



CAPITAL MARKET CODE

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The Moroccan Stock Market authority, hereafter referred to as "CDVM"

In view of the «Dahir» (Royal Decree) establishing Law No. 1-93-212 of Rabii II, 1414 (September 21, 1993) related to the CDVM and required information for moral persons (legal entities) making public offerings, as amended and supplemented, and in particular Article 4-2;

In view of the «Dahir» (Royal Decree) establishing Law No. 1-93-211 of 4 Rabii II, 1414 (September 21, 1993) related to the Stock Exchange, as amended and supplemented;

In view of the «Dahir» (Royal Decree) establishing Law No. 1-93-213 of 4 Rabii II, 1414 (September 21, 1993) related to collective investment schemes, as amended and supplemented;

In view of Law No. 41-05 enacted by the «Dahir» (Royal Decree) establishing Law No. 1-06-13 of 15 Muharram 1427 (February 14, 2006) related to venture capital funds;

In view of Law No. 35-94 enacted by the «Dahir» (Royal Decree) establishing Law No. 1-95-3 24 Sha'ban 1415 (January 26, 1995) related to some negotiable debt securities, as amended and supplemented;

In view of Law No. 17-95 enacted by the «Dahir» (Royal Decree) establishing Law No. 1-96-124 of 14 Rabii II 1417 (August 30, 1996) related to Joint Stock Companies, as amended and supplemented;

In view of Law No. 35-96 enacted by the «Dahir» (Royal Decree) establishing Law No. 1-96-246 of 29 Sha'ban 1417 (January 9, 1997) related to the establishment of a central depository and the set up of a book entry system, as amended and supplemented;

In view of Law No. 33-06 enacted by the «Dahir» (Royal Decree) establishing Law No. 1-08-95 of 20 Shawwal 1429 (October 20, 2008) related to debt securitization and amending and completing law No. 35-94 related to some negotiable debt securities and Law No. 24-01 on the repo operations;

In view of Law No. 43-05 enacted by the «Dahir» (Royal decree) establishing Law N° 1-07-79 of 28 Rabi I 1428 (April 17, 2007) related to the fight against money laundering, as amended and supplemented;

Given the general regulations of the CDVM, approved by the order of the Minister of Economy and Finance No. 822-08 of 7 Rabii II (April 14, 2008);

Given the general regulations of the central depository, approved by the order of the Minister of Economy and Finance No. 932-98 of 18 Hija 1418 (April 16, 1998), as amended and supplemented;

Given the general regulations of the Stock Exchange, approved by the order of the Minister of Economy and Finance No. 1268-08 of 3 Rejeb 1429 (July 7, 2008), as amended and supplemented ;

After reviewing the standards and international best practices and after consultation with industry professionals;

Given the approval of the CDVM Board of Directors:

Article 1

Pursuant to Article 4-2 of the «Dahir» (Royal Decree) establishing the abovementioned Law No. 1-93-212, this circular is to determine:

- The practical professional rules that apply to entities and individuals subject to the control of the CDVM in accordance with Article 4-1 of the «Dahir» (Royal Decree) establishing the abovementioned Law No. 1-93-212, with regard to relations between them, and their relations with investors.
- The ethics rules to avoid conflicts of interest and ensure compliance with the principles of fairness, transparency, market integrity, and primacy of the client interests.
- The technical and practical applications of legal or regulatory provisions applicable to them.

Article 2

The provisions of this circular apply to persons or entities under the CDVM control.

BOOK I. ACCOUNT KEEPING AND INTERMEDIATION

TITLE I. PROCESSING APPLICATIONS FOR LICENSING AND NECESSARY RESOURCES TO CARRY OUT THE ACTIVITY

Chapter I. Procedure of examining licensing applications

Article I.1.1

Are subjected to the licensing of the Minister of Finance, after consulting the CDVM, brokerage firms, pursuant to the provisions of Article 36 of the "Dahir" (Royal Decree) establishing Law No. 1-93-211 related to the stock exchange.

The provisions of this Title should apply to them.

Article I.1.2

Licensing may be requested by an existing company or a company in the course of formation. The application should be sent to the CDVM, for examination, by the founders of the company in the course of formation or by the legal representatives of the existing company.

Article I.1.3

The application must be accompanied by a file containing the following documents and information:

- A copy of the original project or the Articles of Association;
- Certificate of registration of the company in the Trade Registry, as appropriate;
- A description of the strategy put into place to develop the activities for which the licensing is sought;
- List of shareholders and ownership of capital and voting rights;
- List of members of administrative, management and supervisory bodies, hereafter referred to as "governing bodies" and a presentation of their work experience;
- Description of the organization contemplated for carrying out the activities, and for which the application for licensing is made;
- Human, financial, technical and organizational resources to set up for carrying out the activity or activities for which licensing is sought, in accordance with Chapter II of this Title;
- The commitment of the company legal representatives to comply with legal provisions and regulations governing the activity or activities for which the application for licensing is made;
- Copy of the criminal records of the governing bodies members, dated within one (1) month;
- If appropriate, the following documents and information, covering the last five years of activity of the company or since its creation, if started within the last five years:
 - Annual summary reports;
 - Auditor's general reports relating to summary statements;
 - Minutes of the Ordinary Shareholders' General Meeting and governing bodies' meetings;
 - Annual reports;
- Any other document or information requested by the CDVM or that the applicant considers useful or necessary for the processing of the licensing application.

Detailed content of the standard file is available in Appendix **I.1.A** to this Circular.

Article I.1.4

The licensing application is filed at the headquarters of the CDVM.

Upon receipt of the application referred to in the abovementioned Article **I.1.3**, the CDVM conducts a completeness check of the submitted documents. If the file is incomplete, the CDVM requests the company to provide and transmit, within a maximum thirty-day (30) period, the documents and/or missing information. If, on expiry of that period, the documents or information requested are not received, the CDVM ends the examination of the application requesting licensing and notifies the applicant.

If the file referred to in the abovementioned Article **I.1.3** is complete, the CDVM delivers the company a receipt dated and signed stating that the application is submitted.

Article I.1.5

During the examination of the application submitted for licensing, the CDVM may require the company to provide and transmit any document or information it deems necessary, within the deadlines set by the CDVM. These deadlines should suspend the deadlines of examining the submitted application. If, on expiry of that period, the documents are not submitted completely, the CDVM ends the examination of the application for approval and notifies the applicant.

Article I.1.6

As part of the examination process of the licensing application, the CDVM may:

- Require one or more interviews with the legal representatives, shareholders and key executives of the company.
- Conduct one or more visits to the headquarters of the company/or its main place of business.

Article I.1.7

Any licensed brokerage firm should provide the CDVM with documents attesting its membership in the Professional Association of brokerage firms (APSB), within sixty (60) days from the date of notification of the licensing.

Article I.1.8

Pursuant to the provisions of Articles 38 and 39 of the «Dahir» (Royal Decree) establishing the abovementioned Law No. 1-93-211, licensing is also required, in accordance with the same procedure referred to in this chapter, for changes affecting the control or the nature of the activities performed by the brokerage firms, as well as any potential merger.

In addition, changes that affect the location of the headquarters or the actual brokerage firm business place are subject to prior approval by the CDVM, which evaluate the impact of these changes on the organization of the firm. The request relating to it is addressed to the CDVM, accompanied by a file containing the following elements:

- An explanatory note justifying the change and detailing the accompanying measures implemented or to be implemented, especially in terms of information to third parties (clients, custodians, Managing Company, Maroclear...). The note should describe the new physical and technical resources to be implemented, as appropriate;
- A copy of the minutes issued of the competent corporate bodies stating the decision of transferring the head office or the actual business place, along with a specific reference stating "after approval of the CDVM";
- A development plan of the new premises.

The CDVM may require the submission of any other document or information it deems useful or necessary for processing the application for transferring the head office or the actual business place. The CDVM may conduct a visit to the new premises.

Upon notification of the approval by the CDVM, the brokerage firm notifies individually its clients of the changes mentioned above, at least fifteen (15) days before the actual transfer of its premises.

Chapter II. Resources Necessary to carry out the activity

Article I.1.9

The provisions of this chapter should apply to brokerage firms.

Except for the provisions of articles **I.1.35** to **I.1.40**, the provisions of this Chapter should apply also to custodians, as defined in Article 1 of Law No. 35-96 on the establishment of a central depository and the establishment of a book entry system based on securities other than Bank Al-Maghrib securities and the

Treasurer of the Kingdom, for the securities custody activity. Brokerage firms and custodians referred to above are designated in this chapter, as "the Market Intermediary"

Article I.1.10

The market intermediary must have the appropriate human, organizational, financial and technical resources to carry out, under secure conditions, the activity or activities for which it has been licensed, with no prejudice to the provisions of the General Regulations of the Central Depository and the General Regulations of the Stock Exchange Managing Company, hereafter referred to as "Managing Company".

Market intermediaries has to constantly make sure that the above mentioned resources are gathered throughout the whole period of operations and must be able to justify it at any given time. The adequacy of resources is assessed in the light of the nature, importance, complexity and diversity of the activity or activities carried out. It is assessed, also, with regard to the foreseeable or the actual evolution of the activity, the legal and regulatory environment and the market practices.

Article I.1.11

Market intermediaries may outsource, under its responsibility, some of its activities. The outsourcing project is submitted to the CDVM for approval. The CDVM ensures that such outsourcing does not affect the conditions that led to granting the license.

Section 1. Organizational resources

Subsection 1. Organizational structure and manual of procedures

Article I.1.12

The functional organization of the market intermediary must be detailed, showing the performed activities and the hierarchical organization. The organizational structure must be designed appropriately to allow:

- Carrying out the activities with due diligence and impartiality to the exclusive interest of clients and investors;
- Prevention of conflicts of interest;
- Separation of business lines, particularly between the front office, the back office, the middle office and the management along with clarification of responsibilities, prerogatives and respective fields of intervention;
- Confidentiality of the information;
- designating clearly the entity responsible for the account keeping, if any.

Article I.1.13

Market intermediary develops a manual of procedures tailored to its size and its activities. That manual includes at least:

- A system for preventing and managing conflicts of interest and safeguarding the interests of clients and investors;
- A system for maintaining the confidentiality of information;
- Appropriate management system of sensitive jobs positions;
- A vigilance and internal monitoring system for the prevention of money laundering and terrorism financing;
- A system that ensures continuous compliance with laws and regulations relating to the prudential rules applicable to the market intermediary.

The manual of procedures should contain minimum specific provisions related to each activity carried out by the market intermediary set out in Appendix **I.1.B** of this Circular.

Market intermediary communicates the above mentioned procedures to members of its governing bodies and its staff and ensures their strict compliance and respect.

Article I.1.14

The CDVM may require the market intermediary to submit all or a part of its procedures. It may require the market intermediary to complement and / or modify it when they turn to be unable to ensure the respect and the compliance with laws or regulations into force.

Article I.1.15

The market intermediary should, depending on the nature of its activities and its organization, determine the categories of staff performing sensitive functions along with the responsibilities resulting from the said positions.

Are deemed sensitive the functions that expose their holders to situations of conflicts of interest or allow them to hold confidential information, including those related to research and analysis, financial engineering, consulting, management of shares buyback programs, assistance to corporations, to portfolio management and to counterparty.

Subsection 2. Code of ethics

Article I.1.16

Every market intermediary must have a code of ethics to enact rules to prevent conflicts of interest and those in a position to guarantee compliance with the principles of fairness, transparency, market integrity and primacy of the of client's interest.

The market intermediary should permanently make sure of the effective observance of the ethics code by the members of its staff.

Article I.1.17

Subject to the provisions of Article **I.1.27** of this circular, the market intermediary appoints a person from the staff responsible for ensuring the compliance with the Code of ethics and its updating accordingly.

Article I.1.18

The market intermediary communicates the Code of ethics to all staff members prior to its entry into force. The staff must commit to comply with its rules.

Each time market intermediary makes an update of its ethics code, it should inform its staff. The market intermediary should send a copy of the ethics code to the CDVM, within fifteen (15) days from the date of entry into force or that of its update.

Article I.1.19

The market intermediary is required to collect, before January 31 of each calendar year, personal statements of all members of its staff and its managers on their securities and similar securities portfolios, as defined in Articles 2 and 3 of the abovementioned «Dahir» (Royal Decree) No. 1-93-211, at December 31 of the previous year. The report must include the portfolios held by all custodians. If any staff member or manager does not have a portfolio, the statement must contain the word "none".

Article I.1.20

The managers as well as the staff of a given brokerage firm should not initiate sale orders for their own account during the trading session.

Subsection 3. Internal audit

Article I.1.21

Every market intermediary is required to set up an internal audit system able to achieve the following objectives:

- The reliability of transactions;

- Mitigating and monitoring risks relating to activities carried out;
- Compliance with laws and regulations.

This system is monitored directly by the governing bodies of the market intermediary.

Article I.1.22

The internal audit function must be permanent and made by people whose reporting line ensures their full independence.

Article I.1.23

The market intermediary appoints an internal auditor to oversee the establishment and proper functioning of the internal audit system.

Prior to the appointment of the internal auditor, the market intermediary makes sure of his good reputation and his knowledge of the legal and regulatory framework in force and his professional competence.

Article I.1.24

The market intermediary informs the CDVM, in writing, of the identity of the person appointed as internal auditor upon his appointment. It sends a file on the internal auditor, including:

- A curriculum vitae detailing his academic and professional experience;
- A copy from his criminal record, dated within one (1) month;
- Where appropriate, statements from previous employers attesting his skills;
- And any other information deemed useful by the market intermediary to assess the resources placed at the disposal of the internal auditor to fulfill his mission.

Article I.1.25

The market intermediary must make available to the internal auditor all human and material resources necessary to carry out his tasks independently, continuously and efficiently. These resources take into account the size of the market intermediary, the volume and the diversity of its activities. As such, the internal auditor must:

- Have a regularly updated documentation describing the services, procedures and all the activities entailed risks;
- Benefit from regular feedback of information on management reporting system, red flags report forms, and any dysfunctions identified in connection with the activity carried out;
- Have access, in due time, to information on any event affecting the corporate life of the market intermediary;
- Examine all claims and/or complaints against the market intermediary which are, by their subject, related to the activities under the CDVM control;
- Have access to all documents that he considers relevant to fulfilling his mission, including documents relating to information systems, and;
- In connection with the exercise of his official duties, the access, for consultation only, to all systems used by the market intermediary, including information systems, and all premises under service, including the technical premises.

Article I.1.26

As part of his duties, the internal auditor:

- Monitors compliance of operations and activities carried out by the market intermediary, under the control of CDVM, with laws and regulations, as well as the internal procedures;
- Verifies the quality of procedures specific to the activity of the market intermediary and reliability of the monitoring tools as well as the existence of risk mapping tool;
- Establishes a collection of all the regulations into force. He ensures the communication of any new legal and /or regulatory measures to staff and managers while raising their awareness about its impact on the market intermediary, its activities, its organization and procedures, if any;
- Suggests measures to improve procedures and audits;

- Ensures that claims and complaints are handled diligently and promptly;
 - Ensures that the recruits hired by the market intermediary are not subject to any legal prohibitions under the law governing the capital market;
 - Regularly monitors corrective actions for deficiencies;
 - Holds a meeting to raise the awareness of the staff about the laws and regulations into force;
- Ensures, through the auditing process he carries himself, or by another person whom he has previously designated, that there is:
- A permanent and effective protection of computer access;
 - Appropriate procedures for safeguarding information, strictly adhered to and tested on a periodical and regular basis;
 - Regular internal auditing of the information systems functionalities.
- Notifies, without delay, the hierarchy of the market intermediary and the CDVM of any deficiencies identified when exercising his duties, as well as any regulatory measures undertaken or contemplated.

Article I.1.27

In the absence of an appointment by the market intermediary of a responsible of ethics, the internal auditor ensures the appropriate application of ethics rules, their update and their communication to all the governing bodies and all the concerned staff.

Article I.1.28

The internal auditor should elaborate a semiannual report of internal audit, consistent in content and form to the model adopted in Appendix V.2. This model contains minimum information that the market intermediary may supplement by other references, if it deems it useful. Where appropriate, such supplements should be specified in an Appendix.

Article I.1.29

The internal auditor ensures that the CDVM receives, within the due deadlines and conditions provided by the latter, all documents and information required by the market intermediary.

Article I.1.30

Any change or departure of the internal auditor, for whatever reason, must be notified in writing and without delay, by the market intermediary to the CDVM, while indicating the reasons of the change or departure. The internal auditor leaving his duties should immediately send to the CDVM a letter explaining the reasons for his departure.

Section 2. The Premises and Technical Resources

Article I.1.31

The market intermediary sets up an information system, including work procedures, the organization, hardware and software resources appropriate to its activities, its size, its specificities, and the volume of processed data. It must have the necessary documentation for each application or software package used, namely, installation manual, user manual and administration guide.

Article I.1.32

The market intermediary maintains its information system in a manner that ensures reliability, availability and its coverage of all the required operational features. Any deficiency in the information system affecting the availability and integrity of data or having an impact on the proper conduct of the activity and quality of the provided services must be notified, with no delay, to the CDVM, specifying the measures taken or to be taken to address this deficiency.

Article I.1.33

The market intermediary implements a policy of information security ensuring the security of its information system in terms of confidentiality, integrity and availability of data and services.

It puts in place the necessary resources to ensure the implementation of the security policy.

The intermediary checks, during the entire information system life cycle, the ability of the latter to ensure, for each operation, the traceability of each processing step. The information system must be subject every three (3) years to:

- An external audit on safety and capacity;
- An internal audit on functionalities.

Article I.1.34

The market intermediary implements a backup policy adequate to the volume of processed data and its criticality and the period of storage of information. This policy must include:

- Elements to be safeguarded (servers, databases, users' data, etc.).
- The type of backed up data;
- The frequency of the backup.

The market intermediary ensures the implementation of the backup policy and implements the necessary resources (procedures, hardware and software) in order to be able to recover data in case of loss.

Article I.1.35

The brokerage firm must have a secure time-stamping system for editing, in a clear format, the following mandatory information: year, month, day and exact time (HH: MM: SS). The firm should have a spare timestamp machine as a backup.

Article I.1.36

The brokerage firm must install a timestamp machine at all the operational computers on which market orders are received or transmitted. It should ensure, permanently, the time synchronization:

- Between the various time-stamping machines;
- Between different systems (information system, phone recording system, time-stamping system);
- Between these systems and the time of the stock exchange trading system.

Article I.1.37

The brokerage firm sets up a phone recording system for continuous and automatic recording of all phone conversations dedicated to the receipt of orders, whether for those received during or outside the trading session.

Article I.1.38

The phone recording system referred to in the abovementioned Article **I.1.37** should allow a perfect audibility of the recordings and a quick and multi criteria search of phone market orders. Research should be carried out through, at least, the following criteria:

- Date and time;
- The identification of the phone receiving or issuing the call.

Article I.1.39

Brokerage firms should not take orders when the phone recording system does not work or has any operational problems. Any breakdowns affecting calls recording must be notified without delay to the CDVM, specifying the measures taken or to be taken to address these deficiencies.

Article I.1.40

The premises and the technical resources of the brokerage firm must be dedicated exclusively to the firm's activities and may not be used for the purposes of any other activity.

The premises of the brokerage firm must take into account the volume of activities performed and the number of employees. The arrangement and the design of spaces must provide a physical separation between incompatible activities of "front office", "middle office", "back office" and internal control office. The brokerage firm must secure access to all business premises. The brokerage firm ensures that the spaces reserved for receiving clients are set in a manner not to disturb the work of the company nor compromise data security. In particular, clients cannot have direct access to the spaces where clients' orders are being processed or access the trading desk or to the archives or any place containing confidential information. The brokerage firm must have a dedicated technical space and offices dedicated to organizing and archiving the documents that meet all the security conditions, particularly in terms of access, and the safeguard of material resources and documents. Any changes in the layout of the premises and / or their use should be made known to the CDVM as soon as possible.

Section 3. Human resources

Article I.1.41

The market intermediary ensures the good reputation of its managers and that its staff implements appropriate policies to ensure their permanent compliance with the ethical guidelines applicable to them. The market intermediary ensures that any person within its staff is endowed with the skills, knowledge and expertise required to perform the assigned duties.

Article I.1.42

The market intermediary sets up a detailed description of various functions and positions, specifying the skills and qualifications needed to fulfill them. Job descriptions must be signed by the concerned persons.

Article I.1.43

The market intermediary should have the required resources, in terms of human capital, to cope with the changes related to the evolution of financial markets, technological and regulatory environment, as well as a long-term or cyclical increase in activity.

When deficiencies are identified or if recruitments are planned, a training plan must be developed and must be adapted to the specific needs of the market intermediary activity.

Under this plan, all the training facilities, being internal or external, which are set for the smooth running of the business, should be implemented and assessed on a regular basis.

Article I.1.44

The market intermediary ensures that the duties requiring accreditation to be carried out are given to duly accredited persons. The organization of market intermediary must be designed in a manner to ensure the continuity of activity. For this purpose, it must provide a business continuity plan.

TITLE II. ACCOUNTS KEEPING

Article I.2.1

The provisions of this Title should apply to "custodians" below:

- Brokerage firms, for holding securities and cash accounts;
- Other custodians, as defined in Article 1, e) of Law No. 35-96 relating to the establishment of a central depository and the establishment of a book entry system of some securities, for securities keeping records, except for corporate issuers within the meaning of the same Article.

Article I.2.2

The deposit of securities is governed, in addition to the provisions of this Title, by the following provisions:

- Articles 511 to 518 of the Commercial Code;
- Articles 781 to 817 of the "Dahir" (Royal Decree) on Obligations and Contracts code (D.O.C.);
- Law No. 35-96, mentioned above, and the texts adopted for its implementation;
- The general regulations of the Central Depository.

Chapter I. establishing business relations

Article I.2.3

The opening of an account by a custodian must be subject to a prior approval by the empowered person within the custodian. It must be materialized by signing an account opening agreement by both parties, in accordance with Articles 31-37 of the General Regulations of the Central Depository. The agreement should contain the following minimum information:

- The services offered by the custodian;
- The obligations of the custodian;
- The obligations of the client;
- Procedures of transmitting instructions by the client;
- The procedures for processing corporate actions;
- The provisions relating to coverage and settlement / delivery;
- The client's notification by the custodian;
- The custodian's compensation and the conditions for its modification;
- Termination and Account closing.

The client should immediately notify the custodian of any change of the data contained in his file, including those relating to his address, his legal capacity, and the powers of the person or persons entitled to effect operations in the account, if appropriate.

Article I.2.4

The custodian agrees with the client about all rights and fees, particularly those relating to:

- The custody of securities
- Settlement / delivery
- Corporate actions
- Securities transfer, and
- Any other fees.

Article I.2.5

In case the custodian is also the intermediary chosen by the client for the execution of his market orders, such orders take the form of settlement/delivery. Otherwise, any debit transaction on the securities and / or cash account of the client must be properly instructed by him or any person duly authorized.

Settlement /delivery orders are transmitted, by any means, at the convenience of the client and the custodian. They are subject to the provisions of Articles 4.1.1 and following Articles of the general regulations of the Managing Company.

Article I.2.6

The custodian informs the client of the transactions carried out on his behalf, within the following conditions:

- Debit and credit notifications: The custodian sends the client a notice on every movement in his account within eight (8) days of that movement;
- Securities account statement: The custodian sends to the client, on a quarterly basis, within fifteen (15) days after the end of the quarter, an account statement of securities valued at the last available quoted price of the period considered.
- Cash account Statements: The brokerage firm, custodian, sends to the client on a monthly basis, within eight (8) days after the end of the month, a cash account statement indicating the records of the account movements over the month.

The brokerage firm, custodian, is not obliged to send to the client a cash account statement, when no movement is recorded during that period. When the cash account is inactive during a quarter, the brokerage firm sends a quarterly statement, within fifteen (15) days following the end of that quarter.

Article I.2.7

The custodian should ensure the custody of securities and cash of his client in the exclusive interest of the latter and should not make any movement without the explicit instruction of the concerned client or any person mandated or authorized to do so, subject the provisions of Articles **I.2. 24**, **I.2.25** and **I.2.28** below and subject to any movement to be made in the interest of the client, in accordance with the laws and regulations, including those referred to in Article **I.2.2**.

Article I.2.8

1. To open a securities account to a nonresident intermediary or a nonresident custodian, the custodian makes sure that it is authorized in its home country, whose legislation contains provisions on Anti Money laundering.
2. The custodian signs with the non-resident intermediary or custodian a comprehensive agreement specifying the rights and obligations of both parties, including the method and deadline of the transmission settlement /delivery instructions.
3. That agreement should stipulate that:
 - The non-resident intermediary or custodian assets are kept in specific accounts;
 - The non-resident intermediary or custodian client's assets are kept in a separate account other than the one used for the intermediary accounts, and may be broken down on a client-by-client basis, or at least into two categories: legal entities and natural persons;
4. The custodian must ensure the separation between the non-resident intermediary own accounts or of the nonresident custodian on the one hand and the accounts of their end customers, on the other, according to the degree of segregation agreed upon under the last paragraph of the above-mentioned section 3.

Chapter II. Specific Transactions

Section 1. Turnaround trade

Article I.2.9

For the purposes of this section, the term "turnaround trade" refers to: market transactions on Moroccan listed Securities, executed based on an order from a non-resident intermediary on behalf of a non-resident client, and which involve the transit of securities, which are the subject of the transaction, through a non-resident intermediary securities account.

Article I.2.10

In the case of a turnaround trade, the brokerage firm must request the non-resident intermediary to send a stock market order through the end customer. In case the non-resident intermediary is unable to distribute its

stock market order at the time of transmission, it should, upon execution of that order, break out the "physical market orders " in order for these to be identical to the "over the counter" orders.

The brokerage firm must submit Turnaround trade orders, in the electronic system of the Managing Company of the stock exchange, with a special reference allowing distinguishing them from other orders and in accordance with the provisions of General Regulations of the Managing Company. This reference is provided by the Managing Company.

Article I.2.11

In case the custodians of the non-resident intermediary and the non-resident client are different, they should confirm the characteristics of the transaction on the "Over the counter" This confirmation commits both custodians to settle the transaction on the "Over the counter" the day on which the unwinding trade is executed on the "physical market ".

Article I.2.12

The custodian requires from the non-resident intermediary the following:

- To send to him as many orders for the "physical market" as for the "OTC" with a perfect match between the two;
- To simultaneously send settlement/delivery instructions to the "physical market" and to those relating to the "OTC"

The custodian must issue instructions for Delivery Versus Payment (DVP) on Turnaround trade, with special reference to distinguish them from other DVP instructions.

This reference is provided by the Central Depository.

The custodian of the non-resident intermediary must ensure that any transaction on behalf of a client will result in the credit and debit of the account of transit of the non-resident intermediary of the same amount of securities or cash (taking into account fees and other expenses) and this within a maximum deadline of one day after the turnaround trade.

In case the abovementioned deadline could not be met, the custodian should immediately inform the CDVM stating the reasons thereof.

In general, the custodian must implement the measures it considers necessary to make sure that the securities initially acquired or the proceeds from the sale of securities on behalf of the non-resident client are ultimately housed in on behalf of the latter. If in doubt, it must notify, without delay, the CDVM.

Article I.2.13

Custodians must submit to the CDVM, on a semiannual basis, a summary statement of the turnaround trades.

This statement, whose model is attached in Appendix V.2 of this circular, must be sent no later than 5 (five) days following the close of the semester.

Section 2. Direct transfer & listed securities contribution

Article I.2.14

Transfers of listed securities on the stock exchange resulting from any contribution transaction must be registered on the stock exchange as provided in Articles 3.11.1 and following the general regulations of the Managing Company. These transfers are subject to a written request by the client submitted to the custodian/deliverer.

For transfers resulting from the contribution of listed securities made within the strict framework of intra-group reorganization or concerning reorganization operations of the group, and which do not induce any direct or indirect control change, the custodian/deliverer must obtain, prior to executing such transfers, confirmation by the Managing Company of the nature of the Transaction. The custodian/deliverer must perform the transfer request within a three (3) days deadline starting from the date of receipt of the request.

Article I.2.15

The transfer request must be made direct by the client and contain the following minimum information:

- The identity of the legator or the deceased;
- The number of securities account of the legator or the deceased;
- The identity of the beneficiary as well as the type and reference of the ID;
- The account number of the beneficiary and the name of the custodian;
- The relationship of affinity or kinship between the legator or the deceased and the beneficiary;
- The securities in question;
- The quantity;
- The date and signature of the legal legator.

The name of the brokerage firm authorized to register the direct transfer to the Managing Company is optional. In case the client does not designate a brokerage firm, the custodian may choose the brokerage firm of his choice.

Article I.2.16

Any request for direct transfer between spouses, ascendants and direct descendants of the first and second degree must include an affidavit by the legator attesting the absence of any monetary compensation or any other kind, in consideration of this transfer. A model of affidavit is attached to Appendix **I.2.A** of this circular.

Article I.2.17

The custodian/deliverer performs the transfer request within a three (3) days deadline starting from the receipt date of the client's order. The transfer order must be stamped by the custodian/deliverer.

Article I.2.18

The custodian/deliverer performs the recording of direct transfers to a special file containing the following minimum information:

- The identity of the legal legator or the deceased;
- The number of securities account of the legator or the deceased;
- The identity of the beneficiary;
- The custodian/receiver;
- The security in question;
- The quantity;
- The date at which the direct transfer took place;
- The name of the brokerage firm designated to report the transfer to the Managing Company.

Article I.2.19

The custodian deliverer keeps, for each transfer, the following documents:

- The application of transfer containing the beneficiary identification document;
- In case of donation, the affidavit and a copy of the original official document proving the relationship of affinity or affiliation between the legator and the recipient;
- In case of inheritance or bequest, the estates file in full, including the death certificate of the legator.

Article I.2.20

The transfer of shares may be made as part of a universal transfer of assets (merger, estate...) or a contribution of assets.

This transfer is performed by the custodian/deliverer within a three (3) days deadline starting from the date of receipt of the client's order or notification of the event causing the transfer.

At the completion of this transfer, the custodian/deliverer proceeds to the recording of the transfer in a special file in which the minimum information is identical to the special file on direct transfers, as specified in Article **I.2.18**.

The custodian/deliverer must maintain, for each transfer made, the same supporting documents provided in Article I.2.19.

Section 3. Corporate Action Processing

Article I.2.21

Corporate Action, hereafter referred to as "**OST**" are governed by, in addition to the provisions of this section, those of:

- The general regulations of the Managing Company of the Stock Exchange;
- The general regulations of the Central Depository.

For the purposes of this section, the term:

"Beneficiary" refers to any person who, given the securities and/or the rights he holds on the record date specified in this Article, is entitled to enjoy the rights and / or options resulting from an OST.

"Centralizing Body" refers to a custodian authorized by the issuer for the completion of a given OST. Its role is to interface between the issuer and the custodian. The interface concerns on the one hand the exchange of securities and cash and on the other hand exchanges of information necessary to process the Corporate Action.

"Ex Date": The date on which a coupon or interest is separated from a security. It is from this date onwards that a security is traded as a coupon or an ex-right.

"Record Date": The date on which the beneficiaries are identified with a removal of coupons or rights. Since the transfer of shares ownership in Morocco is effective upon the negotiation and given the principle of accrual accounting determined by the general regulations of the central depository, the record date is the day before the ex date.

"Payment Date": The date on which dividends are credited to the accounts of beneficiaries.

"Removal": Action whereby a coupon or right is separated from a security.

"Securities or rights to fractions of shares" residual rights or securities equal to a fraction of a new security when the number of new shares resulting from the application of the parity set by the issuer in a transaction underwriting of allocation or exchange on the number of older securities or rights held by a holder, is not an integer.

Article I.2.22

The issuer or the centralizing body sends to the CDVM, by electronic means, no later than ten (10) days before the ex date or the opening date of the transaction, a copy of the letter sent previously to the Central Depository and to the Managing Company referred to in Article 3.8.2 of its General Regulations.

Based on the opinion of the Central Depository, the custodian should, on the third day after the ex date, credit coupons or rights in the accounts of the beneficiaries.

Article I.2.23

In the case of dividends distribution, the issuer is required to meet the payment date announced. To this end, it must take the necessary measures so that the amounts of dividends to be distributed reach the custodians no later than the day before the date of payment. In this context, the issuer must provide the necessary and sufficient time for the collection of those amounts by the custodian and that, depending on the payment method used (simple transfer, Real-Time Gross Settlement transfer, or check)

Article I.2.24

On the occasion of dividend payments transactions, custodians must credit beneficiaries' accounts on the announced payment date, subject to receipt of the corresponding fund. In case of delay of availability of funds by the issuer, custodians may postpone the date of payment amount.

Article I.2.25

For rights with a limited validity period, the custodians are required, if a risk of expiry is proven, to act in the best interests of the beneficiaries, in the absence of instruction received from the latter in due course.

In case of operations of allocation or exchange with fractional shares, the custodians send, starting from the opening or ex date of the transaction period and no later than the following third day, a prior notification mail to the beneficiaries.

For holders of fractional shares, the custodians attach to this notification mail a stock exchange order bulletin, asking them whether they prefer to sell such rights or complete the acquisition by the number of rights needed to form the parity set by the issuer.

Article I.2.26

The custodians collect and record the beneficiaries' orders on OST respecting the procedures below:

When a transaction grants the right to exercise, the custodians collect the beneficiaries' orders throughout the period of the transaction, making sure of their identity, the conformity of signatures and of the orders with the specific provisions of the transaction.

Custodians perform, if necessary, transactions of purchase or sale of rights or securities exchange based on the options chosen by the beneficiaries. The custodians should, then, proceed to the beneficiaries' orders registration, while making the necessary blockage of securities, rights or cash to be delivered to the centralizing body.

Article I.2.27

Assignment of rights orders must be transmitted to the brokerage firm through the custodians. However, if the brokerage firm receives directly from its client an assignment order, it should immediately inform the custodian of such rights. Brokerage firms should not take, on the last day of validity of the subscription rights, selling orders of such rights for which it cannot ensure conservation.

Article I.2.28

On the expected date for the exercise of rights or exchange of securities, transactions execution is performed by the custodians as follows:

- The subscription rights are exercised only on the basis of an order of the beneficiary. In the absence of the order, within the prescribed deadlines, no later than the day before the deadline for exercising the right, the custodian will proceed systematically to the sale, on behalf of the client and for the best of his interests, of the rights in question;
- The allotment rights and the securities exchange are exercised automatically, without orders from the beneficiary, in accordance with the parity of the transaction.

Article I.2.29

Upon receipt of the daily accounting statement issued by the Central depository showing the delivery by the issuer or the centralizing body of new shares and in no later than twelve (12) days after the close of the subscription period, the custodians credit their beneficiaries of the new allocated shares. They check in advance if the number of new shares received from the centralizing body corresponds to the number of the exercised rights. In no more than the fourth day after the date of receipt of the new shares, the custodians calculate and credit-back to beneficiaries the balances in cash for subscriptions on a reducible basis that have not been served and that, subject to receipt of funds by the centralizing body and transmit to them the transaction notice in accordance with the provisions of Article **I.2.26** of this circular.

Article I.2.30

Within three (3) days after the close of the period of the allocation or exchange transaction with fractions of shares, the custodians credit their beneficiaries of the new shares allocated upon receipt of the daily accounting statement of the Central Depository, indicating delivery by the issuer or the centralizing body of the new shares. They check in advance that the number of new shares received from the centralizing body corresponds to the number of rights exercised.

Article I.2.31

The custodians should, no later than the third day after the announced date of exchange without any given fractions, exchange old securities for the new securities in the accounts of the beneficiaries.

Article I.2.32

When the issuer includes in the prospectus a validity period of the allocation rights and securities subject to exchange, such period of validity starts from the ex date or opening date of the exchange transaction.

Article I.2.33

When a period of validity of the allotment rights and securities traded is provided in the prospectus, a procedure for dealing with fractional shares is fixed in the said prospectus.

Article I.2.34

By derogation to the provisions of Article **I.2.6** of this Circular, the custodians transmit to the beneficiaries, via mail, or any other means agreed between the parties within three (3) days after the allocation of securities accounts and / or cash, a notice containing the following minimum information:

- The nature of the movement impacting the client's portfolio (securities/cash);
- The security name and, where applicable, the amount allocated;
- The date of the transaction: credit / debit of cash account, or securities credit;
- Details of percentage fees and the other fees collected;
- The remaining cash to be repaid, if any.

Article I.2.35

The custodian ensures the classification and archiving of documents related to the OST. These documents include, in particular:

- The list of beneficiaries;
- Dated Copies of prior notice letters sent to beneficiaries;
- Copies of the subscription and trading orders bulletins;
- Franco transfers to the issuer or the centralizing body;
- The settlement received from the centralizing body;
- The daily accounting records of the Central Depository stating the receipt of coupons or rights, as well as new shares.

TITLE III. INTERMEDIATION

Chapter I. Establishing new client relations

Article I.3.1

The brokerage firm must sign with any client, pursuant to Article 4.1.10 of the General Regulations of the Managing Company, a brokerage agreement, which specifies at least the following:

- The identity of the client;
- The means of transmitting stock exchange orders;
- Information required on a stock market order;
- The conditions for execution, including the availability of securities and cash assets;
- The procedures for transmitting instructions settlement / delivery
- The obligations and conditions of informing the client;
- The compensation terms and conditions of the brokerage firm;
- All other mutual obligations of the brokerage firm and the client.

The brokerage firm must establish a record for each client, as provided in Articles **V.1.1** to **V.1.5** of this circular.

Article I.3.2

The brokerage firm exerts the necessary efforts as far as its client is concerned to obtain information enabling it to assess the knowledge of the client of the projected transactions and all the related risks. This assessment takes into account the client's financial situation, experience in investment and the correlation between his objectives and the nature of the requested operations. The brokerage firm must inquire of any changes, including the financial capacity of the client. The brokerage firm informs the client of the characteristics of the securities to be dealt with and the particular risks they may entail.

Article I.3.3

When the client intends to perform an operation different from those he used to carry out, given the nature of the traded securities or amounts to be committed, the brokerage firm inquires about the objectives of the operation in question. It should alert the client when the execution of an order may cause a significant and sudden change of price movement.

Chapter II. Procedures for processing trading orders

Section 1. General Provisions

Article I.3.4

The transmission of a stock market order may be made either directly with a stockbroker or indirectly by an orders collector who will forward it promptly to a stockbroker.

Article I.3.5

When the brokerage firm receives a stock market order by telephone, it should immediately establish an order ticket and this, regardless of the client.

It may, at any time, require the transmission of orders in writing or a written confirmation of an order received by any other means.

Regardless of the order means, the brokerage firm or the order collector should ensure that the order is sent by the client or (the) person (s) empowered to represent him. The order ticket must be time-stamped upon its establishment and contain the same information mentioned in a stock market order. The order ticket must include also the identifier of the order taker.

Article I.3.6

Upon the instructions of the client, the brokerage firm has the opportunity to execute an order at its sole discretion. It proceeds, if any, to the fragmentation of the amount ordered or setting price limits for each fragment order. The order should contain the following additional statement "Order to be executed at the discretion of the brokerage firm."

Article I.3.7

Any written order received by the brokerage firm or by the order collector must contain the signature of the client. The brokerage firm is required to verify the authenticity of the signature of the client with respect to the specimen signature available with the firm. Any order received must be time-stamped upon receipt by the brokerage firm or the order collector.

Article I.3.8

When the brokerage firm receives an order file from the order collector, it should time-stamp it upon receipt, as any order it receives directly.

Article I.3.9

All orders received on the same day, whether executed or not, should be recorded by the brokerage firm in a daily updated file. The "file order" should include:

- The identity of the client;
- The date of receipt of the order;
- The traded security in question;
- The type of transaction (buy or sale);
- The number of shares;
- The price (market price or fixed price);
- The order period of validity;

Article I.3.10

Cancellation or changes of orders must go through the same procedure of the stock order. Any order changes or cancellations must be clearly stated in the order ticket and the corresponding time-stamp must be clearly identified.

Article I.3.11

Orders received by the brokerage firm must be presented to the market promptly and individually, in strict accordance with the timing of receipt by the brokerage firm.

The brokerage firm must follow the chronology contained in order sheet received from the collector of orders.

The Negotiator cannot receive direct orders from the client nor know the identity of order maker.

For the purposes of this chapter, the word Negotiator refers to the person negotiating on behalf of a brokerage firm responsible for forwarding orders to the trading Managing Company for the execution and he is empowered to exercise this function pursuant to the provisions of Article 5.2.1 of the General Regulations of the Managing Company.

Article I.3.12

Securities allocation which is made automatically by the electronic system of the Managing Company must be scrupulously respected and passed on to clients.

Article I.3.13

The brokerage firm establishes a daily "statement of breakdown of executions" on the orders of the day, as well as those partially executed and not expired yet. The statement must include the following:

- The identity of the client;
- The date of receipt of the order;
- The traded shares in question;
- The type of the operation;
- The number of shares ordered;
- The price (market price or fixed price);
- The order validity period;
- The name of the market;
- The execution price;
- The amount executed;
- And the non-executed amounts.

Article I.3.14

The brokerage firms as well as the orders collector must file on a daily basis:

- The stock market orders;
- The order sheet that are forwarded to them by the orders collectors.

And must also file:

- The orders tickets, if there are any;
- The orders file;
- The statements of breakdowns of executions;
- A statement embodying the time of market orders introduction to the trading system;
- A copy of the confirmation notice sent to clients.

Article I.3.15

Without prejudice to more stringent legal requirements, documents relating to market orders in the current year and previous year should be kept at the headquarters or actual business place of the brokerage firm. Documents relating to previous years should be available within forty eight (48) hours. The orders collectors are required to submit the above mentioned documents within forty eight (48) hours.

If, pursuant to Article **I.1.11** of this circular, the brokerage firm, under its responsibility, decides to outsource the archiving function, it must include in the agreement that binds it to the sub-contractor, a clause stipulating that the CDVM or any other competent public authority may, in the presence of representative of the brokerage firm, have direct access to the premises thereof for inspection of documents subject to archiving and preservation by the sub-contractor.

Section2. Specific provisions for electronically forwarded stock market orders

Article I.3.16

For the reception and transmission of electronically stock market orders, the brokerage firm must provide the client with pedagogical tools to enable him to:

- Use properly the system (users' manual or other);
- To learn about the rules of the market (general regulations of the Managing Company ...)
- To have access to the necessary information to make investment decisions (market information flow: Price, volume, status of the orders book ...).

Article I.3.17

The brokerage firm is to provide a filtering system that allows checking the consistency of orders in accordance with the provisions of Article 3.3.26 of the General Regulations of the Managing Company. The filter system should put forward a warning message to the clients.

Article I.3.18

The brokerage firm is required to provide each client with a unique ID and a password to log into the system. The brokerage firm is setting up a confirmation system that allows the client to confirm his orders before integrating them into the system.

Article I.3.19

The brokerage firm should immediately inform its client of the order and whether it was accepted or not by the filtering system. The system must allow the client to print immediately the receipt confirmation. This printed confirmation must include the minimum information provided in the transmitted order.

Article I.3.20

In case of identifying any failure in the system of reception and transmission of orders, the brokerage firm informs immediately, by any appropriate means, the users of the nature and expected duration of the dysfunctioning.

Article I.3.21

The brokerage firm ensures that the system allows data storage and this, for the reconstruction of audit trails. The brokerage firm is implementing the necessary measures to ensure the reliability and confidentiality of the data.

The brokerage firm ensures constantly that its orders reception and transmission system convenes the daily trading volume. It puts in place operational alternative procedures in case of identifying any malfunctioning affecting this system.

Section 3. Provisions on counterparty transactions

Article I.3.22

Notwithstanding the provisions of Articles 61, 62 and 63 of the «Dahir» (Royal Decree) establishing Law No. 1-93-211 mentioned above, the brokerage firm during the execution of a client order, intervenes with a counterparty transaction on the block market, it should inform the concerned client, prior to the execution of the order.

Article I.3.23

As far as the counterparty transactions are concerned, the brokerage firm designates one or more person (s) responsible to launch them. The person (s) in question is (are) called "counterparty (ies)." The counterparty must not perform any other functions within the brokerage firm that may cause any conflict of interest. In particular, he should not perform the function of individual clients' portfolio management.

Article I.3.24

Outside trading sessions, counterparty orders must be included at the end of market order sheet, regardless of any time-stamp. During the trading session, orders must follow a similar procedure to the one followed for processing client orders. They are transmitted by the counterparty to the negotiator who makes sure, before introducing such orders in the electronic system of the Managing Company, that the sheet of orders does not include orders not yet entered on behalf of clients. Any counterparty order may not have more than a 1 day validity period.

Chapter III. Provisions relating to the information supplied to clients

Article I.3.25

The brokerage firm sends to the order collector details of the placed orders executions, the day following the execution of the transaction, before 12am.

Article I.3.26

The brokerage firm and collector of orders send to their respective clients' confirmation notices, respecting the following conditions:

- The brokerage firm should send a confirmation of each transaction conducted on behalf of its clients, by any means, at the convenience of both parties and that, no later than the day following the execution of the transaction.
- The order collector sends a confirmation of each transaction conducted on behalf of its clients, by any means, at the convenience of both parties and this, on the day following the intended settlement of the transaction.

Article I.3.27

The confirmation notice must contain the following:

- The identity of the client;
- The number of securities and / or cash account of the client, as well as references of his depository;
- The name of the market;
- The traded security in question;
- Trading type (purchase or sale);
- The date of execution;
- The amount executed;
- The execution price;
- The gross amount of the transaction;
- The fees charged (fees accruing to the brokerage firm, fees accruing to the Managing Company and, if necessary, settlement/delivery fees);
- The amount of the tax on profits from the sale of securities, in case of transfer, if any;
- VAT;
- The net amount of the transaction;
- The distinctive mark informing the client that a transaction has been performed in counterparty, if any.

Article I.3.28

The brokerage firm sends to its clients a quarterly summary of transactions, which summarizes all the transactions performed on their behalf, within a period not exceeding fifteen (15) days from the closing of the quarter.

Chapter IV. Implementing procedures of some prudential rules to brokerage firms

Article I.3.29

The provisions of this chapter are intended to clarify some procedures to implement the following orders:

- Order of the Moroccan Minister of Finance and Foreign Investment No. 1729-96 of January 20, 1997 on the proportions between the minimum equity capital of brokerage firms and their total capital;
- Order of the Moroccan Minister of Finance and Foreign Investment No. 1730-96 of January 20, 1997 laying down the proportions to be respected by the brokerage firms between their equity funds and the amount of risk taking on securities issued by the same issuer or by a group of issuers;
- Order of the Moroccan Minister of Finance and Foreign Investment No. 1727-96 of January 20, 1997 laying down the proportions to be respected by brokerage firms between their equity funds and the amount of their financial commitments.

Article I.3.30

The custodian brokerage firm ensures a strict separation in its bank accounts between its assets and its clients' assets. For this purpose, the custodian brokerage firm should open a separate bank account for its client assets.

The brokerage firm agrees with its clients, in a separate document from the agreement of opening an account, the choice of liquid assets referred to in Article **I.3.35**. Otherwise, clients' assets should not be subject to any investment. The above document should include the procedures and terms for informing the client about the income of such investments.

Article I.3.31

For the purposes of applying the orders referred to in the abovementioned Article **I.3.29**, the provisional debit account results of the current financial year should consider the following:

- Provisions for the involved risks;
- Depreciation and amortization in proportion to the period of activity of the year;
- Subscription to all charges.

The provisional results must be evaluated at the end of each quarter.

The provisional results of the current year are taken into account only if it is showing a debit result.

Article I.3.32

For the purposes of the application of Order No. 1727-96 and No. 1730-96 referred to in the abovementioned Article **I.3.29**, taking into account daily realized or unrealized net capital losses, not yet included in the provisional result, is necessary for the depreciation of assets to be adequately reflected in the calculation of net equity. If the final provisional result is negative, the net loss recorded is deducted from net equity. The net capital gain is deducted from the deficit up to the said amount. However, if the preliminary result is positive, the impairment recognized is deducted only if it is, in absolute terms, superior to it.

Article I.3.33

The net position taken by a brokerage firm as part of a counterparty of a given value corresponds to the absolute value of the sum of the following:

- + The amount of shares in the portfolio carried at the purchase price;
- + The amount of purchase of traded transactions, not yet closed
- The amount of sale of traded transactions for sale, not yet closed.

Article I.3.34

The determination of the net position taken on behalf of a client is calculated using the following methods:

1. The net position of a single client on a given security:

- If the securities are under custody at the brokerage firm, it is the absolute value of the sum of the following:
 - + The amount of purchase of traded transactions, not yet closed
 - The amount of sale of traded transactions for sale, not yet closed

= Client net Position value on the stock

- If the securities are not in custody at the brokerage firm, it is the sum of:
 - + The amount of purchase on the traded transactions, not yet closed
 - + The amount of sale on traded transactions for sale, not yet closed

= Client net Position value on the stock

2. The total value of net positions of the same client corresponds to the sum of his net positions on the different stocks of his portfolio.

Article I.3.35

For the purposes of the application of Order 1728-96 of the Moroccan Minister of Finance and Foreign investment on the rule setting the proportion to be respected by the brokerage firms with respect to some liabilities and some equities, “liquid assets” refers the following elements:

Cash in bank or on hand, representing the client deposits with the brokerage firm;

- The types of investment securities are as follows:
 - Securities issued or guaranteed by the state, with a maturity not exceeding one year;
 - Certificates of deposit with maturities not exceeding one year;
 - Shares in monetary UCITS.

Article I.3.36

The rules laid down by the orders mentioned in Article **I.3.29** above, as well as those provided for by this chapter must be respected at all times. Brokerage firms are required to prepare a daily report on the basis of elements available by the end of the day.

Any overrun recorded during the day, even if it is eliminated at the end of the day, must be reported on the same day to the CDVM, stating the reasons of the overrun and specifying the measures taken to restore compliance with the rules.

Article I.3.37

Brokerage firms are required to maintain:

- -The daily reports of prudential ratios for at least three (3) years;
- -Information and documents used for elaborating each daily report during at least six (6) months.

Chapter V. Methods of calculating the contribution of the brokerage firms to the guarantee fund

Article I.3.38

To calculate the contribution of the brokerage firm to the guarantee fund, as referred to in the order of the Moroccan Minister of Economy and Finance No. 795-00, 25 Rabii II 1421 (July 28, 2000), The position (P) at the end of the day of the cash kept on behalf of the clients is determined as follows:

$$P = A + B - C$$

- **A** is the gross amount corresponding to the amounts posted as liabilities on behalf of the clients;
- **B** is the sum of (i) all amounts received by the brokerage firms, which are pending assignment to a client account or made available to third parties such as the sums collected following the payment of securities coupons on deposit, (ii) sums blocked as a reserve in case of a subscription or a purchase of securities transaction and (iii) amounts debited to clients/purchasers accounts at the trade date, the correspondent funds of which are held by the brokerage firm till the settlement date;
- **C** is the sum of (i) checks to cash and securities received from clients and (ii) net of fees and percentage fees credited to seller clients' accounts at the trade date, which corresponding funds will only be collected at the settlement date.

TITLE IV. OTHER ACTIVITIES CARRIED OUT BY THE BROKERAGE FIRMS

Chapter I. stimulating the stock market (market making)

Article I.4.1

The activity of stimulating the market of listed shares on the Stock Exchange is conducted in accordance with the provisions of this circular which determine to this effect:

- The technical and practical application of laws and regulations, and
- The rules of professional practice which apply generally to the activity of stimulating the market.

Article I.4.2

The brokerage firm which plans to stimulate the stock market must sign an agreement with the issuer on the stimulation activity, according to the provisions of this circular.

Section 1. General rules for the market stimulation

Article I.4.3

Pursuant to the provisions of Article 3.6.2 of the General Regulations of the Managing Company, the CDVM sets the principles governing the stimulating activity.

Article I.4.4 should always have a minimum amount of securities and/or cash to enable it to meet its obligations in connection with the stimulating activity. The management arrangements for securities and cash accounts assigned to the stimulation activity must be specified in the stimulation agreement.

Article I.4.5

The brokerage firm implements procedures to ensure that the ongoing activity of stimulation is strictly separated from any other activities. To this end, the person in charge, within a brokerage firm, of stimulating a given security:

- Must not manage portfolios of securities for third parties, or receive orders from clients;
- Cannot initiate transactions on the same exchange value;
- Must not participate in the elaboration of market financial analysis documents, as covered by this circular.

The operations performed as part of the stimulation activity are recorded by the brokerage firm in specific securities and cash accounts opened in its books as provided in Article **I.4.4** mentioned above. When the brokerage firm is not the custodian, it must post the transactions recorded within the framework of the stimulation activity in a specific brokerage account.

Article I.4.6

Any brokerage firm carrying out the stimulation activity must provide on a daily basis a minimum amount of securities to the central market for purchase or sale. This amount is set by the Managing Company as provided in Article **IV.3.3** of this circular.

Article I.4.7

The securities offered for purchase and sale must be priced in the range and fit within the limits of price movement allowed by the Managing Company. That range is set by the Managing Company as provided in Article **IV.3.4** of this circular. The purchase price and sales offered by the brokerage firm must be consistent with the technical, commercial and financial strategy of the issuer.

Article I.4.8

The brokerage firm in charge of the stimulation activity must ensure that the trading is performed at least on a daily basis frequency. This frequency is determined by the Managing Company in accordance with Article **IV.3.5** of this circular. In the absence of any trading, the brokerage firm itself initiates purchase and sale orders to ensure the trading of the security, in the manner prescribed by the Managing Company.

Section 2. Agreement on the market stimulation

Article I.4.9

Pursuant to Article 14 of the «Dahir» (Royal Decree) establishing Law No. 1-93-211 mentioned above, the CDVM sets the standard form of the stimulation agreement that the issuer must conclude with a brokerage firm. The standard form of agreement is set out in Appendix **I.4.A** of this circular. It sets the minimum stipulations to be included in the agreement; the content of which may be completed provided the full compliance with the applicable laws and regulations. When some clauses appear inappropriate to the situation, they may be amended, after agreement of the CDVM.

Article I.4.10

The draft stimulation agreement is submitted by the brokerage firm to the CDVM for validation, prior to its signature. The brokerage firm gives the CDVM at least five (5) days before its entry into force, a signed copy of the agreement. It sends, at the same time, a signed copy to the Managing Company, the latter publishes a notice in reference in the stock exchange bulletin.

Article I.4.11

The term of the agreement is freely set, subject to the provisions of Article 14-2 and 14-3 of the «Dahir» (Royal Decree) establishing Law No. 1-93-211 mentioned above. In these cases, termination of the agreement, for any reason whatsoever, before the expiry of the period provided in that section, may take effect only when the issuer has entered into another agreement with another brokerage firm. It informs the public prior to the entry into force of the new agreement.

Article I.4.12

In case the brokerage firm fails to meet its commitments before the deadline stipulated in the stimulation agreement, it should immediately inform the issuer, The CDVM as well as the Managing Company, stating the measures it intends to take to redress the situation.

The brokerage firm should seek the approval of the CDVM for any changes it intends to make in the stimulation agreement.

Once the agreement reached, it should inform the Managing Company. The brokerage firm informs the issuer and the signatories of the agreement of the conditions of carrying the stimulation activity, as specified in the standard form of stimulation agreement, referred to in Article **I.4.9** mentioned above.

Chapter II. Assistance to companies with equity securities listed in the third tier

Article I.4.13

Any issuer that registers its equity securities in the third tier of the Stock Exchange is required pursuant to the provisions of Article 14-3 of the «Dahir» (Royal Decree) establishing the above-mentioned Law No. 1-93-211, to enter into an assistance agreement with a brokerage firm, according to the model set out in Appendix **I.4.B** of this circular. The agreement sets out obligations relating to the preparation of documents of materials information to the public.

The brokerage firm that assists an issuer in the admission of its equity securities in the third tier of the Stock Exchange follows the procedures necessary to ensure that the prospectus is prepared in accordance with the provisions of this Circular, including:

- The review of the legal, financial and economic documents, relating to the company, in particular:
- The Articles of Association, management reports, minutes of general meetings and administrative bodies, management and monitoring, reports of auditors, auditors' reports when they are drafted, the summary statements and any another supplementary report prepared by an outside expert, if there are any;
- The project of strategic development of the issuer;
- Shareholder agreements, if any;

- The commitment of majority shareholders to retain their shares for a period of three (3) years or more after the date of the first listing;
 - All contracts and/or commitments that could have a significant impact on the future of the issuer;
- It participates in meetings with the Company managers;
 - It visits the offices of the issuer and, where applicable, its manufacturing and/or distribution business places;
 - It participates in meetings with external experts, if any;
- Any meeting or visit to the business places must be the subject of a report drafted by the brokerage firm.

Article I.4.14

Those responsible for the due diligence referred to in Article **I.4.13** mentioned above must be specially commissioned accordingly. The commissioning period lasts until the end of the subscription period of the anticipated transaction. They cannot perform any other activity that would cause conflict of interest within the company over the entire period of their commission. The commission document must clearly state the functions that may be exercised by such persons to avoid conflicts of interest.

Article I.4.15

The brokerage firm must publish a financial analysis document on the issuer during the IPO subject to the anticipated transaction and, at the end of each year during the five years following the IPO. The financial analysis document should cover at least the following areas:

- Economic and strategic diagnosis, highlighting the factors that influence the current situation of the issuer, its strengths and weaknesses;
- A historical financial analysis;
- A forward financial analysis, giving a reasonable opinion of the brokerage firm on the prospects for growth and development of the issuer;
- An assessment of the issuer, highlighting anything that is likely to affect this assessment.

The name of the person who prepared this analysis should be mentioned in it. The brokerage firm must ensure that this person/ persons have the required competence and experience in economic and financial analysis to elaborate that analysis.

Article I.4.16

The brokerage firm assists the issuer in the establishment of a structured financial communication strategy. This strategy includes:

- Holding regular meetings with financial analysts and the press, particularly after the publication of annual and interim accounting and financial statements or the publication of material information;
- The appointment of a financial communication manager, who must be close to the decision-makers of the firm and who is preferably versatile, combining both communication and financial techniques.

The financial communication strategy should be formalized in writing.

Article I.4.17

The brokerage firm forwards to the CDVM the following:

- A copy of the mentioned above analysis in Article **I.4.15** no later than the day of its release to the public for the IPO and four (4) months after the closing in the financial year for subsequent years;
- The curricula vitae of persons authorized to elaborate the financial analysis notes referred to in Article **I.4.15** mentioned above and whose names are mentioned in those notes;
- A copy of the commission mentioned in Article **I.4.14** mentioned above.

Chapter III. Procedures for the implementation of the buyback programs

Section 1. General rules applicable to the program

Article I.4.18

Pursuant to Article 1 of Decree No. 2-02-556 establishing the structures and conditions within which stock buybacks may be made by public companies of their own shares to regulate the market, as amended and supplemented, the company assigns to a single brokerage firm to execute its share buyback program to regulate the market. The buyback program is to intervene in the market by issuing orders and/or sales with the aim of reducing volatility and changes in excess of the share price.

Article I.4.18 bis

The purpose of the price regularization can also be sought through preventive action to strengthen the share liquidity. For that point, the issuer may establish a liquidity contract backed by buyback program provided that the following conditions are met:

- The option of a liquidity contract is explicitly authorized by the General Assembly;
- The liquidity contract may not cover a percentage exceeding 20% of the share buyback program authorized by the General Assembly;
- The securities account assigned to the liquidity contract must be settled at the latest at the end of the buyback program;
- The liquidity contract must be managed in a separate account.

The provisions of Articles **I.4.28**, **I.4.30**, **I.4.32**, do not apply to the fraction of the buyback program backed by a liquidity contract.

Article I.4.18 ter

The execution of a liquidity contract must respect the following principles:

- The principle of independence: the person in charge of the liquidity contract must be separate from the one in charge of the buyback program. Also, there should not be, at any time, an agreement between such persons for their interventions on the security;
- The principle of permanence: it must result in a minimum frequency of presence on the order book;
- The principle of presence on the order book both at the purchase and sale;
- The principle of purchase/sale maximum range: the range to the upper limit / lower limit;
- The principle of non-accumulation: the liquidity contract should not aim to build up a stock of securities.

Modalities of implementation of the listed above principles must be quantified and specified in the agreement referred to in Article **I.4.21** below.

Article I.4.19

The execution of the buyback program should not hinder the proper functioning of the market, or mislead others on the share market, including the identity, quality or intention of purchase or sale.

Article I.4.20

The securities or cash allocated by the company buyback program must be proportional to the objective of regulating the share market and ensure continuity of transactions throughout the period authorized by the Shareholders' General Meeting.

Section 2. Relationship between the company and the brokerage firm

Article I.4.21

The company intending to buyback its shares and the brokerage firm sign an agreement specifying the procedures to implement the buyback program, pursuant to the provisions of this circular. The agreement must include the following minimum information:

- The subject of the agreement, distinguishing, when appropriate, the part backed by a liquidity contract;
- The resources the company provides to the brokerage firm;
- The brokerage firm remuneration and the terms defining it;
- Commitment of the brokerage firm to develop human and organizational resources dedicated to the management, planning and monitoring of the implementation of the buyback program;
- The commitment of the company to abstain from launching stock market orders, under the buyback program, and giving instructions which would guide the actions of the brokerage firm.

Article I.4.22

The company must allow the brokerage firm that executes its buyback program to act independently in the program management and implementation of all the related transactions.

It should refrain from giving instructions which would guide the actions of the brokerage firm and making sale or purchase orders as part of its buyback program. The brokerage firm commits to carry out the buyback program independently. It assesses the appropriate time for intervening in the market and the amounts to be traded, within the limits and rules of this circular. The brokerage firm should be organized accordingly.

Article I.4.23

The brokerage firm must have all the necessary tools and resources to ensure the management, planning and monitoring of the buyback program.

Article I.4.24

The brokerage firm is acting within the strict framework of the securities and cash made available by the company. In any case, the brokerage firm cannot use its own financial resources for the implementation of the buyback program.

Article I.4.25

The company whose shares are listed on a foreign stock exchange may use an intermediary to an equivalent foreign brokerage firm and duly authorized by the competent authority for this purpose. However, the company or foreign intermediary is required to run the buyback of the stock exchange by a single brokerage firm, duly authorized under the laws in force in Morocco. In this case, the agreement mentioned in Article I.4.21 mentioned above should be reached between the company, the foreign intermediary and Brokerage firm in Morocco.

Article I.4.26

The brokerage firm receives from the company a fee in return for providing management of the buyback program. Such remuneration cannot be indexed to the number of transactions to be performed, or on the financial result to be performed during or after the program.

Section 3. Rules of market intervention

Article I.4.27

Transactions relating to the buyback program should be performed only on the central market. The market intervention in the block market to implement the buyback program is prohibited.

Article I.4.28

Stock market orders given by the brokerage firm, as part of the execution of the buyback program, are transmitted to the stock market maximum ten (10) minutes:

- Before the last auction, for the securities quoted on multi-fixing;
- Before the closing auction for the continuously quoted securities.

Article I.4.29

Stock market orders issued under the buyback program must be valid for one (1) day.

Article I.4.30

Under the buyback program, the brokerage firm may only submit to the market:

- The purchase orders whose price is equal or less than the last independent transaction or that of the best independent purchase limit on the market;
- The sale orders priced at least equal to that of the last independent transaction or that of the best independent sale limit on the market.

A transaction is deemed independent if it does not result from the execution of the buyback program. A limit is deemed independent if it does not result from a stock market orders transmitted through the buyback program. When the market order sheet does not reveal the best independent limit and / or the last independent transaction at the time of submission of a buyback order, the intermediary refers to specific terms as defined by the CDVM and published by a notice issued by the Managing Company.

Article I.4.31

The brokerage firm cannot simultaneously introduce in the market sheet:

- More than one price limit order;
- More than three different price limit orders, in the same direction.

Article I.4.32

The brokerage firm should ensure that its daily intervention in the market does not exceed the greater of the following rates:

- 25% of the average daily number of shares recorded in the central market;
- 500 shares at the purchase and sale.

The average daily number is set based on transactions recorded on the central market during the calendar month preceding that in which such intervention takes place.

Article I.4.33

When the market situation is unusual, leading to liquidity largely lower than normal share levels, an exemption may be requested jointly by the company and the brokerage firm from the CDVM to intervene in the buyback program in excess of the limit of 25% or five hundred (500) shares referred to in Article **I.4.32** mentioned above. The CDVM assesses the situation with regard in particular to the record of interventions under the buyback program and the particular circumstances of the market.

Article I.4.34

When the CDVM grants the joint request of the company and the brokerage firm under article **I.4.33** mentioned above, the following rules must be followed:

- As part of the intervention, the volume may be increased to a maximum of 50% of the average daily number of shares traded on the central market or one thousand (1000) during the five (5) trading days following the date of granting the exemption;
- The brokerage firm informs, on a daily basis, the CDVM of transactions, which will be made known to the public through the CDVM website.

Article I.4.35

The brokerage firm ensures the traceability of transactions of the buyback program by:

- Reproducing at any time, details of transactions under the buyback program;
- Providing information at the time of sending the orders in market quotation system, the reference distinguishing the transactions related to the buyback program, according to the codification adopted by the Managing Company;
- Sending the company a detailed list of transactions carried out under the buyback program, according to an agreed format. The said model contains at least the information specified in Appendix **I.4.C** of this circular.

Article I.4.35 bis

If a residual stock was to remain held by the issuer at the end of the buyback program, it must be cleared within twelve (12) months from the end of that program under the following conditions:

- The cumulative stock covers all the buyback program including that arising from the liquidity contract;
- The accumulated stock can be transferred via the central market and / or block market;
- Exit from the central market is carried under the same rules of market intervention that apply to the buyback program.

Chapter IV. Rules applicable to financial analysis publications

Article I.4.36

The provisions of this chapter set out the insider rules that apply to brokerage firms that publish financial analysis publications. Financial analysis refers to any analysis elaborated to produce and publish an assessment, an opinion and / or recommendation on the securities of an issuer and their future prospects.

Article I.4.37

The financial analysis must be honest, precise and clear and be produced and presented in a manner not likely to mislead the public as to the condition or prospects of the issuer.

The accuracy should be sought for numerical data.

The analysis notes should exclusively serve the interest of their recipients.

Article I.4.38

The publication or dissemination of an analysis must be preceded by checking the validity of the information and facts relied on to produce such an analysis. The presumptions and the information that have not been verified should be presented as such. When the analysis is based on documents or analysis prepared by a third party, it must accurately report the elements while indicating the author and the source. For factual data published by financial data recognized agencies, the sources must be mentioned in the note analysis. The brokerage firm must retain the data and calculations used to formulate its recommendations and, for a period which is no less than three (3) years.

Article I.4.39

The analysis should clearly distinguish factual information from opinions. It shows the characteristics of the proposed investments, including:

- The nature of the assets and their proposed investment horizon, depending on possible different investment objectives;
- Risks associated with the proposed investments;
- The presumptions underlying the different assessments;
- The sources of the data and facts.

In case of any significant change in facts contained in the note of analysis, it should be updated and should be disseminated in the same way as the original note. Pending the update of the information, the brokerage firm suspends the published recommendation.

Article I.4.40

The brokerage firm is required, when meeting with issuers, to ensure that they know in what context such meetings are made and for what purpose. When the issuer communicates important information within the meaning of Article 18 of the “Dahir” (Royal Decree) establishing the abovementioned Law No. 1-93-212, and non-made public, the brokerage firm should not use this information for its own analysis nor disclose it until its official publication.

Article I.4.41

The brokerage firm must ensure that staff members other than those involved in the process of developing the analytical note, have access only to public information and according to the rules set by the brokerage firm. Other services of the brokerage firm may access the draft notes of analysis but only to verify the accuracy of some financial data and under the internal auditor or controller supervision or, where applicable, the responsible for the “financial analysis” activity.

Article I.4.42

If some elements are likely to limit the independence and objectivity of the brokerage firm, mention must be made as a warning note in the analysis.

Article I.4.43

The brokerage firm informs its current and prospective clients of conflicts of interest which it is exposed to and that are likely to influence the quality and objectivity of its decision. Mention must be made in the analysis notes about the special relationship, if any, between the brokerage firm and the issuer (in particular, if belonging to the same group). The brokerage firm defines all the aspects of the aforementioned information, within an internal procedure or within its Ethical code.

BOOK II. MANAGEMENT ON BEHALF OF THIRD PARTIES

Article II.0.1

For the purpose of this book, the terms below refer to:

"Collective investment schemes"

- Undertakings for collective investment in Transferable Securities – UCITS governed by the «Dahir» (Royal Decree) establishing Law No. 1-93-213 mentioned above, as amended and supplemented;
- Collective investment fund in Venture capital governed by the «Dahir» (Royal Decree) establishing Law No. 41-05 mentioned above;
- Collective investment funds on securitization governed by the «Dahir» (Royal Decree) establishing Law No. 33-06 mentioned above.

"Management Company", as applicable:

- Management company of UCITS;
- Management company of collective investment funds in venture capital;
- Management company of collective investment funds on securitization.

"Shareholders":

- The shareholders of mutual funds and shareholders of open-ended mutual funds;
- The shareholders in collective investment funds in venture capital funds and the shareholders of venture capital firms;
- The shareholders of collective investment funds on securitization.

"Prospectus":

- For the UCITS, the prospectus referred to in Article 86 of the «Dahir» (Royal Decree) establishing the abovementioned Law No. 1-93-213;
- For the collective investment fund in venture capital, the information document provided in Article 13 of the «Dahir» (Royal Decree) establishing the abovementioned Law No. 41-05;
- For the collective investment funds on securitization, the information document provided for in Article 72 of the «Dahir» (Royal Decree) establishing the abovementioned Law No. 33-06.

TITLE I. MANAGEMENT AND ASSETS CUSTODY

Chapter I. Management companies

Section1. Examination procedure for licensing applications

Article II.1.1

Are subject to the licensing of the Minister of Finance, after consulting the CDVM:

- The Management companies of collective investment funds in venture capital, pursuant to the provisions of Article 26 of the «Dahir» (Royal Decree) establishing the abovementioned Law No. 41-05;
- The Management companies of collective investment funds on securitization, pursuant to the provisions of Article 39 of the «Dahir» (Royal Decree) establishing the abovementioned Law No. 33-06.

Article II.1.2

Licensing may be requested by an existing company or a company in the course of formation. The application should be sent to the CDVM, transmitted by the founders of the company in the course of formation or by the legal representative of the existing Company.

Article II.1.3

The application should be accompanied by a file containing the following documents and information:

- A copy of the draft or a copy of the Articles of Association;
- The list of shareholders or partners and the distribution capital and voting rights;
- List of members of the administrative, supervisory or management bodies, hereafter referred to as "governing bodies" and a record of their work experience;

- Certificate of registration of the company in the Trade Registry, as appropriate;
- Description of the contemplated organization to carry out the activity;
- Human, financial, technical and organizational resources set up for the exercise of the activity for which licensing is requested under the provisions of Section 2 of this chapter;
- The commitment of the legal representative of the Company to comply with legal provisions and regulations governing the activity for which the license application is made;
- A copy from the criminal records of members of governing bodies, dated within one (1) month;
- A description of the strategy put in place to develop the activity for which licensing is sought;
- And, where applicable, the following documents and information, covering the last five years of activity of the Company since its creation or, if it was incorporated within the last five years:
 - Annual financial statements;
 - Auditors reports relating to such financial statement;
 - Data relating to the records of investments;
 - The minutes of Shareholders' General Meeting and governing bodies meetings;
 - The annual reports.

Any other document or information requested by the CDVM or the applicant considers useful or necessary for the processing of the application for licensing.

The detailed content of the standard file is available in Appendix **II.1.A** of this Circular.

Article II.1.4

The application for licensing is deposited at the headquarters of CDVM. Upon receipt of the file referred to in Article **II.1.3** mentioned above, CDVM conduct a completeness check of the documents submitted. If the file is incomplete, CDVM requests the Company to submit and transmit, within a maximum thirty (30) day period, the documents and/or missing information.

If, on expiry of that period, the documents or information requested are not received, the CDVM ends the examination and notifies the applicant.

If the file referred to in the abovementioned Article **I.1.3** is complete, the CDVM delivers to the company a receipt dated and signed stating that the application is submitted.

Article II.1.5

During the investigation of the application submitted for licensing, the CDVM may require the company to provide and transmit any document or information it deems necessary, within the deadlines set by CDVM. These deadlines should suspend the deadlines of examining the application submitted for licensing. If, on expiry of that period, the file is not complete, the CDVM ends the examination of the application for licensing and notifies the applicant.

Article II.1.6

As part of the examination process of the application for licensing, the CDVM may:

- Require one or more interviews with the legal representatives and key executives of the company.
- Conduct one or more visits to the headquarters of the Company/or its main place of business.

Article II.1.7

The licensed management companies collective investment fund in venture capital in securitization provide the CDVM with the documents attesting their membership, as appropriate, in the Moroccan Professional Association of venture capitalists (AMIC) or the Association of securitization funds managers (AGFT) , within sixty (60) days from the date of notification of the licensing.

Article II.1.8

Pursuant to the provisions of Articles 29 of the "Dahir" (Royal Decree) establishing Law No. 41-05 and 40 of the «Dahir» (Royal Decree) establishing Law No. 33-06, licensing is also required, in accordance with the same procedure, referred to in this section, for changes affecting the audit of the management company. In addition, changes that affect the location of the headquarters or the actual place of business of the

management company of collective investment funds on securitization are subject to prior licensing from the CDVM. The request relating to it is sent to CDVM, accompanied by a file containing the following elements:

- An explanatory note justifying the change and detailing the accompanying measures implemented or to be implemented and describing the new physical and technical resources to implement, as appropriate;
- A copy of the minutes issued of the competent corporate bodies stating the decision of transferring the head office or the actual business place, along with a specific reference stating "After visa of CDVM";
- A development plan of the new premises.

CDVM may require the submission of any other document or information it deems useful or necessary for the processing of the application for transferring the head office or the actual business place. CDVM may conduct a visit to the new premises.

Upon notification of the approval by CDVM, the management company informs the shareholders of the above changes, at least fifteen (15) days before the final transfer of its premises.

Section2. Resources necessary to carry out the activity

Article II.1.9

The Managing Company must have the appropriate human, organizational, financial and technical resources to carry out properly the activity for which licensing is sought. The Managing Company should permanently ensure that the said resources are gathered throughout the whole period of operations and must be able to justify it at any given time. The adequacy of resources is assessed in the light of the nature, extent and complexity of the activity. It is assessed, also, with regard to the foreseeable or actual activity, the legal and regulatory environment and market practices.

Subsection 1. Organizational resources

Paragraph 1. Organizational structure and manual of procedures

Article II.1.10

The organizational structure of the Managing Company must be detailed, showing the head managers of the activities performed, and the hierarchical organization. The organization must be designed to allow:

- Carrying out the activities with due diligence and impartiality in the exclusive interest of the shareholders;
- Prevention of conflicts of interest;
- Separation of business lines, particularly between the front office, the back office, the middle office, management and business development, specifying the responsibilities, prerogatives and respective fields of intervention;
- Confidentiality of the information.

Article II.1.11

The Managing Company is developing a manual of procedures tailored to its size and its activities. That manual includes at least:

- A system for preventing and managing conflicts of interest and safeguarding the interests of shareholders;
- A system for maintaining the confidentiality of information;
- A system of managing sensitive functions;
- A system for vigilance and internal monitoring for the prevention of money laundering and terrorism financing;
- A system that ensures continuous compliance with the "Dahirs" (Royal Decrees) and regulations relating to the prudential rules applicable to management companies.

In addition to the above provisions, the manual of procedures should contain minimum specific provisions inherent in the business carried on by the management company established in Appendix **II.1.B** to this

circular. The management company should transmit the above procedures to members of its governing bodies and its staff and ensure their strict compliance and respect.

Article II.1.12

CDVM may require the management company to provide all or part of its procedures. It may require the management company to supplement and/or modify it when they turn out to be unable to ensure the respect and the compliance with “Dahir” (Royal Decree)s or regulations into force.

Article II.1.13

The management company should, according to the nature of its activities and its organization, determine the categories of staff performing the sensitive functions along with the ensuing responsibilities.

Are deemed sensitive the functions that empower their holders to take investment decisions and decide on the relationships with the shareholders.

Article II.1.14

The management company may outsource, under its own responsibility, some of its functions. The outsourcing project is subject to the CDVM approval. The CDVM ensures that such outsourcing does not affect the conditions that led to the granting of licensing.

Paragraph2. Code of Ethics

Article II.1.15

Every management company must have a code of ethics to enact rules meant to prevent conflicts of interest and those in a position to guarantee compliance with the principles of fairness, transparency, market integrity and primacy of the interests of the shareholders. The management company should permanently ensure the effective compliance of its staff with the code of ethics.

Article II.1.16

The management company transmits the code of ethics to all staff members prior to its entry into force. The said staff must commit to comply with its rules.

Each time the management company makes an update of its code of ethics, it should inform its staff. The management company should send a copy of the code of ethics to the CDVM, within fifteen (15) days from the date of entry into force or that of its update.

Article II.1.17

Subject to the provisions of Article **II.1.29** of this Circular, the management company appoints a responsible to oversee the proper compliance, respect and update of the code of ethics.

Paragraph3. Internal Audit

Article II.1.18

Any management company is required to set up an internal audit system able to achieve the following objectives:

- The reliability of transactions;
- Mitigate and monitor risks relating to services carried out;
- Compliance with the “Dahirs” (Royal Decrees) and regulations.

This system is monitored directly by the governing bodies of the management company.

Article II.1.19

The internal audit function must be permanent and be conducted by people whose reporting line ensures their independence.

Article II.1.20

The management company should appoint an internal auditor to oversee the set up and proper functioning of the internal audit system. Prior to the appointment of the internal auditor, the management company should make sure of his good reputation and his knowledge of the legal and regulatory framework in force and his professional competence.

Article II.1.21

The management company should inform the CDVM in writing of the identity of the person appointed as internal auditor upon his appointment. It should send a file on the internal auditor, including:

- A résumé (curriculum vitae) detailing his academic and professional experience;
- A copy from his criminal record, dated within one month;
- Where appropriate, statements from previous employers attesting his skills;
- And any other information deemed useful by the Managing Company to assess the ability of the internal auditor to fulfill his mission.

Article II.1.22

Any change or departure of the internal auditor, for whatever reason, must be notified in writing and without delay, by the management company to CDVM, while indicating the reasons of the change or departure.

The internal auditor leaving his duties should address and without delay to CDVM a letter explaining the reasons for his departure.

Article II.1.23

The internal auditor ensures the transmission of any new legal and/or regulatory measures to staff and managers while raising their awareness about its impact on the market intermediary, its activities, its organization and procedures, if any;

He should also ensure compliance of operations and activities of the management company with the “Dahirs” (Royal Decrees) and regulations. He should hold at least once a year a meeting to raise awareness concerning the “Dahirs” (Royal Decree) and regulations into force for the benefit of all staff. He should hold as well a meeting to raise awareness concerning the “Dahirs” (Royal Decrees) and regulations into force on behalf of any newly recruited member.

Article II.1.24

As part of his duties, the internal auditor:

- Verifies compliance of the management company’s transactions and activity with the “Dahir” (Royal Decrees) and regulations in force, as well as its internal procedures;
- Verifies the quality of procedures specific to the activity of the Management Company and reliability monitoring tools as well as the existence of a risk mapping tool;
- Establishes a collection of all the regulations into force. He ensures the transmission of any new legal and/or regulatory measures to staff and managers while raising their awareness about its impact on the management company, its activities, its organization and procedures, if any;
- Suggests measures to improve procedures and audits;
- Ensures that requests and complaints are handled diligently and promptly;
- Ensures that the recruits are not subject to any legal prohibitions under the “Dahir” (Royal Decree) governing the capital market;
- Regularly monitors corrective actions for deficiencies;

- Holds a meeting with the staff to their raise awareness of the “Dahirs” (Royal Decrees) and regulations into force;
- Ensures, through the auditing process he carries himself, or by another person whom he has previously designated, that there is:
 - A permanent and effective protection procedure for IT access;
 - Appropriate procedures for safeguarding information, strictly adhered to and tested on a periodical and regular basis;
 - Regular internal auditing of the information systems functionalities.
- Inform, without delay, the hierarchy of the Management Company and CDVM of any deficiencies identified when exercising his duties, as well as any regulatory measures undertaken or contemplated.
- Inform, without delay, CDVM about any change affecting the management company.

Article II.1.25

The internal auditor is informed upon receipt of all requests and complaints against the management company. He files such requests and complaints in a record specially dedicated for this purpose. He ensures that the said requests and complaints are handled diligently and expeditiously;

Article II.1.26

The internal auditor should elaborate a semiannual report of internal audit, consistent in content and form to the standard file available in Appendix V.2. This standard file contains minimum information that the management company may supplement by other references, if it deems it useful. Where appropriate, such supplements should be specified in an Appendix.

Article II.1.27

The internal auditor ensures that all documents and information required from the management company are transmitted to CDVM within the deadlines prescribed by the latter.

Article II.1.28

The Managing Company should make available to the internal auditor all the resources necessary to carry out his tasks independently, continuously and efficiently. These resources take into account the size of the market intermediary, the volume and the diversity of its activities. As such, the internal auditor must:

- Have a regularly updated documentation describing the services, procedures and all the activities entailed risks;
- Benefit from regular feedback of information on management reporting system, red flags report forms, and any dysfunctions identified in connection with the activity carried out;
- Have access, in due time, to information on any event affecting the social life of the Managing Company;
- Examine all requests and/or complaints against the Managing Company which are, by their subject, related to the activities under the CDVM control;
- Have the opportunity to attend various meetings related to collective investment schemes; have access to information on any event affecting the management of mutual funds;
- Access to all documents he deems useful to carry out his mission, including documents relating to information systems, and
- As part of the performance of his official duties, have access, for Consulting only, to all systems used by the Managing Company, including information systems, and all premises under service, including the technical premises.

Article II.1.29

In the absence of an appointment by the management company of an ethics officer, the internal auditor ensures the appropriate application of ethical rules, their update and their transmission to all the governing bodies and all the concerned staff.

Subsection 2. The Premises and Technical Resources

Article II.1.30

The management company sets up is an information system, including work procedures, the organization, hardware and software resources appropriate to its activities, its size, its specificities, and the volume of processed data . It must have the necessary documentation for each application or software package used, namely, installation manual, user manual and administration guide.

ArticleII.1.31

The Managing Company maintains its information system in a manner that ensures reliability, availability and its coverage of all the required operational features.

Any deficiency in the information system affecting the availability and integrity of data or having an impact on the proper conduct of the activity and quality of the provided services must be notified, with no delay, to CDVM, specifying the measures taken or to be taken to address this deficiency.

Article II.1.32

The Managing Company implements a policy of information security ensuring the security of its information system in terms of confidentiality, integrity and availability of data and services.

It puts in place the necessary resources to ensure the implementation of the security policy.

The Managing Company controls, during the entire information system life cycle, the ability of the latter to ensure, for each operation, the traceability of each processing step. The information system must be subject every three (3) years to:

- An internal audit on functionalities, and
- Optionally, an external audit on safety and capacity.

Article II.1.33

The Managing Company implements a backup policy adequate to the volume of processed data and its criticality and the period of storage of information. This policy must include:

- Elements to be safeguarded (servers, databases, users' data, etc.).
- The type of backed up data;
- The frequency of the backup.

The Managing Company ensures the implementation of the backup policy and implements the necessary resources (procedures, hardware and software) to be able to recover data in case of loss.

Article II.1.34

The Managing Company must have a secure a time-stamping system for editing, in a clear format, the following compulsory indications: year, month, day and exact time (HH: MM: SS). The Company should have a spare time stamp machine as a backup.

The Managing Company must install a timestamp machine at all the operational computers on which market orders are received or transmitted.

Article II.1.35

The Managing Company puts in place a phone recording system for continuous and automatic recording of all phone conversations dedicated to the receipt of the client orders. The telephone recording system should allow a perfect audibility of the recordings and a quick and multi-criteria search of the market orders. Research should be carried out respecting, at least, the following criteria:

- Date and time;
- The identification of the phone number or extension receiving or issuing the call.

Article II.1.36

The premises and technical resources of the Managing Company must be dedicated exclusively to the company's activities and may not be used for the purposes of any other activity.

The premises space must take into account the volume of activities performed and the size of the workforce. The arrangement and design of spaces must provide a physical separation between incompatible offices. The offices of the portfolio managers should be physically separated from other internal functions and their access must be secured.

The Managing Company ensures that the spaces reserved for receiving clients are set in a manner not to disturb the work of the Company nor compromise data security. In particular, clients cannot have direct access to spaces dedicated for archives or any place containing confidential data.

The Managing Company must have a technical space and a dedicated space for organizing and archiving documents that meet all the conditions of security, particularly in terms of access, to safeguard material resources and documents.

Any changes to the layout of the premises and / or their use should be made known to the CDVM without delay.

Subsection 3. Human resources

Article II.1.37

The Management Company should ensure the good reputation of its managers and that its staff implements appropriate policies enabling them to comply permanently with the ethical guidelines applicable to them.

Article II.1.38

The Management Company ensures that any person within its staff is endowed with the skills, the knowledge and the expertise required to perform the assigned duties.

Article II.1.39

The Management Company sets up a detailed description of various functions and positions specifying the skills and the qualifications needed to fulfill them. The job descriptions must be signed by the concerned persons.

Article II.1.40

The Management Company should have the required resources, in terms of human capital, to cope with the changes related to the evolution of financial markets, the technological and regulatory environment, as well as a to the long-term or cyclical increase in activity. It should on a regular basis, at least once a year, assess its staff to ensure their knowledge of laws and regulations and internal procedures.

When deficiencies are identified or if the recruitment is planned, a training plan must be developed and must be adapted to the specific needs of the market intermediary activity. Under this plan, all the training facilities, being internal or external, which are set for the smooth running of the business, should be implemented and assessed on a regular basis.

Article II.1.41

The Management Company should ensure that the job positions requiring accreditation to be carried out are given to duly accredited persons.

The organization must be designed in a manner to ensure the continuity of activity. To this end, it must provide a business continuity plan.

Section 3. Ethical rules related to the management of CIS

Article II.1.42

CIS are managed in the exclusive interest of shareholders and in accordance with their investment policy. Transactions performed by the management companies should be motivated solely by their economic interest for the CIS they manage.

Article II.1.43

In case of managing several collective investment schemes; the Management Company must perform its activities with the same diligence. The Management Company should notify with no delay in writing the CDVM of any operations carried out directly between the CIS it manages, except for the repurchase agreements that may be transmitted to the CDVM on a weekly basis. It should specify their characteristics and motivations. Transactions between CISs managed by the same Management Company must be systematically recorded in a register specially kept for that purpose by the Management Company.

Article II.1.44

When the Management Company transmits to the brokerage firm a collective stock market order on behalf of the several CISs it manages, it must define the allocation rules of the said orders and respect them. In case of a partial execution of the collective stock market orders, the allocation is made in proportion to the allocation rules previously set.

When the execution is carried out at different stock prices, a weighted average price is applied to the concerned CISs. The Management Company must be able to justify, permanently, the pre definition of the allocation rules of its collective stock orders and their motivation. The Management Company retains a special register, where it sets the given and carried orders, indicating:

- The identity of the CISs beneficiaries;
- The distribution methodology and its motivation, and
- The results of the allocation.

Article II.1.45

The Management Company must choose the brokerage firm in charge of the execution of its orders having regard exclusively to the interests of shareholders. This choice should be based on the criteria relating to safety, cost and quality of services.

The Management Company and its managers should not receive a retrocession on the percentage fee or the intermediation fees from the brokerage firms that they use for the execution of trading orders on behalf of the CISs they manage.

Article II.1.46

The Management Company and its staff and managers involved in making investment decisions for the fund must not:

- Purchase, subscribe or sell securities on their behalf, directly, via an intermediary or on behalf of others, when the said securities purchase or sale decision is taken and, this until the day after the order transmission date by the Management Company;
- Purchase, subscribe or sell, on their own behalf, directly, via an intermediary or on behalf of others, the securities they intend to recommend to the CISs either for purchase or sale.

The provisions of this Article should not apply to operations of public offerings.

Article II.1.47

Managers and staff of the Management Company should not perform trading transactions for their own account through a brokerage firm other than the one designated by the Management Company.

They may, as part of a financial transaction, acquire or subscribe for securities through another brokerage firm, when the one designated by the Management Company is not a member of the placement syndicate.

The subscription or acquisition is declared by the manager or the concerned staff member of the Management Company upon receipt of the confirmation.

Article II.1.48

The Management Company is required to record in chronological order in a special register any subscription or buyback operation made in any of the CISs it manages for its own account or on behalf of one of its managers or staff. Managers and staff of the Management Company must keep, for a minimum of a two (2) month-period the shares subscribed to in one of the CISs managed by the Management Company, with the exception of monetary UCITS as defined in Article 4 of the Order of the Minister of Finance and Privatization No. 1670-1607 of 10 Sha'ban 1428 (August 24, 2007) relative to the classification of UCITS.

Article II.1.49

Any manager or member of the staff of the Management Company must submit to the internal auditor, prior to the transmission of a stock market order for his own account, a statement containing the following information:

- The name of the concerned person;
- The name of the brokerage firm or the fundraising network;
- The depository institution;
- Designation of the stock value;
- The number of shares;
- The date of the order;
- The value of the transaction;
- The direction of the operation.

The Managing Company keeps a special register in which it records, in chronological order, all stock exchange transactions made by its managers and staff for their own account.

The Management Company must collect, before January 31 of each calendar year, personal statements of its entire staff and its managers, including their securities portfolios and similar securities, as defined in Articles 2 and 3 of the «Dahir» (Royal Decree) establishing Law No. 1-93-211 mentioned above, at 31 December of the previous year. If the staff or managers do not have a portfolio, the statement must contain the indication "none".

Article II.1.50

The provisions of this section should also apply to the managers and staff of the self managed open-ended mutual fund.

Chapter II. Assets custody

Section 1. Custody of CIS assets

Article II.1.51

Pursuant to the provisions of Articles 28 and 67 of the «Dahir» (Royal Decree) establishing Law No. 1-93-213 mentioned above, the depository institution is the custodian of the assets of the UCITS, receives subscriptions and makes share repurchases. It executes the orders of the open-ended mutual fund or the Management Company regarding purchases and sales of securities, as well as those relating to the exercise of subscription rights and allocation attached to the securities in the assets of UCITS. This ensures all cash collection and payment.

Article II.1.52

The depository institution should retain a chronological record of transactions carried on behalf of the UCITS, pursuant to the provisions of Article 67 of the «Dahir» (Royal Decree) establishing Law No. 1-93-213 mentioned above. The said record should contain the following:

- Date of the transaction;

- Value date of the transaction;
- Type of the transaction;
- The value in question;
- The direction of the transaction;
- The amount traded;
- The price of the transaction, if any;
- The net amount of the transaction;
- The identity of the intermediary brokerage firm, if relevant;
- Denomination of the counterparty, if any.

Article II.1.53

The depository institution provides, within two (2) days after the calculation of the net asset value, the reconciliation between on the one hand, the portfolio obtained from the Managing Company and the listed securities in the account of the UCITS, and, on the other hand, the number of shares obtained from the Managing Company and the one recorded in its books.

It controls, for each calculation of net asset value, the amount of cash held by the UCITS, with respect to any transactions affecting the account of the latter.

Article II.1.54

The depository institution cannot carry any transaction on the assets it retains without the Managing Company order.

Article II.1.55

The depository institution should, in writing and as soon as it will become aware of it, inform the Managing Company of events affecting the securities kept in the portfolio.

Article II.1.56

The depository institution ensures compliance of the management fees applied with those in the prospectus. It should also ensure compliance of subscription fees and buyback fees debited and paid to the UCITS with those stated in the prospectus.

Article II.1.57

The Managing Company should notify the depository for the execution of securities purchase or sale orders, maximum at the end of the day of the order execution.

Article II.1.58

The depository should, at its own central desk selling, display the total asset value of the UCITS it markets as outlined in the prospectus. The display of the net asset value must be made no later than the day after its calculation.

Article II.1.59

The depository assesses through surveys the consistency of information issued by the Managing Company, and verifies its compliance with the rules of ethics, independence of the parties and the agreement binding them.

In particular, it assesses the consistency of the calculation of net asset value, based on the methods of valuation of assets that are provided by the Managing Company.

Article II.1.60

The depository should ensure, permanently and subsequently, the Company's compliance with prudential management, classification, orientations of investment and investment policy, as specified in the prospectus. It has no control over the appropriateness of management decisions taken by the Managing Company.

Article II.1.61

When the capital of an open-ended mutual fund or net asset of a mutual fund reaches half of the respective minimum amounts provided for in Article 31 of the "Dahir" (Royal Decree) establishing the abovementioned Law No. 1-93-213, the depository should immediately notify the Managing Company and request the suspension of buybacks. With no prejudice to the obligation of information which is the responsibility of the Managing Company in this regard, the depository should notify at the same time the CDVM.

Article II.1.62

The depository should establish a mechanism to redress deficiencies affecting the exercise of its supervisory role.

It addresses the Managing Company, on or no later the day after it identified the deficiency, a letter stating the findings and requesting their adjustment, specifying the deadline.

If at the expiry of the deadline, the adjustment was not performed, the depository sends a written reminder to the Managing Company, demanding the immediate adjustment of the situation. It should immediately inform the CDVM and the auditor of the situation.

If the deadline is exceeded, the depository should request, in writing, from the Managing Company not to give any additional orders that could worsen the said excess.

Article II.1.63

At the end of each control, the depository should record, in a control register, examinations and verifications carried, and the results obtained. This register has to be examined at any time, to conduct reconciliation between the incumbent verifications of the depository institution and those it has carried out.

Article II.1.64

The depository requires, for all the documents addressed to the Managing Company pursuant to the provisions of this section, an acknowledgement of receipt.

Article II.1.65

When an open-ended mutual fund is self-managed, the provisions of this section relating to the Managing Company should apply to it.

TITLE II. COLLECTIVE INVESTMENT SCHEMES

Chapter I. Licensing, consulting and visa

Article II.2.1

Prior to the marketing of a Collective Investment Scheme - CIS, the application for licensing, Consulting or visa is sent to the CDVM by its Managing Company.

The provisions of this Title, applicable to the CIS Managing Company, should apply, under the same conditions, to the open-ended mutual fund (SICAV), when it is self-managed. For the purposes of this circular, an open-ended mutual fund is deemed self-managed when it does not delegate its management to a given Managing Company.

Article II.2.2

Any modification of the documents submitted for licensing, consulting or visa by the CDVM is subject, under the same conditions, to a prior new procedure of licensing, consulting, or visa issued by the CDVM.

Section 1. Licensing the management regulations and of the CIS Articles of Association

Article II.2.3

Pursuant to the provisions of Articles 15 and 21 of the “Dahir” (Royal Decree) establishing the abovementioned Law No. 1-93-213 and Article 34 of abovementioned Law No. 33-06, are subject to licensing from CDVM:

- The draft Articles of Association of open-ended mutual funds, according to the model set out in Appendix **II.2.A**;
- The draft regulations for Management of mutual funds, according to the model set out in Appendix **II.2.B**;
- The draft regulation for management for Collective investment funds on securitization which are publicly traded, according to the model set out in Appendix **II.2.C**.

Article II.2.4

The application should be accompanied by a file containing the required documents and information, depending on the type of the CIS to license, in the list provided in Appendix **II.2.D** to this circular. Upon receipt of the file referred to in the preceding paragraph, the CDVM conducts a completeness check of the submitted documents. When the file is complete, the CDVM issue to the Managing Company, within five (5) days, a receipt dated and signed stating that the application is submitted. When the file is not complete, the CDVM rejects the application for licensing.

Article II.2.5

The CDVM may call the founders of the CIS to one or more meetings for licensing and may conduct a visit to the premises of the Managing Company. It may also request any additional documents and/or information on both, the CIS being created as well as the staff and/or organizations involved in carrying its activities. It may require certification to the original of any document which only the copy was provided.

Article II.2.6

Pursuant to the provisions of Article 34 of the «Dahir» (Royal Decree) establishing the abovementioned Law No. 1-93-213 and Article 34 of the abovementioned Law No. 33-06, the granting or refusal of licensing should be notified to the applicants by letter with an acknowledgment receipt, within forty five (45) days from the date of submitting the complete file.

The examination of the application for licensing should is suspended automatically upon any request for additional documents or information made by the CDVM.

If after a period of thirty (30) days of suspension, the file is not completed; its examination is deemed closed. A letter of notification of closure of the examination or the refusal of licensing is sent to the applicants, as provided in the first paragraph of this Article.

Article II.2.7

An application for approving an amendment to the management regulations or to the Articles of Association of a CIS must be followed by a visa request to update the prospectus, as provided in Section 3 of this Chapter.

An indicative list of changes that require re-licensing and/or updating the prospectus and the data sheet of the UCITS is set out in Appendix **II.2.L** to this circular.

Section 2. Consultation on the prospectus, the management regulations and the CIS Articles of Association

Article II.2.8

Pursuant to the provisions of Articles 33 and 72 establishing Law No. 33-06 mentioned above and Articles 12 and 13 of law No. 41-05 mentioned above, are subject to the Consultation of the CDVM:

- The draft management regulations of Collective Investment Funds on Securitization that are not publicly traded;
- The draft of the prospectus of Collective Investment Funds on Securitization on securitization that are not publicly traded;
- The draft of the prospectus of Collective Investment Fund in Venture Capital that are not publicly traded;
- The draft of Articles of Association for Venture Capital Companies;
- The draft management mandate for Venture Capital Companies;
- The draft management regulations for Venture Capital Funds;

Article II.2.9

The documents referred to in Article **II.2.8** above are subject to the prior consultation of the CDVM before the establishment of the CIS. They must contain the minimum information required by the laws and regulations.

Article II.2.10

The request for the opinion of the CDVM on the establishment of a collective investment fund in venture capital or a Collective Investment Funds on Securitization must be accompanied by a file containing the following documents and information:

- The draft prospectus, according to the model available in the Appendices **II.2.E** and **II.2.F**;
- The draft of Articles of Association in the case of a Venture Capital Company, according to the model available in Appendix **II.2.G**;
- The draft management regulations in the case of a Venture Capital Fund, according to the model available in Appendix **II.2.H**;
- The draft management regulations, the case of a Collective Investment Funds on Securitization, according to the model available in Appendix **II.2.I**;
- The update, if any, of information about the Managing Company,
- Any other document requested by the CDVM, which would be necessary for the processing of the application.

These documents must be updated continuously according to the changes that could be possibly made.

The Managing Company may provide the CDVM with any other document or information it considers necessary for the processing of the application.

Article II.2.11

Pursuant to the provisions of Articles 12 and 13 establishing the above-mentioned establishing Law No. 41-05, CDVM examines the compliance of the documents submitted for Consulting under the provisions of the law. It verifies, mainly, if the entire legal minimum required information is contained in these documents and if their content is consistent with what the law requires. It transmits its observations, if any, to the Managing Company so that it adjusts these documents. In the absence of any observations, it should inform the Managing Company. The processing time of an application submitted for Consulting is three (3) weeks from the date of filing the document object of the consultation, subject to the suspension of time to request additional information.

Article II.2.12

Within forty five (45) days after the establishment of a CIS, the Managing Company forwards to the CDVM the final documents, duly signed, having been the subject of consultation and other documents and publications relating to the constitution of the CIS.

Section 3. Prospectus visa

Article II.2.13

Pursuant to the provisions of Article 86 of the “Dahir” (Royal Decree) establishing the abovementioned Law No. 1-93-213, Article 13 establishing Law No. 41-05 mentioned above and Article 72 establishing the abovementioned Law No. 33-06, are subject to a visa from the CDVM:

- The UCITS prospectus;
- The Collective Investment Fund in Venture capital prospectus being publicly traded, and
- The Collective Investment Fund on Securitization being publicly traded.

Subsection 1. Visa Application

Article II.2.14

The draft document must be accompanied by the following:

- A visa application, duly established by the Managing Company of the CIS;
- A draft data sheet of the UCITS, according to the model available in Appendix **II.2.K**;
- Project of advertising materials, if any, and
- Any other document or information requested by the CDVM, which would be necessary for the examination of the case.

Article II.2.15

The prospectus is prepared based on standard models listed in Appendix **II.2.E**, **II.2.F** and **II.2.J**. It should include all the necessary information to the subscribers to enable them to assess the proposed product.

The prospectus must be written in a neutral style, without reducing the negative aspect of the information, nor emphasizing the positive aspect. The information must be consistent with those contained in the approval application file, if any.

A copy of the Collective Investment Fund in venture capital or the Collective Investment Fund on securitization prospectus must be prepared, also in Arabic and English, according to the model available in Appendices **II.2.E** and **II.2.F**. The data sheet of the UCITS should be established, also in Arabic and English, according to the model available in Appendix **II.2.K** referred to in the abovementioned Article **II.2.14**. CDVM may, according to the conditions it establishes, require the CIS Managing Company to insert any additional information or justification it deems fit.

Article II.2.16

CDVM may seek clarification on the content of the draft prospectus. It may at any time request any document or information necessary for the examination of the prospectus. It may require any copy of the provided documents to be certified as being true to the original.

Article II.2.17

Pursuant to the provisions of Article 21 of the “Dahir” (Royal Decree) establishing the abovementioned Law No. 1-93-212, the granting or refusal of a visa should be notified to the Managing Company and, where applicable, to the depository with an acknowledgment of receipt, within sixty (60) days from the date of submission of the complete file, subject to the suspension of time to request additional information. The examination of the application is automatically suspended upon any request for clarification or additional documents or information requested by the CDVM. If after one (1) month suspension, the case has not yet been completed, the examination is deemed closed. A notification letter of the closing of the examination and visa refusal is sent, as provided in the first paragraph of this Article, to the Managing Company and, where applicable, to the depository.

Subsection 2. Publication, disclosure and update of the prospectus

Article II.2.18

When the publication of the prospectus or its update is required by law, it is made in a newspaper authorized to carry legal advertisements, mentioned in a list made by order of the Minister of Finance, at the initiative of the Managing Company, within a maximum of ten (10) days from the date of granting the visa.

Article II.2.19

When the prospectus contains omissions or errors, an erratum must be published in the same newspaper used for publishing that prospectus. The publication of the erratum should occur no later than five (5) days after identifying the said omission or error.

Article II.2.20

After granting the visa, and upon its publication, the prospectus is made, without charging any fee, available to subscribers in markets.

Article II.2.21

The prospectus is updated whenever a change affects the information it contains. The Managing Company should forward to the CDVM, along with the request to update the prospectus, a document stating the updated changes, and any document justifying such changes.

Article II.2.22

Except for changes required by legal or regulatory changes, any changes to the prospectus should enter into force after being published in the press, informing the subscribers about the change made.

Some changes give the subscribers the possibility of a free of charge exiting for a period of three months from the date of publishing the press release informing the public of such changes. These changes are set out in Appendix **II.2.L**.

Chapter II. CIS Functioning

Section 1. Rules applicable to UCITS

Subsection 1. Types of UCITS

Article II.2.23

Pursuant to the provisions of Article 1st -1 of the “Dahir” (Royal Decree) establishing the abovementioned Law No. 1-93-213, UCITS are categorized according to their investment strategy, composition and nature of assets.

Article II.2.24

Pursuant to the provisions of the order of the Minister of Finance No. 1670-07, as amended and supplemented, the different categories of CIS are:

- UCITS "Equity";
- UCITS "Bond";
- UCITS "Monetary";
- UCITS "Contractual";
- UCITS "Diversified".

Article II.2.25

Subject to applicable laws and regulations in force, the investment strategy of a UCITS defines how the scheme will be managed to meet management objectives announced to investors. The investment strategy is defined by the combination of a number of key parameters for the UCITS management, including:

- The investment horizon,
- The risk profile,
- The balance between the various asset classes,
- The benchmark,
- The sensitivity range,
- Sector of activity,
- The mechanism of guarantee or protection,
- Geographical areas of investment.

Any further clarification is at the discretion of the Managing Company of the concerned UCITS, subject to any observations from the CDVM. The definition and the practical methods applied for calculating the UCITS sensitivity are set out in Appendix **II.2.M** to this circular.

Article II.2.26

Bonds UCITS may choose an investment strategy that goes from the "short term" to the "medium or long term."

I. A "short-term bond" UCITS should permanently comply with the following criteria:

- a)** A "short-term bond" UCITS is permanently invested to at least 90% of its assets, excluding "short-term bond" UCITS shares, receivables on buyback operations it performs as an assignee, in debt securities;
- b)** A "short-term bond" UCITS may not hold equity shares, investment certificates, rights of attribution or of subscription, "equity" UCITS shares or "diversified" or "contractual" UCITS shares".
- c)** The sensitivity of a "short-term bond" UCITS is always strictly greater than 0.5 and less or equal to 1.1.

II. A "medium to long-term bond" UCITS should permanently comply with the following criteria:

- a) "Medium to long-term bond" UCITS is permanently invested to at least 90% of its assets, excluding «average and long-term bond" UCITS shares, receivables on buyback operations it performs as assignee, in debt securities;
- b) The sensitivity of an "average and long-term bond" UCITS is always strictly greater than 1.1 (excluded).

The Managing Company must state, when it presents the UCITS investment strategy, the range of sensitivity within which it is managed, namely, the minimum sensitivity and maximum sensitivity portfolio it may achieve.

The difference between the two sensibilities may not exceed 400 basis points, unless otherwise explicitly authorized by CDVM. Such deviation may be requested where the investment strategy is dictated to the manager by an external investment committee.

Article II.2.27

The sensitivity of a "monetary" UCITS is always less than or equal to 0.5.

Subsection 2. Practical methods for the valuation of the securities included or held by the UCITS.

Article II.2.28

In the absence of the full compliance with the rules enacted by this subsection, the concerned UCITS should report it without delay to the CDVM including the causes of the non-compliance and the measures taken to redress the situation. However, if the methods used by the UCITS, pursuant to the provisions of this subsection, become inadequate, the UCITS may, following a favorable opinion of the auditor, propose their method. This becomes effective after the approval of the CDVM and the depositary must be immediately informed.

Paragraph1. Valuation methods for equity securities

Article II.2.29

Shares listed on the stock exchange are assessed at their closing price on the central market. When the stock is suspended for expectations to rise or to fall, the reference price set by the Stock Exchange is chosen for the assessment.

Article II.2.30

The valuation of an unlisted share is made under a multi-criteria approach based on generally accepted financial methods (discounted cash flow, multiples method, asset method...). That approach is validated in advance by the auditor of the UCITS and is subject to consultation with the CDVM.

Article II.2.31

Shares or securities of the UCITS are valued at their last known net asset value, regardless of the frequency of calculation of the latter. The shares of the collective investment fund in venture capital and the Collective investment funds on securitization are valued at their last known value.

Paragraph2. Valuation methods for debt securities

Article II.2.32

Treasury bills are valued on the basis of the daily yield curve published by Bank Al-Maghrib. Other debt securities are valued based on the same curve adjusted, if applicable, with an issuer risk premium and according to the particular characteristics of the issuance.

Article II.2.33

The valuation of debt securities not issued by the state is adjusted by an issuer risk premium and according to the particular characteristics of the issuance. Any change in this premium must first be validated by the auditor. The fund should inform without delay the CDVM, providing the necessary evidence. If the CDVM, within five (5) days of notification of the amendment, believes that this change is not justified, the UCITS will adjust it accordingly. In case of modification of this premium, the UCITS should promptly notify the depositary.

Article II.2.34

The practical valuation models of debt securities are defined in Appendix II.2.N to this circular. The valuation of debt securities, which terms of valuation practices are not defined in Appendix II.2.N, is performed by a recognized financial method. The said method is validated in advance by the auditor of the UCITS and is subject to the consultation of the CDVM.

Paragraph 3. Investment in "other securities"

Article II.2.35

When a UCITS suggests holding its assets in securities other than those listed in Article No. 78 of the "Dahir" (Royal Decree) establishing the abovementioned Law No. 1-93-213, it must first obtain the approval of the CDVM on the nature of these securities. To this end, it transmits to the CDVM a description of the value, indicating in particular:

- Its financial characteristics;
- Its legal characteristics;
- The immediate or future commitments related to this security;
- The specific risks inherent to that security;
- The accounting (including accounting standard adopted in the subject matter) and valuation method of that security.

The CDVM has a period of five (5) days to grant the approval to the UCITS to hold that value. It may ask the UCITS for any additional information which would be necessary to assess the proposed security. In case of no response within five (5) days, the answer of CDVM is deemed negative.

Subsection 3. Practical methods applicable to investments in foreign currencies

Article II.2.36

Pursuant to the provisions of the circular of the Moroccan Foreign Exchange Office No. 1721, August 1, 2007, relating to investment transactions in foreign currency abroad, any UCITS, regardless of its class, is authorized to carry transactions abroad within the ceiling of ten percent (10%) of the value of its assets.

Investment transactions in foreign currency by a UCITS must be carried out in countries members of the Organization for Economic Cooperation and Development (OECD) and /or members of the European Union (EU) and/or the Arab Maghreb Union (AMU). The nature of the investments carried abroad and the terms and conditions thereof should be detailed in this subsection.

Paragraph 1. Investment transactions carried abroad

Subparagraph 1.1. Nature of the authorized transactions

Article II.2.37

As far as its foreign transactions are concerned, the UCITS may invest in the following financial products:

- The sovereign debts of countries members of the OECD, the EU and the AMU;
- Equity securities listed in spot stock exchange market or any regulated market;

- Debt securities with a rating equivalent to Standard and Poor's A +; Deposits made at foreign banks whose equivalent credit rating by S&P is:
 - Between AA-and AAA for medium and long term;
 - A-1+ for the short term;
- The shares or securities of UCITS approved by the market authority.

Article II.2.38

Moroccan issuers are not subject to the conditions referred to in the abovementioned Article **II.2.37**.

Article II.2.39

As part of the management of its position in foreign currency denominated assets, the Managing Company may use the hedging of currency risk.

Subparagraph 1.2. Valuation rules

Article II.2.40

Listed shares are assessed at their last known closing price on the market where they are traded.

Article II.2.41

Debt securities are assessed in accordance with the rules and procedures in force in their country of issue.

Article II.2.42

Shares or securities of UCITS are assessed at their last known value when the frequency of calculation of the latter is daily or weekly.

For foreign UCITS with valuation periodicity surpassing a week, the Moroccan Managing Company ensures the consistency of the valuation used for the foreign UCITS while establishing the net asset value of the UCITS it manages.

Article II.2.43

Deposits are assessed at the contract value, determined by the conditions laid down in the contract.

Article II.2.44

The securities whose price has not been determined on the valuation date are assessed in accordance with the rules and procedures in force in their country of issue.

Article II.2.45

The UCITS must specify in its accounting records, in the additional disclosures document, the terms set out in for reference price adopted for the valuation of foreign financial instruments (trading hours by region, source ...).

Article II.2.46

The exchange rate of foreign financial instruments valuation should be the last closing price MID, calculated as the average closing price of ASK and closing price of BID displayed by Bank Al-Maghrib.

Article II.2.47

In case the investment was made through a currency not listed by Bank Al-Maghrib, the valuation of the instrument is done using a cross rate MID, as defined in Article **II.2.46**, with the U.S. dollar or the Euro.

Article II.2.48

All terms set by the UCITS for the valuation of foreign financial products must be used permanently.

Subparagraph 1.3. Prudential rules

Article II.2.49

The sum of the credit balances of all foreign currency accounts opened in the name of the same UCITS, plus the value of portfolio securities denominated in foreign currency already acquired, should not exceed the ceiling of 10% of the net assets of that UCITS.

Article II.2.50

Such foreign currency accounts may be debited for purchase transactions of securities denominated in foreign currency, of Moroccan currency or of other currencies. They may be debited from payments relating to hedging against exchange risks, interest rate and price gains.

The accounts must not be in a debit position.

Article II.2.51

The amounts not used in the contemplated transactions by the UCITS must be sold to the foreign exchange market within a period not exceeding ten (10) days from the date of credit in such accounts, except equalization payments resulting from the operations of foreign currency transactions and this, in the ceiling of the exchange value of an amount of one hundred thousand (100,000) Dirhams per foreign currency account opened in the name of the UCITS. The latter cannot have more than one account opened per currency.

However, if the amount of the balance is not used during a deadline of two months from the date of the last transaction in foreign currency on the international stock market, it must be used on the foreign exchange market.

Article II.2.52

All the prudential rules applied to the Moroccan UCITS remain applicable to foreign investment.

Paragraph 2. Custody of foreign investments

Subparagraph 2.1. Rules for accounts keeping

Article II.2.53

The retention of the UCITS assets invested abroad is made in an account opened, by the depository of that UCITS, with a foreign custodian, established in the country where the investment is made, duly authorized, in this regard, by the competent authorities and affiliated with one or more central depositories. This securities account should be the subject of an agreement specifying the rights and duties of the depository and the custodian abroad.

Article II.2.54

The securities account referred to in the abovementioned Article **II.2.53** should be linked to one or more cash accounts opened in the name of the same depository institution with the same custodian abroad. This account cannot receive the assets of the depository institution.

Article II.2.55

When it is unable to open securities accounts abroad, the depository may do so through a Moroccan custodian. In this case, the depository must agree with the custodian on the necessary information to be submitted to carry out its duties diligently.

Article II.2.56

The depository agrees with the foreign custodians on the information methods enabling it to quickly fulfill its mission in terms of content, frequency and deadlines. This information relates, in particular, to the notices of the carried transactions, details of securities credited to accounts, cash flows and securities transactions.

The information modalities aforementioned in the preceding paragraph should be provided in the account opening agreements binding the depository to the foreign custodians.

Article II.2.57

Upon receipt of notification of the foreign custodian, the depository registers, in its own books and on behalf of the UCITS, the transactions it carried abroad, the rights associated thereto and the cash provisions in foreign currency, and this, concomitantly with the entries made by foreign custodians. Entries made by the depository must meet the standards for entry into force in the respective countries where transactions are carried, particularly regarding the transfer of ownership, voting rights, the securities transactions right and the securities resale right.

The depository should ensure the reliability of his own records on the carried transactions by the UCITS abroad and that, by comparing them at least once a month with the statements provided by the foreign custodians.

Article II.2.58

The Managing Company must provide an immediate, to the managed UCITS depository, all off-balance sheet assets related to investment transactions abroad.

Subparagraph 2.2. Transaction rules

Article II.2.59

Before submitting a transaction order abroad to its Moroccan or foreign intermediary, the Managing Company must observe the procedures necessary for the proper settlement of the transaction. It should particularly ensure the accuracy of references of the foreign custodian in terms of the order.

When the operation is confirmed through its Moroccan or foreign intermediary, the Managing Company should transmit to the depository a “payment on delivery” instruction mentioning the contract number of the transaction to be settled and the references of the intermediary abroad.

Article II.2.60

In case of sale or other situation of products receipt, the depository should notify the Managing Company receiving the foreign currency amount corresponding to the said products.

Article II.2.61

The execution deadlines of the various phases of the transaction of foreign investments must be subject of a mutual agreement on the one hand, between the Managing Company and the depository, and on the other hand, and between the depository and the foreign custodians. Such procedures should be specified in the agreements between the various parties.

Article II.2.62

By the end of the second after the calculation of net asset value, the depository ensures the consistency of the execution conditions of the transaction with those of the market.

If there is a significant deviation, the depository institution should send the Managing Company a request for adjustments while notifying the auditor and the CDVM.

Subsection 4. Practical methods for information applicable to the UCITS

Article II.2.63

Prior to the first subscription, the person in charge of marketing the UCITS provides the client with an updated sheet, if necessary.

He provides the client, also, with the following documents:

- Prospectus;
- The Articles of Association or the management regulations of the UCITS;
- The last semiannual and annual reports;
- The last quarterly inventory of assets, certified by the depository.

Article II.2.64

After each subscription or buyback operation, the depository should issue a notice on the transaction containing the following minimum information:

- The identity of the shareholders;
- The number of securities and/or cash account;
- The concerned UCITS;
- The date of the order;
- The type of the transaction: subscription or buyback;
- The amount of the transaction;
- The net asset value of subscription or of buyback;
- The gross amount of the transaction;
- The fees charged (subscription or buyback applied fees, indicating the collected rights acquired by the UCITS);
- The amount of any tax on profits from the sale of securities in case of buyback;
- VAT;
- The net amount of the transaction;
- The execution date (the date of the execution of the net asset value).

The notice of operation is sent to the shareholder, either directly by the depository or through the Managing Company and this, within five (5) days from the date of the transaction.

Article II.2.65

The Managing Company should send to all shareholders, on whatever deadline established in the prospectus, without exceeding one year, a report containing at least:

- A description of market developments during the reporting period;
- The valued portfolio of the client;
- The breakdown of the portfolio by UCITS and by types of UCITS;
- Changes in adjusted net asset value of the UCITS held in its portfolio.

The change must be adjusted for corporate actions of the said UCITS, including the distribution of dividends and the stock split or reverse stock split of securities.

Article II.2.66

Pursuant to Article 89 of the «Dahir» (Royal Decree) establishing Law No. 1-93-213 mentioned above, the Managing Company must prepare a semiannual and an annual report.

Article II.2.67

The annual report includes the following accounting and financial documents:

- The balance sheet, according to the model of the accounting guidelines I and II applicable to the UCITS;
- The income statement, according to model III of the accounting guidelines applicable to the UCITS;
- The management accounts, according to the model of the accounting guidelines applicable to the UCITS;

- The auditor report, according to the model available in Appendix **II.2.O** of this Circular;
- The inventory of assets certified by the depository, according to the models available in Appendices **II.2.P** and **II.2.Q**;
- Additional information:
 - The breakdown of assets, according to the model available in Appendix **II.2.R**;
 - The breakdown of liabilities, according to the model available in Appendix **II.2.S**;
 - Changes in the number of shares or shares outstanding and the net asset value, according to the model available in Appendix **II.2.T**;
 - The breakdown of the UCITS income by type, according to the model available in Appendix **II.2.U**;
 - The realized loss and gains, according to the model available in Appendix **II.2.V**;
 - Allocation of the earnings, according to the model of the statement C1 of the additional information accounting guidelines applicable to the UCITS.

The annual documents should be closed at the last day of the financial year whether it is a holiday or a working day.

The annual report should also include a comment on the activities carried in the previous financial year. This comment should include in particular;

- A review of the guidelines of the investment policy of the UCITS;
- A presentation of the results of changing the investment policy;
- The evolution of financial markets in which the UCITS has invested.

Article II.2.68

The semiannual report should include the following accounting and financial documents:

- The balance sheet, according to the model of the accounting guidelines I and II applicable to the UCITS;
- The income statement, according to the model III of the accounting guidelines applicable to the UCITS;
- The auditor report contained in the semiannual report on the model available in Appendix **II.2.O** of this Circular;
- The inventory of assets certified by the depository, according to the models available in Appendices **II.2.P** and **II.2.Q**;
- Statement on the movements of transactions on the assets of the UCITS, according to the model available in Appendix **II.2.W**;
- Additional information:
 - The breakdown of assets, according to the model available in Appendix **II.2.R**;
 - The breakdown of liabilities, according to the model available in Appendix **II.2.S**;
 - Changes in the number of shares or shares outstanding and the net asset value according to the model available in Appendix **II.2.T**;
 - The allocation of the earnings according to the model available in Appendix **II.2.U**.

The semiannual documents agreed are closed on the last day of the first semester, whether it is a holiday or a working day.

The semiannual report should also include comments on the activities carried during the past six months. This comment should include in particular:

- A reminder of the guidelines of the investment policy of the UCITS;
- A description of the evolution of the outcome of the investment policy;
- The development of the financial markets in which the UCITS has invested.

Article II.2.69

The annual report must be published in a newspaper authorized to carry legal announcements within three months after the end of the financial year. In addition, it must be made available to the shareholders at the premises of the UCITS's Managing Company and at the commercialization network.

The semiannual report must be published in a newspaper authorized to carry legal announcements within two (2) months from the end of the first semester of each financial year. It should be made available to the Share holders at the same manner as for the annual report.

Subsection 5. Various practical Modalities

Paragraph 1. Methods for accounting buyback transactions carried out by the UCITS

Article II.2.70

Buyback transactions should be accounted by the UCITS on D+1. The accounting on D+1 means the day of the transaction.

Other practical methods in accounting for buyback transactions carried out by the UCITS are set out in Appendix **II.2.X** of this circular.

Paragraph 2. Methods calculating commissions paid by the UCITS to the CDVM

Article II.2.71

Pursuant to the provisions of the order of the Minister of Finance and Privatization No. 1938-04 fixing the rates and methods of calculation & payment of commissions to be paid by the UCITS to the CDVM, the said commission is calculated on the basis of net assets recognized during the establishment of each net asset value calculation after deducting shares of other UCITS held in the portfolio and managed by the Managing Company itself. The net asset value used is calculated before considering management fees.

The commission should be provisioned at each calculation of net asset value and must be paid quarterly to the CDVM before the end of the month following the quarter in respect of which it is due.

TITLE III. DISCRETIONARY PORTFOLIO MANAGEMENT

Chapter I. Discretionary management by the brokerage firms

Article II.3.1

The provisions of this chapter apply to the brokerage firms licensed to manage portfolios of securities pursuant to a warrant, hereafter designated "The Portfolio Managing Company".

Section 1. Establishing a relationship with the client

Article II.3.2

The portfolio Managing Company is required to sign a management mandate contract with the client. Prior to the signing of the discretionary management mandate, the Portfolio Managing Company ensures that the client has the legal capacity and standing to act on the behalf of the latter. When the client is a corporation, the portfolio managing company ensures that the representative of the corporation justifies the ability to act on its behalf, either in his capacity as legal representative, or by virtue of a warrant. The Company requires submitting any document to verify the accreditation or the appointment of the representative.

Article II.3.3

The managing portfolio agreement specifies the following minimum information:

- The purpose of the mandate;
- The scope of the mandate;
- The objective tasks of the management and, where appropriate, restrictions applicable to investments;
- The remuneration of the Portfolio Managing Company which cannot be indexed on the number of transactions;
- The requirements and procedures for client information, including the management policy followed, the executed transactions and the Management outcome;
- The level of loss starting from which the Portfolios Managing Company must notify the client, as referred to in Article **II.3.6** below;
- The Portfolio Managing Company and the client duties;
- The term of the mandate and the conditions for its renewal or termination;

The management mandate is to be duplicated. A copy is given to the client; the other is kept by the Portfolio Managing Company in the client's files.

Article II.3.4

The portfolio Managing Company must act solely in the interest of the client. It ensures, permanently, the compliance of the client portfolio management with the mandate terms and the compliance of the documents submitted and the accuracy of the contained information.

Article II.3.5

The portfolio Managing Company must submit portfolios to the client, at intervals agreed between them and, at least at the end of each quarter:

- A transactions sheet, which summarizes all the transactions on behalf of the client during the reporting period;
- A document of the portfolio valued. The valuation of listed securities must be made at the closing price of the reporting period;
- A management report showing, among other things, changes in assets under management, and the

generated outcomes during the period. In case of recorded loss, this record must contain an explanation in this regard;

- A statement of management fees and / or commissions taken based on the type of remuneration received by the Portfolio Managing Company, its method and frequency of calculation and collection, as well as its amount.

The above documents must be sent to the client within a deadline period not exceeding fifteen (15) days from the closing date.

Article II.3.6

On the basis of a monthly valuation, the Portfolio Managing Company warns the client as soon as the position of the latter's account shows a loss greater than or equal to a percentage agreed between the parties and that, with respect to the last situation note sent to the client.

Section 2. Code of ethics

Article II.3.7

The portfolio Managing Company must carry out its activities with diligence, loyalty and respect for the primacy of the interests of its clients. The frequency of transactions under discretionary management must be given in the exclusive interest of the clients. The portfolio Managing Company should ensure fair treatment among its clients.

Article II.3.8

The portfolio Managing Company and the staff members responsible for managing the client portfolios, hereafter referred to as "managers", must permanently respect the confidentiality of information collected as part of the portfolio management activity. Access to records of the client's portfolios, as well as confidential information provided by them, should be only limited to persons authorized to do so.

The provision of information to third parties by the Portfolio Managing Company concerning transactions on behalf of the client must be specifically authorized in advance and in writing, by the latter, unless otherwise provided by law.

Article II.3.9

The portfolio Managing Company cannot subscribe on behalf of the clients for whom it manages the portfolios to allow an issuer to underwrite its securities.

It must refrain from carrying out transactions for its own account or for the account of the managers with the clients or between the said clients.

Article II.3.10

When the Portfolio Managing Company contributes to the execution of an IPO, a merger, an acquisition, or any other operation that may affect the issuer security price, it must not acquire or sell the said security on behalf of its client for whom it manages the portfolios, as far as the information relating to the transaction are not duly notified to the public.

Article II.3.11

The manager should ensure transparency of the transactions he executes for its own account. The manager who is in possession of an inside information about a corporation making a public offering within the meaning of Article 18 of the «Dahir» (Royal Decree) establishing Law No. 1-93-212 mentioned above, should not intervene on the concerned asset neither for his own account not for the client for whom he manages the portfolios, before the information is properly disclosed to the public.

Article II.3.12

The function of discretionary management within a Portfolio Managing Company must be independent of other functions of the Company. The manager cannot, manage the accounts of the company, nor receive or execute orders for clients of the company, other than those for whom he manages the portfolio.

The manager should not request or accept gifts or benefits from his clients which are likely to affect his impartiality or independence.

Article II.3.13

When the manager acts on behalf of multiple clients under a mandate, he may place a unique order for the accounts of the said clients. Before placing the order, he defines the method of the order allocation. After execution, the manager performs the allocation of shares according to the predefined allocation methodology. When the order has been partially executed, the allocation should be made in proportion to the executions.

When the execution is carried out at different prices, the manager calculates a weighted average price to be applied to all clients.

The portfolio Managing Company must be, at any time, able to justify the rules set out for the allocation of its grouped sale orders and their motivation.

It retains a special register where it records the grouped orders given and carried, stating the following information:

- The beneficiaries' identity;
- The allocation methodology and its motivation;
- And the outcome of the allocation.

BOOK III: TRANSACTIONS AND FINANCIAL INFORMATION

Article III.0.1

For the purpose of this Book, the terms below have the following meanings:

“Allocation” refers to the implementation of rules and algorithms for processing subscription applications for the attribution of the offered shares.

"Consultant" or “Consulting body” refers to any person duly mandated by the issuer or the initiator to represent him with the CDVM and in any proceeding provided by this book.

"Issuer" refers to any Legal entity which initiates a public offering operation and whose shares are offered as part of a public offering transaction.

"Initiator" refers to any natural or legal person who initiates a public offering transaction or a private placement, as appropriate. In case of issuing shares, the initiator is the issuer of the said assets. In case of selling the shares, the initiator is the seller of the said assets.

"Intermediary" is any person carrying out the activity of investments placements in the stock market or consultancy with regard to the stock market investment and who is in charge of investing the said shares subject of the contemplated transaction.

"Prospectus ":

- For Initial Public Offerings, the prospectus referred to in Article 13 of the «Dahir» (Royal Decree) establishing the abovementioned Law No. 1-93-212;
- For buy-back programs, the prospectus referred to in Article 2 of Decree No. 2-02-556 of 22 Hija 1423 (February 24, 2003), as amended and supplemented, setting forms and conditions of the buybacks that may be made on the stock market by the brokerage firms for their own actions to regulate the market, and
- For the issuance of commercial papers, the prospectus referred to in Article 15 of Law No. 35-94 on some debt securities.

"Investment" refers to the operation which relies searching, through an intermediary, and via advertising or canvassing, potential subscribers on behalf of an initiator in a financial transaction and collection of orders to that effect.

"Guaranteed Investment" or investment with a guaranteed performance is an operation consisting of searching, through an intermediary on behalf of purchasers of an initiator, the intermediary guaranteeing the initiator a minimum amount of subscriptions while committing itself to subscribe to the non invested securities. The successful completion of an investment may be secured wholly or partly by one or more intermediaries.

"Private investment", the operation of issuing or selling securities to a limited number of accredited investors conducted pursuant to the provisions of Article 12-3 of the «Dahir» (Royal Decree) establishing Law No.1-93-212 referred to above and in this Prospectus.

"Underwriting", the purchase by any means, directly from the issuer at an agreed price, of all or a portion of the securities object of the operation for their subsequent placement with clients. The acquisition by the intermediary is recorded in the Stock Exchange.

"Advertisement", a communication in any form or by any means whatsoever, addressed to the public and includes a request to subscribe for or purchase securities and/or reporting on the conditions of subscription or acquisition of such securities. Are not considered advertisements, in the sens of this paragraph, legal advertisements.

"Subscriber" means any natural or legal person who gives an order through intermediary for a subscription or acquisition involving securities offered as part of a financial transaction.

"Greenshoe / over-allotment option" is a mechanism used as a method for stabilizing the price during the IPOs. This option granted in favor of the syndicate to acquire from the initiator a number of additional shares at the offer price to cover excess in demand for shares.

"Placement Syndicate" refers to the group of intermediaries selected by the initiator or the issuer responsible for the distribution of the securities subject to the contemplated financial transaction. The syndicate chief is appointed by the initiator selected from the chosen intermediaries.

TITLE I. FINANCIAL TRANSACTIONS

Chapter I. Offer of securities to the public

Section 1. Initial public offering

Article III.1.1

Pursuant to Article 13 of the «Dahir» (Royal Decree) establishing Law No. 1-93-212 mentioned above and subject to the provisions of Articles 12.3 and 15 of the said “Dahir” (Royal Decree), any person who intends to conduct a public offering is required to submit to the CDVM a prospectus intended for the general to public and on which the CDVM issues its visa.

Subsection 1. Visa issuance procedure

Article III.1.2

Two procedures are possible for obtaining the visa:

- The normal procedure
- The two-phase procedure.

The "normal" procedure refers to the procedure where a unique and definitive visa is granted for the prospectus submitted to the CDVM approval.

The "two-phase procedure" refers to the procedure in which a preliminary visa is granted on the basis of a prospectus which does not contain all the information relating to the proposed transaction. The visa is granted only once after the completion of the information.

Unless otherwise requested by the initiator or his counselor upon filing the record referred to in section **III.1.3** below, the procedure followed is the normal procedure.

Article III.1.3

The initiator requesting the visa of the CDVM submit in the premises of the latter a draft of the prospectus, with an acknowledgment receipt, according to the models set out in Appendices **III.1.A** and **III.1.B** in four copies accompanied by a file containing the documents and information which are listed in Appendix **III.1.C** and this, within two (2) months before the proposed date for the visa.

When the initiator follows the simplified model of the prospectus (**Appendix III.1.D**), the list of documents specified in Appendix **III.1.E** is complemented by the CDVM, according to the characteristics of the presented operation.

The initiator having already sent to the CDVM all or part of documents listed in Appendix **III.1.C** and **III.1.E** need not supply the documents in connection with the proposed transaction, subject to no change since their transmission to the CDVM.

Article III.1.4

The CDVM may request any documents or information relevant to the review of the application. It may also require certification to the original of any document for which only the copy is provided. For the purposes of the processing of the visa application, the CDVM may request any explanation or justification, particularly about the situation, activity and the financial results of the issuer, of the legal entity that controls it and of the legal entities it controls, if any, under the provisions of Article 144 of Law No. 17-95 on Public Limited Companies, as amended and supplemented. It may also request any clarification or further information to the auditors, under due diligence of their responsibilities. The CDVM may also ask for further investigations if it considers that the audit of the auditors' is insufficient. The CDVM may conduct visits to the issuer business place and arrange meetings with its leaders and managers, its auditors or any issuer consultant.

Article III.1.5

When all the information of the application has been submitted to the CDVM, it delivers on behalf of the initiator a receipt showing the date of submission of the complete file.

Article III.1.6

When the initiator uses the standard model of the prospectus, the period of the application examination cannot exceed the following periods, starting from the date of the deposit receipt referred to in section **III.1.5** mentioned above:

- Two (2) months when the normal procedure is followed
- Two (2) months, fifty five (55) days for the initial visa, and five (5) days for the final receipt, in the case of the two-phase procedure.

Article III.1.7

When the initiator follows the simplified model of the prospectus, the period of examining the application shall not exceed one (1) month from the date of receipt of submission referred to in Article **III.1.5** above.

Article III.1.8

The period of examination is interrupted by requests for information, diligence or additional documents expressed by the CDVM. It resumes the examination from the day of the receipt by the CDVM of the answers it requested.

Article III.1.9

When the prospectus complies with the current regulations, the CDVM issues its visa and sends a copy to the initiator.

Pursuant to the provisions of Article 21 of the "Dahir" (Royal Decree) establishing the abovementioned Law No. 1-93-212, the CDVM indicates to the initiator the statements or information to be modified and included in the prospectus, including one or more warnings, written by it, to make it consistent with the current legislation.

Article III.1.10

The deadline between the granting of the visa of the prospectus and the opening of the subscription or acquisition of securities, subject to the proposed transaction may not exceed two (2) months unless prior approval of the CDVM. In this case, the prospectus should be updated to include the annual or semiannual financial statements, if any, after they have been subject to, respectively, a certification or a limited review by auditors.

The two (2) month period referred to in the preceding paragraph shall run from the date of final receipt when the two-phase procedure is followed. However, the validity of the visa cannot exceed the initial date of approval by the general meeting of the shareholders of the annual new accounts, if any.

Subsection 2. Prospectus

Article III.1.11

The prospectus relates, as well, to the organization of the issuer, of the legal entity that controls it and the legal entities it controls, if any, under the provisions of Article 144 of Law No. 17-95 relating to public limited companies, their economic and financial situation, the prospects for the evolution of the activity, as well as the characteristics and purpose of the proposed transaction. It must, in particular, assess the outlook, the profitability of the issuer's, its ability to meet its commitments and to address the repayment of securities to be issued, if any.

The prospectus sets out the allocation method used. It is subject to the review of the CDVM that examines it under the rules provided in this Code, and to the review of the Managing Company that examines it under the provisions of its general rules and the technical feasibility of the operation.

The prospectus specifies also the over-allotment option method, if any. It should not contain any photographic representations. However, it is possible to submit representations of the production processes and /or products of the issuer when such representations allow a better understanding of its activities. Such graphs may be submitted until the second coverage.

In case of the concurrent private placement or within the preceding six months of the public offering, the information on the characteristics of the private placement must be included in the prospectus on the financial transaction in question.

When the placement is guaranteed, the prospectus outlines the scope of the guarantee and the identity of the guarantors, stating whether or not they are members in the syndicate.

When the issuer of debt securities has a rating issued by a recognized rating agency and is committed to ensure its updating for at least three years, he benefits from:

- The exemption to include forecasts in the prospectus, and
- The rate of 0.015% before tax for the commission to be paid to the CDVM for obtaining the prospectus visa.

Article III.1.12

The prospectus is prepared in accordance with the "standard" model available in Appendices **III.1.A** and **III.1.B** and according to the "simplified" model available in Appendix **III.1.D**.

In the case of a two-phase procedure, some of the required information is filled in the prospectus to be granted a definitive visa.

Article III.1.13

The prospectus is written in Arabic or French in a neutral style, with no potential mitigation of the negative aspects of the information, or emphasis on the positive aspects.

It may include, after approval of the CDVM, a translation into a language other than those referred to in the preceding paragraph. However, in case of discrepancy in interpretation, only the original Arabic or French version, as applicable, shall be authoritative.

Article III.1.14

Initiators who wish to benefit from the application of the simplified model of the Prospectus should submit to the CDVM elements to ensure compliance with the following conditions:

- The initial public offering is made primarily in foreign markets and secondarily in Morocco and
- The purchasers targeted in Morocco are clearly identified and limited in number or have an established relationship with the issuer prior to the operation.

The CDVM considers the abovementioned conditions in terms of legal and regulatory requirements in force and the requirements for savings protection.

Article III.1.15

When some content requirements of the Prospectus are unsuited to the activity or legal form of the issuer, the contents of the prospectus may be adjusted after approval of the CDVM provided that equivalent information is submitted.

In case an issuer has its premises located abroad, the content of reports and certifications required of auditors responsible for controlling the regularity, fairness and the true image of the accounts may be adapted according to the professional standards applicable in the country of origin, provided they ensure a level of assurance at least equivalent to the Moroccan standards. After approval from the CDVM, the prospectus may not include some information required by this Code if their absence is not likely to mislead the public or affect the integrity of the assessment of the assets, the financial position, the financial results or the prospects of the issuer, and that:

- The disclosure of such information is contrary to the public interest or
- The disclosure of this information may result in serious harm to the issuer.

The CDVM considers the conditions mentioned above in terms of legal and regulatory requirements in force and the requirements to protect savings.

Article III.1.16

Pursuant to the provisions of Article 13 of the “Dahir” (Royal Decree) establishing the abovementioned Law No. 1-93-212, after obtaining the visa of the CDVM, an extract of the prospectus, based on the model available in Appendix **III.1.F** validated by the CDVM, is published in a newspaper authorized to carry legal advertisements and mentioned in the order set by the Ministry of Finance and No. 2893-94 of October 24, 1994, as amended and supplemented. The publication should be at least five (5) days before the start of the subscription or acquisition of securities subject of the transaction. Summaries of the prospectus in Arabic and English should be established according to the model prescribed in Appendix **III.1.G** and validated by the CDVM before obtaining the visa. The extract published must accurately reflect the content of the prospectus approved by the CDVM. In case the published extract contains omissions or errors, an erratum must be published in a visible manner, in the same newspaper used for publishing the extract. The publication of the erratum is to take place no later than two (2) days after publication of the extract of the prospectus.

Article III.1.17

The issuer, the initiator, their consultants and anyone involved in the operation should observe the confidentiality of the information contained in the prospectus, until the disclosure of the prospectus on the CDVM website or the publication of the extract in a newspaper authorized to carry legal advertisements.

Article III.1.18

The initiator informs the CDVM of the advertising campaign that it intends to conduct in connection with the proposed transaction. It submits to the CDVM prior to its release, all advertising projects, such as leaflets, flyers, posters, press releases, radio, television or electronic messages.

The advertising materials mentioned above should obligatory mention the following statement:

"A charge-free prospectus approved by the CDVM is available in ... (mention the institutions responsible for collecting subscriptions (or purchases) ..., the Stock Exchange and the headquarters of ... (the issuer) "

In case of a written media, the advertisement must be written legibly. In case of an audiovisual media, the advertisement must be either legibly written or read clearly.

Similarly, the advertising media mention, if any, the warning of the CDVM referred to above in Article **III.1.9** of this circular, unless the CDVM grants the exception requested.

Article III.1.19

The prospectus must be updated when significant changes within the meaning of Article 18 of the “Dahir” (Royal Decree) establishing the abovementioned Law No. 1-93-212, occur between the date of granting the visa and that of the close of the proposed transaction. That update should be covered by the CDVM. It is attached to the original prospectus and is distributed under the same conditions as its extract.

Section 2. Exemption from the application of the public offerings regime

Article III.1.20

An initiator who plans to conduct a private placement, as defined in Article III.0.1 of this circular is required to notify in advance the CDVM of the nature and modalities of the operation.

Article III.1.21

The list of the accredited investors, under the provisions of Article 12-3 of the “Dahir” (Royal Decree) establishing the abovementioned Law No. 1-93-212, shall be as follows:

1. In addition to the accredited investors, pursuant to Article 12-3 above, namely:

- The UCITS governed by the «Dahir» (Royal Decree) establishing Law No. 1-93-213 mentioned above;
- The insurance and reinsurance firms, as governed by Law No. 17-99 provided by the Insurance Code;
- The pensions and retirement institutions;
- The Caisse de Dépôt et de Gestion (CDG) ;
- The Collective investment fund in Venture capital, as governed by Law No. 41-05 mentioned above.

2. Legal entities listed below are also considered as accredited investors:

- (a) The Government,
- (b) Bank Al-Maghrib
- (c) Banks subject to the provisions of Law No. 34-03 related to credit institutions and similar bodies,
- (d) International financial institutions and foreign legal entities considered as accredited investors by their national regulatory authorities,
- (e) The financial companies, as defined by Article 14 of Law No. 34-03 mentioned above,
- (f) Legal entities that meet the three following criteria:

- Have, primarily, as a social objective, the management of transferable securities and/or holding securities portfolio;
- Have a paid-up capital, more than one hundred (100) million Moroccan Dirhams;
- Have a permanent investment portfolio worth more than fifty (50) million Moroccan Dirhams for at least two years in a row;

Legal entities referred to in paragraph (f) above, wishing to enjoy the status of accredited investors, must provide the CDVM with all the documents and the supporting evidence to prove the respect of the three conditions required in that paragraph.

Article III.1.22

An initiator, intending to carry out a private placement, is required to submit at the headquarters of the CDVM, with an acknowledgement of receipt, a file containing the following information and documents:

- An application for the issuance or the sale of securities to a limited number of accredited investors pursuant to the provisions of Article 12-3 of the «Dahir» (Royal Decree) establishing Law No. 1-93-212 mentioned above;
- An updated copy of the status of issuer of the securities;
- The model of registration in the commercial register of the issuer, dated within one (1) month;

- The full minutes of the corporate bodies or the departments that authorized the proposed transaction and laid down its conditions;
- The presentation documents that the initiator intends to submit to the accredited investors as part of the operation, such as disclosure documents, etc ...;
- A summary of the transaction characteristics;
- The standard model of subscription or acquisition;
- The list of the accredited investors who will subscribe.

An acknowledgement of receipt indicates the date of submitting the complete file.

The CDVM may request for any additional documents or information necessary or useful for the examination of the file, as provided for in Article 4-1 of the «Dahir» (Royal Decree) establishing Law No. 1-93-212 mentioned above. It may also require certification to the original of any document for which only the copy is provided.

Any request for additional document or information is suspended the deadline of the examination of the file under Article **III.1.23** below.

Article III.1.23

The complete file referred to in Article **III.1.22** above, must be filed by the initiator to the CDVM, no later than ten (10) days before the proposed date for the launch of the offering.

Subject to the suspension of the deadline of the file examination under Article **III.1.22** mentioned above and pursuant to Article 12-3, fourth paragraph, of the «Dahir» (Royal Decree) establishing Law No. 1-93-212 mentioned above, the CDVM has ten (10) days from the issuance of the acknowledgement receipt to oppose the closing of the execution of the transaction under the conditions that were presented to it.

Article III.1.24

The CDVM ensures, during the review of any private placement, the conditions provided for in Article 12-3 of the “Dahir” (Royal Decree) establishing the abovementioned Law No. 1-93-212.

Article III.1.25

The issuer of the securities, which are the subject of the private placement, ensures, on a regular basis, that no transaction conducted on such securities has the effect of increasing the number of holders of securities to more than nine (9) accredited investors and this throughout the period of twenty four (24) months following the launch of the operation, in accordance with Article 12-3, paragraph 1, mentioned above.

Article III.1.26

Subject to the conditions set out in Article 12-3, first paragraph, of the «Dahir» (Royal Decree) establishing Law No. 1-93-212 mentioned above, the transferor of subscribed or purchased shares under a private placement must notify the CDVM and the issuer of the proposed transfer at least three (3) days before the estimated date of the transaction, stating the identity of the transferee, the number of shares to be sold, in addition to the capital ownership links he might have with the transferee, if any.

Article III.1.27

The CDVM may at any time during the twenty four (24) months deadline following the launch of the operation, request from the issuer to provide an updated list of the holders of securities.

Section 3. Placement of securities admitted to stock exchange

Article III.1.28

Pursuant to Article 14 of the “Dahir” (Royal Decree) establishing the abovementioned Law No. 1-93-211, the public dissemination is achieved when the target audience and the number of subscribers at the end of the investment transaction is at least equal to the minimum number set by the prospectus. The CDVM considers the said minima with regard to the size of the operation.

Subsection 1. Placement Syndicate

Article III.1.29

The placement is made through an intermediary or a syndicate and whose size and composition shall be adopted at the discretion of the initiator. They take into account, the size of the audience, the volume of the transaction and the duration of the subscription period.

Article III.1.30

The CDVM may recommend to the initiator of the operation to replace one or more intermediaries who may have committed irregularities during a previous operation or when the CDVM believes that they do not have the organization or the adequate resources to ensure the smooth running of the operation.

Article III.1.31

The Initiator is required to conclude a contract with the intermediary or, where a syndicate was formed, with all syndicate members. This contract is sent to the CDVM.

Article III.1.32

The placement contract should contain the following minimum information:

- The identity of signatories (leader, co-leader and other members of the syndicate);
- Object of the contract;
- A statement whereby the members undertake not to accept the subscription collected by an entity not part of the syndicate;
- Structure of the transaction;
- Information relating to securities to be issued and/or sold;
- Calendar of the transaction;
- Nature and conditions of the offering, including:
 - All investment restrictions, if any
 - guarantee scheme, specifying for each guarantor intermediary the volume and price of shares to be acquired, if any;
- Subscription and order processing modalities;
- Coverage of subscriptions, if any;
- Criteria for the allocation and attribution rules of the securities;
- Procedures for monitoring and recording subscriptions;
- Methods for publishing the results of the operation;
- Settlement / delivery methods;
- Terms of cancellation of subscriptions;
- A statement whereby the members undertake to charge subscribers fees related to the transaction under the placement contract:
 - Intermediation commission
 - Settlement / Delivery fee
 - Stock Exchange fee;

The level of these commissions (before tax) is indicated in the Circular;

- Placement, guarantee and underwriting commissions: they are freely negotiable between the initiator and the intermediary;

- Commitment of the initiator and members of the syndicate particularly in terms of information disclosure;
- Commitment of the syndicate leader to provide the intermediaries with a subscription or acquisition model sheet;

- Commitment of the initiator to provide the syndicate leader with a sufficient number of copies of the prospectus;
- Duration of the contract;
- Articles of termination of the contract;
- Terms of dispute and conflict resolution;
- Collection of subscriptions procedure;
- Structure of centralization file;
- Model of the subscription or acquisition form.

When some minimum information is unsuited to the specific characteristics of the placement transaction, the contents of the contract may be adjusted after approval of the CDVM.

Subsection 2. Period and conditions of subscription

Article III.1.33

The initiator and the intermediary may not require potential subscribers to provide documents or comply with other conditions different from those projected in the prospectus.

Article III.1.34

To ensure the dissemination of securities to the public, the characteristics of a transaction must meet the following rules:

- Where appropriate, the maximum amount allocated to the "employees" may not exceed 20% of the total amount of the transaction, with the exception of an offer reserved for employees only;
- The maximum amount requested by the same subscriber is capped at 10% of the total amount of the transaction;
- The allocation mechanism cannot predict the automatic attribution of a guaranteed minimum number of securities.

Article III.1.35

The method of allocation is subject to the discretion of the CDVM that examines it under the principles mentioned in this Code.

Allocation rules in case of over-subscription or transfer in case of under-subscription should be clearly specified in the prospectus.

As part of debt securities issuance, the allocation may be done using the techniques of adjudication usually available on the market.

The Initiator may include in the prospectus a qualitative allocation as specified in Article **III.1.36** below, provided that the transaction involves at least 40% of the share capital of the company and that the shares of the company capital not concerned by this allocation method is not below 30%. The qualitative allocation is done in presence and under the control of the CDVM.

Article III.1.36

The qualitative allocation consists of the consideration of some criteria in determining the amount allocated to each application according to predetermined rules. It may provide priority to some institutional investors within the same category. The weighting criteria in this method of allocation may be:

- Qualitative, such as nationality, class, commitment to maintaining the capital, the ability to stimulate a secondary market, the potential synergies with the initiator and the behavior in the secondary market during the previous operations.

- Quantitative, such as the size of the subscriber, the subscription amount, the placement prospects, , the minimum threshold (in number of shares) below which the investor is not inclined to subscribe to the transaction, the amount of assets under management by investors and the final number of selected subscribers.

A privileged relationship with an intermediary not based on evidence cannot be accepted among the criteria listed above. However, the existence of a proven link between the initiator and a subscriber may be a selection criterion in the allocation process.

As part of a qualitative allocation, the price paid by the institutional investor may be higher than the price used for the transaction, provided that a clear procedure of disclosure of price offers, validated in advance by the CDVM, is provided in the prospectus.

Article III.1.37

The placement is done starting from the first to the last day of the subscription period, as specified in the prospectus. The duration of the subscription period is freely set by the initiator, provided that it is more than two days and that the timing used comply with the legal provisions relating to the exercise of subscription rights by shareholders.

The subscription period may be extended at the request of the initiator, once and for a period equal to the initial term of the placement that has been approved by the Managing Company and subject to the conditions specified in the prospectus.

In this case, the initiator is required to inform the public about the changes via a press release, previously validated by the CDVM, published in a newspaper authorized to carry legal advertisements.

Article III.1.38

Pursuant to the provisions of Article 4-3 of the «Dahir» (Royal Decree) establishing Law No. 1-93-212 mentioned above, the CDVM may order the suspension of the placement, when it identifies breaches of placement rules provided in the prospectus that could compromise the investor protection. In this case, the placement shall not resume until the adjustment of the situation and after the approval of the CDVM.

Subscription orders are irrevocable after the close of the subscription period.

The early closing of the subscription period may be considered provided that the subscription requests exceed at least twice the level of offers, and that the information on the possibility of early closure is provided in the prospectus and in the extract published in a legal newspaper. In this case, the managing company declares the early closing before 12am. The subscription period ends on the day of the disclosure at 03.30 pm.

Article III.1.39

Intermediaries ensure, at the time of the subscriptions collection, the membership of subscribers to one of the categories provided in the prospectus and must keep a copy of the document certifying such membership.

Intermediaries ensure, prior to the acceptance of an application to subscribe for or to purchase, that the client has the financial capacity to meet his obligations. They are required to accept all applications for subscription or purchase made by all persons meeting the conditions set out in the prospectus, provided that those persons provide the necessary financial guarantees to achieve the required subscriptions or purchases.

Article III.1.40

Subscriptions by the intermediate entities or their employees for their own account must be made on the first day of the subscription period.

Article III.1.41

The order of subscription or purchase is represented by a subscription or purchase form that should be duly signed by the subscriber or by his authorized agent. A copy of this form must be handed to the concerned person.

Subscription or purchase orders are collected by the intermediary. The order must be time- stamped upon receipt. It cannot be transmitted by telephone.

In addition to the minimum information set out in Article 1 of Decree No. 2-9-481 made under Law No. 17-95 on Public Limited Companies, as amended and supplemented, the subscription form must include the information provided in Appendix **III.1.H**.

Article III.1.42

A subscriber may transmit only one order for his own account, except in the following cases:

- A subscription by levels as part of an open price offer or a minimal price offer, in accordance with the general regulations of the Stock Exchange Managing Company;
- A subscriber who, by statute, belongs to various categories provided that he must for each tranche meet specific conditions to the tranche. In this case, the subscriptions will be made with the same intermediary, except as provided in the following paragraph.

Subscriptions via multiple intermediaries are prohibited, except in case where the subscriber has the right to subscribe in several categories, and the intermediary to whom he had recourse did not offer access to all these categories.

Any subscription that does not meet the conditions contained in the prospectus or in the placement contract relating to the proposed transaction or the provisions of this Code is likely to be cancelled by the syndicate leader, the Stock Exchange Managing Company or the CDVM.

The terms of cancellation are specified in the placement agreement.

Article III.1.43

At the end of the transaction and in the day following the closing of the transaction, even in the early closing, the intermediary sends to the Stock Exchange Managing Company a definitive file consolidating all the subscriptions it has collected.

After the operation, and within a maximum of ten (10) days from the disclosure of the results, the intermediary sends to the subscriber a notice containing the following minimum information:

- Date of subscription
- The security issue name
- Requested quantity
- Allocated quantity
- Unit price
- Gross amount of the attribution
- Commissions to be paid to the intermediary, to the Depository and to the Stock Exchange Managing Company, VAT;
- Balance to be repaid to the subscriber, if necessary.

Article III.1.44

After the disclosure of the results, each intermediary specifies, for each subscriber, the final amount of shares allocated and the remainder in cash which must be repaid to him. This information must be available to each subscriber at subscription where he made his subscription before the actual trading value in the case of an IPO and, at the latest, within three (3) days after the disclosure of the results.

The repayment of the balance must be made within a period not exceeding three (3) days from the date of disclosure of results. In case of failure of the operation, the amounts paid by subscribers for the purposes of subscriptions must be paid within three (3) days from the date of publication of results.

Section4. Listing in the second and third tiers

Article III.1.45

Any issuer who registers his equity securities in the second or third tier of the stock exchange is required, pursuant to the provisions of Article 14-2 and 14-3 of the «Dahir» (Royal Decree) establishing Law No. 1-

93-211 mentioned above to conclude a stimulation agreement with a brokerage firm, according to the model set **I.4.A** attached to this Circular. Where the issuer registers his equity securities in the third tier, the said agreement provides, also, the obligations relating to the preparation of the information documents to the public, according to the model attached in Appendix **I.4.B** to this circular.

Article III.1.46

The brokerage firm that assists an issuer in preparing the required prospectus as part of the admission to the third tier is bound by the rules laid down in Chapter II, Title IV of Book I of this Circular. The brokerage firm that enters into an agreement with an issuer of animation is required to comply with the rules laid down in Chapter I, Title IV of Book I of this Circular.

Article III.1.47

The issuer shall inform the public by disclosing, before the entry into force of the stimulating agreement, a press release stating in particular the identity of the brokerage firm and the resources allocated to the agreement. Any changes to the said agreement are made known to the public immediately.

Article III.1.48

The issuer shall inform the public and the CDVM when the animation agreement is ended, respecting the following deadlines:

- Upon expiration of the agreement: fifteen (15) days before the expiry date;
- In case of the early termination: as soon as the issuer is informed.

Article III.1.49

An issuer whose securities are listed in the third tier of the Stock Exchange submits to the CDVM the following documents:

- The management report, within four (4) months after the closing of the concerned year;
- A copy of the document formalizing the communication strategy of the issuer.

TITLE II. DISCLOSURE OF INFORMATION TO THE PUBLIC

Article III.2.1

Pursuant to the provisions of Article 12-4 of the «Dahir» (Royal Decree) establishing Law No. 1-93-212 mentioned above, the information disclosed to the public must be accurate, precise, sincere and equally accessible.

Chapter I. Regulated information

Section 1. Accounting and financial information

Subsection 1. General Terms and Conditions

Article III.2.2

For the purposes of this section, the term:

- "Statutory Auditor" refers to the external auditor.

- "Interim Status" intermediate position ceased at the end of the first semester and established in accordance with the requirements of the General Code of Accounting Standards or in accordance with IAS 34 in case of application of IFRS for consolidated accounts.

Article III.2.3

If there is significant change in the physiognomy of an issuer or his perimeter, pro-forma information should be established to ensure the comparability of historical accounts.

The pro-forma information is provided for the last period of the published financial statements as if the change in scope of consolidation had occurred at the beginning of the period.

The pro forma information is presented when the transaction takes place on the same year. The latter corresponds to the latest year or the latest reporting period.

The terms of presentation and the content of the pro-forma information are specified in Appendix III.2.A of this Code.

Article III.2.4

An issuer whose headquarters are not located in Morocco, the summary statements certified by auditors accepted by the market authority of the country of origin may be accepted by the CDVM, in the manner set out III.2.B Appendix to this Circular.

Article III.2.5

Pursuant to the provisions of Article 16-2 of the «Dahir» (Royal Decree) establishing Law No. 1-93-212 mentioned above, issuers of bonds or other debt securities, as well as those whose securities are registered in the first tier stock exchange and that control one or more companies within the meaning of Article 144 of Law No. 17-95 related to Public Limited Companies, as amended and complemented, should establish and make public the consolidated financial and the social statements of the company at the same time.

These statements must be accompanied by the report or certificate of the auditor or auditors, as appropriate.

When the issuers whose securities are registered in the first tier of the Stock Exchange move to the second or third tier, the development and publication of consolidated financial accounts remains mandatory.

When the issuer is listed on the second or third tier, it may opt for the publication of consolidated accounts. However, when it chooses to publish these accounts, the preparation and publication of consolidated accounts becomes mandatory.

Article III.2.6

Subject to the application of their own laws, issuers not subject to the provisions of Law No. 17-95 on Public Limited Companies, as amended and supplemented, that have prepared and published with the consolidated financial statements may not publish their annual social accounts, if the latter do not provide significant additional information.

Article III.2.7

The consolidated summary statements must be prepared in accordance with the methodology of the National Accounting Counsel - CNC related to the consolidated financial statements (Notice No. 5) or according to international accounting standards (IAS / IFRS). In case an issuer opts for the development and publication of its consolidated financial statements under IFRS, the choice is irreversible.

Article III.2.8

The newspaper authorized to carry legal advertisements must be clear and legible. The quantified data are rounded up close to thousands or millions Dirhams, respectively, when the said data exceeds hundreds of thousands or millions of Dirhams. In case that information relating to one or more statements of additional information is missing, it is accompanied by the expression "none."

Article III.2.9

When, pursuant to a foreign national regulation, the issuer discloses information not required by Moroccan law, the issuer should disclose such information in Morocco using the means required by the law in force in Morocco.

Subsection 2. The annual information

Article III.2.10

The annual social or consolidated financial statements published must contain the elements provided in Appendices **III.2.C**, **III.2.D** and **III.2.E** of this Code.

Article III.2.11

The financial statements must be submitted, depending on the activity sector, in accordance with:

- The standard model provided by law 9-88 related to the commercial activities, for companies other than credit institutions and insurance and reinsurance companies;
- The model provided by the circular of the Governor of Bank Al-Maghrib No. 56/G/2007 related to the bookkeeping conditions to be followed by the credit institutions;
- The Attached model to the order of the Minister of Finance and Privatization No. 1493-1405 of 20 October 2005 related to insurance accounting standards.

Article III.2.12

The consolidated financial statements must be submitted in accordance with:

- The methodology relative to consolidated accounts of the CNC for companies other than credit institutions (Notice No. 5) or;
- The model provided by the circular of the Governor of Bank Al-Maghrib No. 56/G/2007 related to the bookkeeping conditions to be followed by the credit institutions or;
- The repository of the IASB (International Accounting Standards Board), which includes:
 - IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards) and their Appendices and implementation guidance;

-Interpretations of IFRS Interpretations Committee, the IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standard Interpretation Committee)

Article III.2.13

The social financial statements or consolidated must be accompanied by the report or the opinion of the auditor or auditors, prepared according to the models set out in Appendices **III.2.F** and **III.2.G** of this circular.

Article III.2.14

By derogation to the provisions of Articles **III.2.10** to **III.2.13**, issuers not subject to the provisions of Law No. 17-95 on Public Limited Companies, as amended and supplemented, other than the issuers with the status of public institution must publish their financial statements according to a model set previously with the CDVM. These summary statements should be accompanied by the report of the auditor or auditors, written according to the models set out in Appendices **III.2.H** and **III.2.G** or to a model approved previously by the CDVM.

Subsection 3. The semiannual information

Article III.2.15

Issuers subject to the obligation of consolidation may not submit their semiannual financial statements, if the latter do not provide significant additional information.

Article III.2.16

When issuers, within the deadline of three (3) months following the closing of the second half of the year, publish their annual financial statements, the publication of the statements for the second half is not necessary. In this case, these annual statements must be accompanied by the report of the auditors' opinion.

Article III.2.17

The semiannual financial statements or consolidated published should contain the elements provided in Appendix **III.2.I** of this circular.

The semiannual financial statements must be submitted in accordance with Article **III.2.11** mentioned above.

The semiannual consolidated financial statements must be submitted in accordance with Article **III.2.12** mentioned above.

The semiannual financial statements or consolidated must be accompanied by a certificate issued by the auditors written according to the models set out in Appendices **III.2.J** and **III.2.K** of this circular. Notwithstanding the preceding provisions of this section, issuers not subject to the provisions of Law No. 17-95 on Public Limited Companies, as amended and supplemented, other than the issuers with the status of public institution, must publish their financial statements according to a model set previously with the CDVM. These financial statements should be accompanied by a certificate issued by the auditor or auditors or, written according to the models set out in Appendices **III.2.J** and **III.2.K** of this circular or according to a model approved previously by the CDVM.

Section 2. Declarations regarding the crossing of shareholding thresholds

Article III.2.18

Pursuant to the provisions of Articles 68(b) and 68(c) of the «Dahir» (Royal Decree) establishing Law No. 1-93-211 mentioned above, any natural or legal person who crosses, respectively, upward or downward, one of the thresholds set by those Articles in capital or voting rights of a company whose shares are listed on the stock exchange, should notify that company, the CDVM and the Stock Exchange Managing Company, within five (5) days from the date of crossing, of the total number of shares it owns, and the number of securities giving future access to capital and voting rights attached to it.

For the purposes of these provisions, the date of crossing the threshold corresponds to the date of the execution of the order given by the declaring party that generated the said crossing.

Article III.2.19

The content of the declaration of crossing the shareholding threshold must be in accordance with the model set in Appendix **III.2.L**.

Article III.2.20

During the twelve (12) months following the declaration of crossing the shareholding threshold on the rise, the registrant must immediately notify the CDVM about any change in the initial statement of interest.

The CDVM discloses this information to the public via a press release, within two (2) days after the date of receipt.

Chapter II. Ethics of disclosing information on companies whose securities are listed on the stock exchange

Section 1. Role of the ethics officer

Article III.2.21

The company designates an officer in charge of watching the compliance with the insider professional rules of ethics. It ensures, in advance, his knowledge of the legal and regulatory framework in force and his professional competence.

In the case of a group with several companies, one officer may be appointed for the whole group.

Article III.2.22

The function of ethics officer is permanent in the company. His hierarchical position should guarantee his independence from the other operational functions of the company.

Article III.2.23

The Company informs the CDVM in writing of the identity of the person designated as responsible for ethics no later than the first day of trading. It submits to the CDVM detailed curriculum vitae of the person in charge of the insider ethics, including his educational background, professional experience, as well as the function performed in that company or group and his hierarchical position.

Any change or departure of the ethics officer is brought to the attention of the CDVM no later than seven (7) days from the date of decision. The company informs the CDVM about the motivation behind the decision within the same period.

Article III.2.24

The company provides the ethics officer with all the necessary resources to accomplish his mission, including:

- Access to information on any event affecting the said company;
- Free access to all the useful documents and information allowing him to fulfill his mission;
- The adequate human and material resources.

Article III.2.25

The ethics officer:

- Ensures compliance with the rules of ethics;
- Ensures the establishment of written procedures applicable to insiders in case of a direct intervention in the securities of the company and ensures that these procedures are duly respected;
- verifies subsequently the market orders given by the insiders;

- Notifies the general direction of any conflict of interest, even potential, within the said company;
- Prepares a report to be sent to the general direction of the company in case of identifying any breach of the provisions of the code of ethics or procedures referred to above;
- suggests to the general direction of the company any changes that would strengthen the provisions of the code of ethics;
- Establishes and updates the list of insiders under section **III.2.29**;
- Establishes the code of ethics under section **III.2.27**;
- Prepares a semiannual ethics report according to the model set in Appendix **V.2.8** to be addressed to the CDVM, within thirty (30) days after the close of each semester.

Article III.2.26

The ethics officer organizes awareness seminars on ethics standards at least once a year. These seminars have as a main objective to ensure that the ethics rules are properly grasped.

Section 2. Rules and Code of ethics

Article III.2.27

The ethics officer of the companies whose shares are listed on the Stock Exchange, hereafter referred to as "companies" is required to develop a code of ethics and ensure its duly respected. He should submit a copy to the CDVM within three (3) months from the date of the first listing. It should submit as well a copy of all its updates within fifteen (15) days of date of effect.

The ethics rules laid down by the code must be continuously adapted to the organization of the company.

Article III.2.28

The code of ethics sets out the rules to be followed by the insiders, including those that are occasional. It lays down, also, the rules dealing with, real or apparent, situations of conflict of interest. In addition to the specific rules of ethics within the specific activity of the company, the code of ethics lays down rules governing the use and disclosure of inside information and should require the signature, by the occasional insiders, to a confidentiality agreement covering their specific task related to which they would have access to the inside information.

Inside information refers to any important information within the meaning of Article 18 of the «Dahir» (Royal Decree) establishing Law No. 1-93-212 mentioned above, which is not yet fully disseminated to the public.

Article III.2.29

The ethics officer must establish and continuously update the list of the said insiders who, by their position or function, have or may have access to the inside information.

He shall send a copy to the CDVM, at the end of each semester.

The provisions of the preceding paragraph shall apply also in connection with any transaction of a public offering; private placement, public offering, and any program relating to an issuer whose securities are listed on the stock exchange.

Article III.2.30

Managers ensure, permanently, that all information disclosed by the company is based on specific facts and is subject to verification and control.

Section 3. Rules of disclosing important information

Article III.2.31

Pursuant to the provisions of Article 18 of the «Dahir» (Royal Decree) establishing Law No. 1-93-212 mentioned above, legal persons issuing public offerings are required to publish in a newspaper authorized to carry legal advertisements as soon as they are informed about it, any information affecting their organization, business conditions, technical or financial situation, that may have a significant impact on the stock exchange price of their securities or impact on the assets of security holders.

The significant impact of the identified fact or facts may be positive or negative. Its assessment is made by the issuer and under its responsibility.

An indicative list of facts that may be described as important information is given in the Appendix **III.2.M.** of this Code.

Article III.2.32

The publication of information should be done via a release press in a newspaper authorized to carry legal advertisements listed in the order set by the Minister of Finance and Investments No. 2893-94 of October 24, 1994, as amended and supplemented.

Article III.2.33

The important information should be published via a press release in a newspaper authorized to carry legal advertisement, before being posted on the internet or disclosed at the public events.

The information provided at public events or posted on the Internet should be based on those already published in the press release and limited to a comment or clarification.

In case the managers have already disclosed, by mistake, important information, not having been pre-published in a newspaper authorized to carry legal advertisement, at a public event, they shall immediately publish a press release stating the said information.

Article III.2.34

The press release must be written in a neutral style, with no emphasis on the positive aspect of the information or a mitigation of negative aspect. The negative information should be published with similar deadline as for the positive information.

The press release must provide sufficient details to allow the public to consider the true scope of the information. It should not contain comments that could affect or change the scope of that information. Pursuant to the provisions of Article 23 of the «Dahir» (Royal Decree) establishing Law No. 1-93-212 mentioned above, the CDVM may ask the issuer to make corrective publications.

Article III.2.35

When rumors may have a significant impact on the price of its securities listed on the Stock Exchange, the issuer shall immediately publish a press release providing clarification on these rumors, confirming or refuting these rumors. In case of refutation, the issuer announces that there is no important information that was not properly disclosed.

Article III.2.36

Any issuer that issues public offerings abroad ensures, simultaneously in Morocco, the disclosure of information that is identical to the one it discloses on the foreign markets. The publication of the press release should also be made via the common means used in foreign markets and in accordance with the jurisdictions of the country of origin.

When, under a foreign regulation, the issuer has published information not required by Moroccan law, the latter ensures that this information is disclosed in Morocco using the equivalent means.

The issuer may also publish a press release in a Moroccan newspaper authorized to publish legal advertisements, indicating the content of the information and specifying the publication means used abroad.

Article III.2.37

The information disclosed to the shareholders and the public must be identical.

The issuer shall ensure that the disclosure of information is concurrent and ensures, with the media outlets responsible for the publication of the information, in particular, the exact time of publishing the official press release.

Article III.2.38

As part of its solicitation to subscribers on the occasion of a private placement, the issuer is required to withhold important information not properly disclosed.

The issuer submits spontaneously to the CDVM all documents, presentations or information provided to persons referred to in the previous paragraph.

Article III.2.39

The issuers submit to the CDVM any press release published in a newspaper authorized to publish legal advertisements, specifying the date of publication and the name of the newspaper used. The press release is sent to the CDVM within the seven (7) days following its publication.

Any information provided by the issuer to foreign investors, in case of initial public offerings outside Morocco, should be published in Morocco according to the same terms and deadlines and forwarded immediately to the CDVM.

Chapter III. Information requirements related to the buyback program of a company purchasing its own shares to regulate the market

Article III.2.40

Pursuant to the provisions of Article 281 of Law No. 17-95 related to Public Limited Companies, as amended and supplemented, the companies whose shares are listed on the Stock Exchange, hereafter "companies", may purchase their own shares on the stock market to regulate the market, hereafter referred to as "buy-back program."

Section 1. Information prior to the implementation of the program

Article III.2.41

The company must submit to the CDVM an application for visa issuance at least forty five (45) days before the scheduled date of the Annual ordinary General Shareholders' General Meeting expected to approve this program. After submitting the application to the CDVM, the Board of Directors or the executive board shall convene the Shareholders' General Meeting that must authorize that program in accordance with the legislation into force.

Article III.2.42

The company shall submit to the CDVM a draft prospectus corresponding to the model available in appendix **III.2.N** in four (4) copies, accompanied by a file containing the documents and information provided at list A and List B of Appendix **III.2.O** of this circular.

The companies that have already forwarded to the CDVM some documents listed in Appendix **III.2.O** are exempt from providing the documents in connection with the intended transaction, provided that no changes intervened since the date of their submission.

The CDVM may request any document or information it considers relevant to the examination of the file. It may also require certification to the original of any document for which only a copy was provided.

Article III.2.43

Any prospectus subject to the CDVM visa must be accompanied by payment of a commission of 0.05 percent of the total amount of the buyback program. This rate is calculated on the basis of the total number

of shares to be acquired and the maximum purchase price suggested in the Annual ordinary Shareholders' General Meeting which is to decide on the buyback program.

Article III.2.44

The prospectus includes a precise indication of the number of shares held by the company intending to implement the buyback program, directly or indirectly via its subsidiaries or affiliates, or through a person acting on its behalf. This information is subject to a specific certification signed by the legal representative of the company, included in the record of the visa application.

Article III.2.45

When the visa application is complete, the CDVM delivers, in deadline of (3) days starting from the date of deposit, an acknowledgement receipt. The CDVM shall examine the documents in a 30-day deadline starting from the date of the acknowledgement receipt.

Article III.2.46

During the examination of the application of visa, the CDVM may, in the manner it determines, request the company to submit all the additional information or supportive documents it deems necessary. It may indicate to the company or to its financial consultant the changes to be made or the additional information to be inserted in the prospectus to make it consistent with the regulation in force.

When The CDVM requests an additional information or document with no response either by the company or its financial consultant within a deadline of (15) days, the CDVM ends the examination of the submitted file and notifies the company.

Article III.2.47

The CDVM may request from the company to modify some features or methods of executing the buyback program if it deems that these methods are not coherent with the principles governing the buy back programs of the companies purchasing their own shares provided in the regulation into force.

Article III.2.48

When the CDVM decides to grant the visa to the buyback program submitted to it, it sends the original copy of the approved prospectus to the company. The CDVM may request the insertion of a warning note issued by it. When the CDVM rejects the visa application, it explains its decision and notifies the company in written of the reasons behind its refusal.

Article III.2.49

The prospectus, granted the visa by the CDVM, is published at the initiative of the company, within a maximum of two (2) days from the date of obtaining the visa, and at least fifteen (15) days prior to the date of the Ordinary Shareholders' General Meeting in at least one newspaper authorized to carry legal advertisements mentioned in the Order of the Minister of Finance.

The prospectus is made available to the public, free of charge, at the headquarters of the company and at the Stock Exchange.

It is also posted online by the CDVM on its website.

Section 2. Information during the buyback program

Article III.2.50

The company informs the Managing Company of the buyback program and its features at least five (5) days before its start, in accordance with the provisions of Article 3.12.1 of the General Regulations of the Managing Company.

Article III.2.51

When a Corporate Action has an impact on the number of shares or their nominal value as a capital increase or a division or consolidation of shares, the company shall take, in advance, the necessary measures to validate, through its the Ordinary Shareholders' General Meeting and the CDVM, new features of the buyback program and inform in advance the brokerage firm to avoid any interruption of the said program.

The company and the brokerage firm provide in the agreement mentioned in Article **I.4.21** of this Circular, the information methods and the takeover terms by the brokerage firm of the new program features.

The brokerage firm suspends the program execution as long as it did not receive any notification from the company about the new features of the properly validated program.

Article III.2.52

The company notifies the CDVM, no later than the fifth day after the close of each month, of:

- The number of shares purchased and sold, according to the model set out in Appendix **III.2.P**. In case the Company does not purchase or sell its own shares within a given month, it shall inform the CDVM within the same period. The CDVM discloses this information to the public;
- Transactions executed in connection with the share (date, volume and price per transaction), purpose of the program, for the account of its managers and all the other entities that the company controls, within the meaning of Article 144 of the Law related to limited companies.

The said company should notify the CDVM of the price of the carried purchases.

It notifies the CDVM, also under the same conditions, of the transfers and cancellations of shares made after the execution of buybacks.

If, after the buyback program, a residual stock is still held by the company, the same disclosure requirements are maintained until full transfer of the remaining stock of securities.

Article III.2.53

If necessary, the company declares any crossing in the shareholding threshold, in accordance with Articles 68 (b) and 68(c) of the «Dahir» (Royal Decree) establishing Law No. 1-93-211 mentioned above.

Article III.2.54

The company should include, in the Management report of the Board of Directors or the executive board submitted to the the Shareholders' General Meeting called to approve the annual accounts, a section on the share buyback program. This section of the report shall include the information submitted monthly to the CDVM, the program results in terms of price movements and volatility, and in terms of the financial situation of the company.

This information is included in the annual report, if applicable.

Article III.2.55

When the company shares are listed on a foreign stock exchange, it is required to provide the CDVM with the details of transactions carried under the buyback program on the said foreign stock exchange, according to the model available in appendix **I.4.C** to this Circular.

Article III.2.56

The terms and conditions of the buyback program implementation are governed by the provisions of Chapter III, Title IV of Book I of this Circular.

BOOK IV: MARKET UNDERTAKINGS

Article IV.0.1

The term "Market Undertakings" refers to:

- The Stock Exchange Managing Company, established by Article 7 of the "Dahir" (Royal Decree) establishing the abovementioned Law No. 1-93-211;
- The Central Depository established by Article 2 of the abovementioned Law No. 35-96.

TITLE I. SETTING UP OPERATIONAL RESOURCES

The Market undertakings must develop the adequate human, organizational and technical resources to operate under secure conditions.

Section1. Organizational Resources

Article IV.1.1

The market must have a detailed organization chart of all its entities.

Each operational entity should be organized in manner to separate clearly at any given time between incompatible functions.

The role and duties of the market Undertakings various entities must be clearly defined and documented.

Article IV.1.2

The market is developing a manual of procedures covering the main carried activities. That manual includes also:

- A system for preventing and managing conflicts of interest;
- A system for maintaining the confidentiality of information;
- Appropriate monitoring system for sensitive jobs positions;
- A system ensuring business continuity;
- An internal audit system.

The Market Undertakings disseminate these procedures to members of its governing bodies and to its staff and ensure their strict compliance.

Article IV.1.3

The CDVM may require the market undertaking to provide all or part of these procedures. It may require the market undertaking to complement and/or modify these procedures when they appear to be unable to ensure compliance with the laws or regulations.

Section 2. Human Resources

Article IV.1.4

The market undertaking must have the necessary human resources to cope with the demands of its duties and changes linked to the evolution of the activity.

When deficiencies are identified or if recruitment is planned, a training plan must be developed. All the training facilities, internal and external, carried under this plan, for the smooth running of the business, are regularly implemented and assessed.

Article IV.1.5

The market undertaking provides a detailed description of the various functions and positions which specifies the skills and qualifications necessary to fulfill them. The job descriptions must be signed by the persons concerned.

The market undertaking sets out the procedures for replacing each absent staff member, while ensuring the separation of incompatible functions.

Section 3. Technical Resources

Article IV.1.6

The market undertaking sets up an information system adapted to its size, its features and volume of information that it processes. That system must be able to respond to new features made necessary for the development of the market.

The market undertaking must have the necessary documentation for each application or software package used, namely, the installation guide, user manual and administration guide.

Article IV.1.7

The market undertaking shall ensure, permanently, the maintenance of its information system to ensure reliability, availability and coverage of all the features needed to carry out its activity.

Any malfunction in the information system affecting the availability and integrity of data or affecting the smooth running of the business and the quality of services provided must be notified immediately to the CDVM, specifying the measures undertaken or to be undertaken to address it.

Article IV.1.8

The market undertaking implements a policy of information security to ensure the security of its information system in terms of confidentiality, integrity and availability of data and services.

It puts into place the necessary resources to ensure compliance with the safety policy.

It ensures, throughout the information system life cycle, the ability of the latter to ensure, for each operation, the traceability of each processing step.

The information system should be subject every four (4) years to an external audit.

Article IV.1.9

The market undertaking must secure access to its headquarters as well as to its sensitive entities such as the computer room and the entity responsible for processing transactions.

Article IV.1.10

The market undertaking implements a backup policy based on the volume of data processed, its criticality and the period of storage of information. This policy must include:

- The elements to be safeguarded (servers, databases, users' data, etc.).
- The type of backed up data;
- The frequency of the backup.

The market undertaking ensures the implementation of the backup policy and implements the necessary resources (procedures, hardware and software) to recover data in case of loss.

Article IV.1.11

The market undertaking must have a set of procedures and solutions that guarantee the continuity of its critical activities in case of disaster or crisis.

The business continuity plan must be reviewed and approved by the highest decision-making entity in the market undertaking. It must be tested to prove that it is fully operational. The plan for the activity continuity must be examined by an independent third party.

The plan for the business continuity is a scalable system that must be regularly updated.

Article IV.1.12

The market undertaking sets up a technical infrastructure to ensure traceability and security of the exchange of information and data with its clients.

The market undertaking sets the technical conditions for the access and use of its information system and communicates them to the users.

Section 4. Internal audit

Article IV.1.13

The market undertaking is required to set up an internal control system able to achieve the following objectives:

- The reliability of transactions;
- Mitigating and monitoring risks relating to the carried out activities;
- Compliance with laws and regulations.

Article IV.1.14

The internal audit function must be permanent and be carried by people, whose reporting line ensures their full independence.

Article IV.1.15

The market undertaking appoints an internal auditor to oversee the implementation and proper functioning of the internal audit system.

Prior to the appointment of the internal auditor, the market undertaking ensures his good repute, his knowledge of legal and regulatory framework in force and his professional competence.

Article IV.1.16

The market undertaking informs the CDVM, in writing, of the identity of the person appointed as internal auditor upon his appointment. It sends a file on the internal auditor, including:

- A curriculum vitae detailing his academic training and professional experience;
- A copy from his criminal record, dated within one (1) month;
- Where appropriate, statements from previous employers attesting his skills;
- And any other information deemed useful by the intermediary to assess the ability of the internal auditor to fulfill his duties.

Article IV.1.17

The market undertaking must make available to the internal auditor all human and material resources necessary to carry out his tasks independently, continuously and efficiently. As such, the internal auditor must:

- Have a regularly updated documentation describing the organization of services, procedures, and all the activities entailed risks;
- Consult the main management reporting systems, red flags report forms, and any dysfunctions identified in connection with the activity carried out;
- Have access to information or any event affecting the social life of the market undertaking, and;

- Examine all claims and/or complaints against the market undertaking which are, by their subject, related to the activities under the CDVM control.

Article IV.1.18

As part of his duties the internal auditor:

- Ensures operational compliance with laws and regulations;
- Ensures the quality of the procedures specific to the activity of the market undertaking and reliability of the monitoring tools as well as the existence of a risk mapping tool;
- Establishes a collection of all the regulations in force. He ensures the dissemination of any new legal or regulatory measures among the staff and managers while raising their awareness about its impact on the market undertaking, its activities, its organization and procedures, if any;
- Suggests measures to improve procedures and audits;
- Ensures that claims and complaints are handled diligently and promptly;
- Regularly monitors corrective actions for deficiencies;
- Holds a meeting to raise awareness of the staff about the laws and regulations in force;
- Ensures, through the auditing process he carries himself, or by another person whom he has previously designated, that there is:
 - A permanent and effective protection of computer access;
 - Appropriate procedures for safeguarding information, strictly adhered to and tested on a periodical and regularly basis;
 - Regular internal auditing of the information systems functionalities.
 - Ensures compliance with ethics rules, if any;
 - Notifies, without delay, the hierarchy of the market undertaking and the CDVM of any deficiencies identified when exercising his duties, as well as any undertaken or planned regulatory measures.

Article IV.1.19

The internal auditor should draft a semiannual report, consistent in content and form to the model available in Appendix V.2. This model contains minimum information that the market undertaking may supplement by other references, if it deems it useful.

Article IV.1.20

The internal auditor ensures that the CDVM receives, within the due deadlines and conditions provided by the latter, all documents and information required by the market undertaking.

Article IV.1.21

Any change or departure of the internal auditor, for whatever reason, must be notified in writing and without delay, by the market undertaking to the CDVM, by indicating the reasons of the change or departure.

The internal auditor leaving his duties should immediately send to the CDVM a letter explaining the reasons for his departure.

TITLE II. CODE OF ETHICS

Article IV.2.1

Each market undertaking is required to develop a code of ethics for its staff and members of its management, administrative and monitoring bodies. It informs the concerned personnel of this code and it ensures their compliance with its rules.

The said personnel must commit to abide by the rules set by the code of ethics.

Article IV.2.2

Upon taking office, each staff member of any given market undertaking should submit to the chief executive a statement specifying details of his listed securities portfolio.

If the staff member does not have a portfolio, the statement must contain the word "none". The statement referred to in paragraph one above, must be updated at the close of each calendar year and submitted to the chief executive officer by January 31 of the following year.

Article IV.2.3

Any staff member of any given market undertaking, on whose behalf a stock transaction has been executed, is required to submit a statement to the Chief Executive Officer, within five (5) days of receipt of the transaction notice.

The statement must contain the following information:

- a) The name of the concerned person
- b) The name of the intermediary or the collecting system;
- c) The naming of the value
- d) The number of securities purchased or sold;
- e) The date of the transaction;
- f) The value of the transaction.

Article IV.2.4

The market undertaking submits a copy of its code of ethics to the CDVM. Whenever the market undertaking updates its code of ethics, it shall send a copy to its entire staff and its management, administrative or monitoring bodies who renew the commitment to respect the contained rules of ethics. It shall send a copy, also, to the CDVM within five (5) days from the date of the entry into force of the said update.

Article IV.2.5

In the absence of an appointment by the market undertaking of a responsible of ethics, the internal auditor ensures the appropriate application of ethics rules, their update and their dissemination among all the managing bodies and the concerned staff.

The internal auditor should conduct, in particular, awareness sessions for these rules. The identity of the person appointed as internal auditor must be submitted, without delay, to the CDVM.

Any failure to comply with the code of ethics must be reported, without delay, to the CDVM.

TITLE III. SPECIFIC PROVISIONS

Chapter I. The Stock Exchange Managing Company

Section 1. Placement of stock exchange listed securities

Article IV.3.1

As part of the financial transactions referred to in Title I of Book III and in accordance with the provisions of Articles 1.2.18 and 2.2.6 of the General Regulations of the Managing Company, the latter centralizes the subscription orders that it receives from the syndicate under the terms of a centralization agreement that should be signed by both parties.

The centralization agreement should include the centralization terms, as well as the schedule of activities that each party commits to respect, in accordance with the deadline provided in the prospectus.

Article IV.3.2

Once set, the results of the placement transaction shall be notified, without delay, by the Managing Company to the CDVM.

The following information is included:

- The rate / final price agreed upon;
- The number of shares requested / offered;
- The distribution of requests/allocations by investor category;
- The distribution of requests/ allocations by intermediary.

The CDVM may request any additional information on the results of the operation.

If it is provided by the prospectus, the managing company, after consulting the placement syndicate chief, pronounces the early closing of the subscription period.

Section 2. Stimulation of the listed securities market

Article IV.3.3

Any brokerage firm engaged in the business of stimulating the market must offer, on a daily basis, a minimum amount of securities to purchase or sell on the central market.

The said amount is fixed by the managing company and shall not be, for each transaction direction (purchase or sale), less than the following: 25,000 / last reference price.

Article IV.3.4

The securities offered to the purchase and sale by the brokerage firm responsible for stimulating the activity should be priced in the range and be registered within the limits of variation being authorized by the managing company. That range is determined by the Managing Company and shall not exceed 4% (upper limit / lower limit ≤ 1.04).

Article IV.3.5

The Managing Company sets, for each stimulation contract, the frequency of listing that the stimulating brokerage firm should respect.

Article IV.3.6

The Managing Company sets up a special reference to distinguish the stimulating orders from other orders and ensures compliance with the practical modalities, as published in the Official Exchange Bulletin.

Article IV.3.7

Pursuant to the provisions of Article 11 of the “Dahir” (Royal Decree) establishing the abovementioned Law No. 1-93-211, when the Managing Company identifies a breach of the provisions of this section and Articles **I.4.1** to **I.4.12** of this circular, it notifies immediately the CDVM as well as the issuer.

Section 3. Turnaround trade

Article IV.3.8

The Management Company sets up a special reference to distinguish the turnaround trade from the other orders.

Chapter II. The Central Depository

Section 1. Turnaround trade

Article IV.3.9

The Central Depository should make the necessary efforts in terms of organization and tools implementation to:

- Allow a perfect identification of DVP instructions initiated as part of turnaround trade defined in Article **I.2.9** of this Circular;
- Provide the CDVM, on a semiannual basis, with a summary of all the DVP instructions mentioned above. This statement, the model of which is available in Appendix **V.2**, must be submitted no later than 15 (fifteen) days after the closing of the month accounts.

In addition, the Central Depository informs the CDVM of any breach of the provisions of Articles **I.2.10** to **I.2.13** of this Circular, that it identified while carrying out its duties.

Article IV.3.10

The Central Depository establishes a special reference to distinguish the DVP instructions related to turnaround trade from the other DVP instructions.

BOOK V: COMMON PROVISIONS

TITLE I. PROVISIONS ON THE PREVENTION OF MONEY LAUNDERING AND TERRORISM FINANCING

Article V.1.1

The provisions of this book apply to the following intermediaries which receive instructions directly from the clients:

- Brokerage firms;
- Assets custodians;
- The managing companies of collective investment schemes; and
- The collective investment funds in venture capital, when self-managed.

In this title, the term:

"AML /CTF" refers to the Anti-Money Laundering and Combating the Financing of Terrorism as set by Law No. 43-05 related to the fight against money laundering, as amended and supplemented ;

"FIU" refers to financial intelligence Unit as set by Decree No. 2-08-572 of 25 hja 1429 (December 24, 2008) establishing the financial intelligence Unit;

"Clients with high risk profile" includes amongst others the following persons:

- Persons or corporations from countries with a high risk of money laundering or terrorism financing, in particular countries appearing on lists drawn up by the authorized international bodies;
- Non resident persons or persons acting on their behalf;
- Politically Exposed Persons (PEP), defined as any Moroccan or foreign individual, who are or have been entrusted with prominent public functions in Morocco or abroad, or hold or have held an important position in or on behalf of an international organization, as well as family members and persons closely associated with them, regardless of their nationality. The term family, as defined in this paragraph, refers to spouses, ascendants and descendants of the first and second degree.

"Beneficial owner": within the meaning of the aforementioned Law 43-05, it is defined as any natural person on whose behalf the client or any natural person who ultimately controls or owns the client when the latter is a legal person.

"Business Relationship": Is a professional or commercial relationship which is supposed to have an element of duration, when the contact is established between the person subject of this book and the client.

The business relationship may be defined by a contract under which successive operations are performed between contractors or which gives rise, with regard to these persons, to ongoing obligations. A business relationship is also established when, in the absence of such a contract, a client benefits on a regular basis from the intervention of the person in charge of the execution of several operations or operation of a continuous nature.

Article V.1.2

In addition to internal monitoring obligations provided by Articles **I.1.13** and **II.1.11**, the intermediaries referred to in Article **V.1.1** mentioned above should:

- Put in place an adequate organization and acquire all the resources and procedures to ensure the thorough knowledge of their clients and beneficial owners, monitoring their operations and managing the relationship with the FIU under the conditions it sets;
- Set up a risk management framework that allows the prevention, assessment, and monitoring of the risks of money laundering and financing of terrorism. The internal vigilance mechanism must therefore enable to classify clients by categories (including occasional clients) according to their risk profile and identify risky

operations of money laundering and financing of terrorism. In particular, the framework should be able to identify clients with a high risk profile, detect unusual or complex transactions and prevent risks inherent in the use of new technologies for the purpose of money laundering;

- Keep and update, in accordance with the law 43-05 mentioned above, all documents and information related to the clients identification and the transactions executed for the account of the said clients.
- Ensure that recruits are aware of the requirements of AML /CFT before participating in the execution of transactions covered by the aforementioned Law 43-05;
- Schedule, also, a specific and continuous training plan on the prevention of money laundering for their managers and staff.

Article V.1.3

Upon entry into relationship, the intermediaries referred to in Article **V.1.1** mentioned above ensure the identity of their clients and set a per client record.

The client documents must include documentary evidence of his identity, of his job, the powers of persons acting on his behalf, if any, as well as an identification sheet. Appendices **V.1.A**, **V.1.B** and **V.1.C** of this circular set out the minimum requirements, respectively, in terms of the list of the required documents and the identification sheet necessary for the identification of the client.

Intermediaries referred to in Article **V.1.1** above shall take all necessary measures to ensure the authenticity of all documents related to the client identification.

They require from their clients original documents. Otherwise, the documents copies must be certified by the competent authorities.

Prior to entering into a relationship, intermediaries referred to in Article **V.1.1** above, require from their clients to fill in a questionnaire concerning, in particular, the identification of their profile, their motivations, their financial capacity and origin of their funds.

Intermediaries ensure, also, where appropriate, the identity of the beneficial owner of the operations to be performed.

Prior to entering into a relationship with the client, the intermediaries referred to at Article **V.1.1** mentioned above submit to them a questionnaire on the identification of their profile, their motivations, their financial capacity and the origin of their assets.

Article V.1.4

The minimum requirements specified in the preceding paragraph do not exempt the intermediaries from any additional diligence necessary or useful for the identification of the client, particularly with regard to the nature of his business, nationality, type of operations that he realized or the identity of his shareholders, members or persons acting on his behalf, if applicable.

The intermediaries shall refrain from carrying out operations on behalf of clients for whom all the conditions necessary to their identification have not been fulfilled.

Article V.1.5

Intermediaries must ensure the continuous update of money laundering risk that their clients represent according to their profile, and in accordance with Article **V.1.2** mentioned above.

The client profile is determined on the basis, inter alia, of the answers given in the questionnaire referred to at Article **V.1.3** of this circular and on the basis of a number of criteria, such as country of origin, the nature of the actual job, the origin of the assets and the record, beneficiaries and the nature of the intended or executed transactions.

Article V.1.6

Intermediaries ensure the adequacy of the client profile and the nature of operations intended or executed.

Intermediaries must implement enhanced due diligence measures for:

1. Clients with "high risk profile";
2. Operations occurring within unusual or complex conditions, including those related to an abnormally high amount and which do not seem to have any economic justification or apparent lawful purpose.

The enhanced due diligence measures include:

- a) Strengthening measures to verify the identity of clients with high risk profile and the origin of funds;
- b) Obtaining permission from the managers before establishing a business relationship with this client category ;
- c) Applying an enhanced ongoing surveillance of the business relationship ;
- d) Holding managers regularly informed, in writing, on unusual or complex transactions or those made by clients with high risk profile.

Article V.1.7

Intermediaries must ensure that their branches and subsidiaries abroad, apply the highest standards of AML /CFT in case of discrepancies between the obligations under the aforementioned law 43-05 and those of the host country.

If the legislation of the host country is opposed to the application of these requirements, Intermediaries must implement appropriate measures to manage the risks of money laundering and notify the FIU in writing and without delay.

Article V.1.8

Intermediaries are required to perform regularly, at least every five years, an audit of their internal vigilance framework to ensure its effectiveness.

Audit reports must be submitted to the managers to update and improve the internal vigilance device.

TITLE II. DISCLOSURE OF DOCUMENTS AND INFORMATION TO THE CDVM

Article V.2.1

The persons and organizations which are subject to the control of the CDVM are required to submit the documents and information listed in Appendix V.2, in the prescribed manner, format, and frequency and within the prescribed deadlines. When the written format is required, it must be submitted with an acknowledgment of receipt at the headquarters of the CDVM.

Article 3

This circular repeals, upon its entry into force, the following provisions of the CDVM Circular:

- No. 01-11 related to methods for the implementation of the buybacks on the stock exchange by public companies of their own securities to regulate the market;
- No. 05-10 related to due diligence and internal monitoring;
- No. 04-10 related to the information that should be submitted by the brokerage firms to the CDVM;
- No. 02-10 related to information requirements of the managing companies of collective investment funds in venture capital;
- No. 01-10 related to the resources to be implemented by a brokerage firm to carry its activities;
- No. 07-09 related to the disclosure and dissemination of financial information by corporations using public offerings;
- No. 06-09 related to the Commission to be paid to the CDVM by the UCITS;
- No. 05-09 related to management fees that may be incurred by the UCITS;
- No. 04-09 related to documents and information that the management company must submit to the CDVM;
- No. 03-09 related to the disclosure obligations of the UCITS management companies;
- No. 02-09 related to the classification of UCITS;
- No. 01-09 related to prudential rules regulating the activities of the UCITS;
- No. 04-08 related to the rules of conduct applicable to financial analysts;
- No. 03-08 related to investment transactions made by foreign UCITS abroad;
- No. 02-08 related to the establishment of collective investment fund in venture capital
- No. 01-08 related to processing securities transactions involving shares listed on the stock exchange;
- No. 03-07 related to the licensing of management companies of collective investment funds in venture capital;
- No. 02-07 related to minimum standards for the organization of the activity of maintaining securities accounts;
- No. 01-07 related to the transfer of listed securities and securities or shares of the UCITS
- No. 11-06 related to accounting and financial documents required of the UCITS;
- No. 08-06 related to minimum rules for the organization of the UCITS management companies;
- No. 07-06 related to documents and information that custodians must submit to the CDVM;
- No. 06-06 related to the offering of securities admitted to stock exchange;
- No. 05-06 related to documents and information that the central depository should submit to the CDVM;
- No. 04-06 related to the accounting rules for the UCITS Repos;
- No. 03-06 related to the internal audit within the UCITS management companies;
- No. 02-06 related to the electronically receipt and transmission of orders;
- No. 01-06 related to the stimulation of the market listed shares;
- No. 07-05 related to the conditions of executing turnaround trades;
- No. 05-05 related to the publication of important information by corporations using public offering;
- No. 04-05 related to the prospectus and the identification form required of the UCITS
- No. 03-05 related to the licensing of the UCITS;
- No. 01-05 related to the ethics rules regulating the information among listed companies;
- No. 04-04 related to the prospectus required of legal persons using public offerings through the issuance or transfer of bonds;

- No. 03-04 related to the prospectus required of legal persons using public offering through the issue or transfer of shares;
- No. 02-04 related to the conditions of the assessment of securities contributed to a UCITS or held by it;
- No. 01-04 related to the notification of major shareholding thresholds in the capital or voting rights of listed companies;
- No. 03-03 related to the prospectus that may be prepared by the listed companies wishing to buy back their own shares to reduce their capital;
- No. 02-03 related to the required information disclosure required of the listed companies at the buyback of their own shares in order to regulate the market;
- No. 01-03 related to the roles and missions of the UCITS depository;
- No. 02-02 related to the basis of securities and/or cash Retention;
- No. 01-02 related to the relation between brokerage firms and their clients as part of the intermediation activity;
- No. 15-01 related to the information of subscribers to the UCITS shares;
- No. 13-01 related to the rules of conduct applicable to the UCITS;
- No. 10-01 related to the role of brokerage firm in charge of assisting companies in the third tier of the Stock Exchange in the preparation of information notes for the public;
- No. 07-01 related to the rules of conduct applicable to brokerage firms;
- No. 06-01 related to the internal audit within the brokerage firm;
- No. 05-01 related to the contributions of the brokerage firms to the guarantee funds;
- No. 04-01 related to the relations between the brokerage firm and the depository institutions in turnaround trades;
- No. 03-01 related to the UCITS statutory auditors;
- No. 01-01 related to the procedures for processing trading orders;
- No. 06-00 related to the management mandate of individual portfolio securities by a brokerage firm;
- No. 04-97 related to the rules of brokerage firms risk hedging;
- No. 03-97 related to the rules of brokerage firms risk division;
- No. 02-97 related to the rules of the use of credit balances of the brokerage firms clients' accounts in liquid assets;
- No. 01-97 related to the rule setting the proportions between the minimum equity capital of brokerage firms and their share capital;
- No. 02-96 related to the ethics rules applicable to the Managing Company of the Casablanca Stock Exchange;
- No. 01-96 related to the information file required of the issuers of negotiable debt securities.

Article 4

Changes made to Title I of Book V of this circular shall come into force on October 1st, 2013.