMERS

SECTION 1 - PRIMACY OF THE CLIENTS' INTEREST

Article 733-1

Market members must act honestly, fairly and professionally in a manner that best promotes the clients' interests. Clients are treated without discrimination.

Article 733-2

Market members gather relevant information about their clients' identities and legal capacities. They ensure that this information is up to date.

Article 733-3

Market members establish and maintain operational, effective and transparent procedures for reasonable and prompt handling of complaints received from clients and keep a record of each complaint and the measures taken to deal with it.

SECTION 2 - SAFEGUARDING CLIENT ASSETS

Article 733-4

I.- Each market member trading in emission allowances on behalf of one or more clients has at least one global account with the registrar specifically for recording the allowances.

II. - If the client does not have an account in its own name with the registrar, the market member provides prior notice:

1° Of the possibility for the client to apply for an account in its own name in the register, subject to the procedures and, more specifically, the fees set by the body responsible for maintaining the register;

2° Of the fact that, without an account in its own name, emission allowances will be held on a global account in the market member's name. The market member draws the client's attention to the risks arising in this situation and obtains the client's explicit consent for this holding arrangement. The market member keeps a record on a durable medium of the information provided to the client and the official consent of the client.

III. - In the case specified in II 2°, the member implements all measures, including internal organisational measures, to distinguish the emission allowances held on behalf of each of its clients immediately and at any time.

IV. - The market member may not use emission allowances that it holds on behalf of a client without signed prior explicit consent of that client for the use of the said emission allowances under specific conditions.

SECTION 3 - CONFLICTS OF INTEREST

Article 733-5

Market members take all reasonable measures to detect conflicts of interest that arise in the course of providing services:

1° Either between itself, persons acting on its behalf or under its authority, or any persons directly or indirectly linked to the market member by control, on the one hand, and its clients, on the other hand;

2° Or between two clients.

Article 733-6

Market members establish and maintain an effective conflicts of interest policy set out in writing and appropriate to their size and organisation and to the nature, scale and complexity of their business.

Where a market member is part of a group, its conflicts of interest policy must also take into account any circumstances, of which it is or should be aware, that may give rise to a conflict of interest as a result of the structure and business activities of the other members of the group.

Article 733-7

Market members notify their clients of conflicts of interest that are likely to harm their interests in spite of the policies implemented under the terms of Article 733-6. The notification must be detailed enough to enable the client concerned to make an informed decision and it is provided on a durable medium.

SECTION 4 - CLIENT INFORMATION

Article 733-8

Market members ensure that all information, including business information, that they send to their clients is accurate, clear and not misleading. Advertisements must be clearly identified as such.

Article 733-9

Market members provide their clients with information in an appropriate manner on:

1° The market member and its services;

2° Emission allowances and, where appropriate, emission allowance derivatives, including appropriate warnings about the inherent risks in the relevant transactions;

3° The operating principles of the market compartment where the clients' orders are likely to be executed;

4° Costs and associated charges.

The purpose of providing this information is to enable clients to understand the nature of the proposed services and the associated risks, and, consequently, to make informed decisions. This information may be provided in a standardised format.

Article 733-10

Market members notify clients in a timely manner of any material changes in the information that have an impact on the services provided.

Article 733-11

The AMF may require market members to submit to it advertisements about their services prior to publication, dissemination or broadcast.

It may require changes to the presentation or the content to ensure that the information is accurate, clear and not misleading.

Article 733-12

Market members ensure that their clients receive a statement of the emission allowances recorded on their global account mentioned in Article 733-4 on a durable medium at least once a year, along with a statement of any emission allowance derivatives handled as part of their services.

Article 733-13

Market members carrying out a transaction on behalf of a client must promptly provide the client with the essential information concerning the transaction on a durable medium.

This provision does not apply where the trade confirmation from the market member contains the same information as a confirmation that is to be promptly dispatched to the client by another person.

Article 733-14

Market members supply their clients with information about the execution status of their orders on request.

SECTION 5 - CLIENT AGREEMENTS

Article 733-15

The supply of services by market members must always be covered by a duly drafted agreement on a durable medium to be retained as long as the client relationship lasts.

By way of derogation to this rule, where a market member provides services to an entity in its own group, it is not required to sign an agreement with that entity.

Article 733-16

The agreement specifies the terms and conditions of the services provided, including:

1° The characteristics of orders that may be passed to the market member. These characteristics take into account, as appropriate, the rules of the market where the orders are to be executed;

2° How the orders are to be transmitted;

3° The procedures for informing the client in cases where the order has not been successfully transmitted;

4° The deadline for clients to contest the execution of the service, as notified under the terms of Article 733-13;

5° The content and procedures for client information about services provided.

SECTION 6 - HANDLING AND EXECUTING ORDERS

Article 733-17

I. - Market members comply with the following requirements for the execution of client orders:

1° They ensure that client orders are registered and routed rapidly and accurately;

2° They transmit or execute client orders rapidly by order of arrival, unless the interests of the client call for a different action or the nature of the order or prevailing market conditions make this impossible or pointless (in the case of an order relating to bidding in the auction compartment);

3° They inform clients of any major problems that could affect the proper transmission and execution of orders as soon as they become aware of such problems.

II. - Where market members are given the task of supervising or organising the settlement of an executed order, they make all reasonable arrangements to ensure that the client assets or funds received in settlement of the executed order are rapidly and correctly allocated to the account of the appropriate client.

III. - Market members implement procedures to prevent misuse of information about customer orders pending execution and take all reasonable measures to prevent misuse of this information by any person acting on their behalf or under their authority.

Article 733-18

Market members must not group client orders with other client orders or with transactions for their own account in order to transmit them or execute them without first establishing and effectively applying an order allocation policy. The purpose of this policy is to ensure by means of sufficiently specific procedures an equitable allocation of grouped orders and transactions, explaining how, in each case, the order quantities and prices determine the allocations and the treatment of partially executed orders.

TITLE IV - MARKET ABUSE: INSIDER TRADING AND MARKET MANIPULATION

CHAPTER I - SCOPE

Article 741-1

This Title applies to:

1° All natural or legal persons and other entities;

2° Emission allowances admitted to trading on a regulated market.

In the case of emission allowance derivatives, the provisions of the market abuse regulation (regulation n° 596/2014/EU) apply, with the stipulation that the notion of inside information as defined in Article 7 of the regulation should be applied and not that defined in paragraph 1.b of the same Article.

CHAPTER II - INSIDER DEALING

SECTION 1 - INSIDE INFORMATION: DEFINITION

Article 742-1

Inside information is any information of a precise nature that has not been made public, relating directly or indirectly to one of more categories of emission allowances, and which, if it were made public, would be likely to have a significant effect on the prices of the relevant emission allowances or on the prices of emission allowance derivatives.

Information is deemed to be precise if it indicates a set of circumstances or an event that has occurred or is likely to occur and a conclusion may be drawn as to the possible effect of said set of circumstances or event on the prices to be bid in the auction compartment or on the prices of the relevant emission allowances or emission allowance derivatives.

Information, which, if it were made public, would be likely to have a significant effect on the prices to be bid in the auction compartment or on the prices of the relevant emission allowances or emission allowance derivatives, is information that a reasonable market participant would be likely to use as part of the basis of his trading decisions.

Article 742-2

For persons responsible for the execution of orders, inside information also means information conveyed by a client and related to the client's pending orders, which is of a precise nature, which relates directly or indirectly to emission allowances, and which, if it were made public, would be likely to have a significant effect on the prices to be bid in the auction compartment or on the prices of the relevant emission allowances or emission allowance derivatives.

SECTION 2 - ABSENTION REQUIREMENTS

Article 742-3

Persons mentioned in Article 742-4 refrain from using inside information they possess by making, changing or withdrawing a bid in the auction compartment or by acquiring or disposing of, or by trying to acquire or dispose of the emission allowances concerned by this information on the secondary market. This abstention requirement applies whether the persons are acting on their on account or directly or indirectly on behalf of others.

Such persons also refrain from:

1° Disclosing such information to another person otherwise than in the normal course of his employment, profession or duties, or for a purpose other than that for which the information was disclosed to them;

2° Advising or persuading another person, on the basis of inside information, to make, change or withdraw a bid for the emission allowances concerned by the information or to buy or sell, or to have bought or sold by another person the emission allowances to which such information pertains.

The abstention requirements set forth in this article do not apply to transactions or making, changing or withdrawing bids in discharge of an obligation that has become due to acquire or sell emission allowances, where such obligation stems from an agreement entered into before the person concerned held inside information

Article 742-4

The abstention requirements provided for in Article 742-3 apply to any person holding inside information by virtue of:

1° His membership of the administrative, management or supervisory bodies of the market operator, the auctioneer or the body monitoring auctions;

2° His equity interest in the market operator, the auctioneer or the body monitoring auctions;

3° His access to such information by virtue of his employment, profession or duties; or

4° His activities that may be characterised as crimes or offences.

These abstention requirements also apply to any person who holds inside information and who knows, or should know, that it is inside information.

Where the person referred to in this article is a legal person, these abstention requirements also apply to natural persons taking part in the decision to effect the transaction on behalf of said legal person.

CHAPTER III - MARKET MANIPULATION

SECTION 1 - PRICE MANIPULATION

Article 743-1

All persons must refrain from manipulating prices.

Price manipulation consists of transactions or trade orders:

1° That give, or are likely to give, false or misleading signals as to the supply of, the demand for or price of emission allowances, or

2° That fix, by the action of a person, or persons acting in collaboration, the final bid or the price of emission allowances at an abnormal or artificial level, unless the person who carried out the transactions or issued the orders proves that its reasons for doing so are legitimate;

3° That employ fictitious devices, or any other form of deception or contrivance. The following, in particular, constitute price manipulation:

a) Conduct by a person, or persons acting in collaboration, to secure a dominant position in the market for emission allowances that has the effect of directly or indirectly fixing the final bids or prices for emission allowances or creating other unfair trading conditions,

b) Buying or selling emission allowances or emission allowance derivatives on the secondary market compartment before the auction is held in order to fix the final bid or the price of emission allowances at an abnormal or artificial level, or to mislead the bidders at the auction or investors acting on the basis of the prices concerned.

Article 743-2

The AMF considers the following factors, which do not constitute an exhaustive list and are not deemed in themselves to constitute price manipulation, when assessing the practices referred to in the point 1° of Article 743-1:

1° The proportion of daily trading represented by the orders issued and transactions in the emission allowances concerned, especially where such trading results in a significant change in emission allowance prices;

2° The extent to which orders issued or trades undertaken by persons with significant short or long positions lead to a change in emission allowance prices;

3° Transactions that do not result in a change of beneficial ownership of emission allowances;

4° Position reversals in a short period resulting from orders given or trades undertaken in the relevant emission allowances, together with any significant changes in the prices of other emission allowances;

5° The extent to which orders given or transactions undertaken are concentrated within a short time span in the trading session and lead to a price change that is subsequently reversed;

6° The impact of orders given on the best bid or offer prices in a category of emission allowances, or more generally on the representation of the order book available to market participants, that are cancelled before they are executed;

7° Price changes resulting from orders given or transactions undertaken at or around a specific time when reference prices, settlement prices and valuations are calculated.

SECTION 2 - DISSEMINATION OF FALSE INFORMATION

Article 743-3

All persons must refrain from disclosing or knowingly disseminating information through the media, including the Internet, or by any other means, that gives or may give false, imprecise or misleading signals about emission allowances. This includes spreading rumours or false or misleading information where the person spreading the information knew or ought to have known that the information was false or misleading.

In particular, dissemination of false information includes using occasional or regular access to conventional and digital media to voice an opinion about a category of emission allowances, after having issued an order or undertaken a trade in such allowances, and subsequently profiting from the resulting impact of this opinion on other bids or emission allowance prices without having simultaneously disclosed the conflict of interest to the public in an appropriate and effective way.

Non-compliance with the prohibition referred to in the first paragraph by journalists acting in their professional capacity is to be assessed taking into account the regulations governing their profession. However, such non-compliance may in itself constitute a breach if the interested parties directly or indirectly derive an advantage or profits from the dissemination of such information.

CHAPTER IV - REQUIREMENTS AIMED AT ATTENUATING MARKET ABUSE RISK

SECTION 1 - LIST OF INSIDERS

Article 744-1

The market operator, the auctioneer and the body monitoring auctions each draw up a list of the persons working for them, whether under the terms of a contract of employment or not, who have access to inside information.

The market operator updates its list periodically and submits it to the AMF whenever the latter requests it.

The auctioneer and the body monitoring the auctions update their lists periodically and submit them to the AMF and to the competent authority of the home Member State of the auctioneer or the body monitoring the auctions, in accordance with the contracts designating these entities whenever the competent home country authorities request it.

Article 744-2

The lists referred to in Article 744-1 include:

1° The name or business name of each of the persons;

2° The reason for their appearing on the list;

3° The dates on which the list was created and updated.

Article 744-3

The lists referred to in Article 744-1 must be updated rapidly in the following cases:

1° If there is a change in the reason for the person's appearing on the list;

2° If a new person has to appear on the list;

3° If a person is removed from the list, with a mention of the date on which the person stopped having access to inside information.

Article 744-4

The person responsible for making the list notifies the persons concerned that they appear on the list and inform them about the rules applying to holding, communicating and using inside information, and the penalties for violations of these rules.

Article 744-5

The lists referred to in Article 744-1 are kept for at least five years after they are drawn up or updated.

SECTION 2 - REPORTING BY SENIOR MANAGERS

Article 744-6

Persons performing senior management functions in the market operator, the auctioneer or the body monitoring auctions and, where appropriate, persons closely linked to them, are required to report to the AMF any transactions in emission allowances or emission allowance derivatives undertaken on their own account, including bids made, changed or withdrawn in the auction compartment.

Article 744-7

The persons mentioned in Article 744-6 report the specified transactions to the AMF no more than five trading days after the trade date.

Article 744-8

The report mentioned in Article 744-6 includes:

1° The name of the person carrying out the transactions and the functions that person performs in the market operator, auctioneer or body monitoring the auctions;

2° A description of the emission allowance and the emission allowance derivative;

3° The nature of the transaction;

4° The transaction date and venue;

5° The unit price and amount of the transaction.

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 RECOMMENTATIONS

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.