

GENERAL TEXTS

Dahir no. 1-16-130 of 21 Dhu al-Qidah 1437 (25 August 2016) enacting law no. 70-14 on Real Estate Collective Investment Undertakings.

PRAISE TO GOD ALONE!
(Great Seal of His Majesty the King Mohammed VI)

Let it be known hereby - May God elevate and strengthen the content!

That our Sherifian Majesty;
Having regard to the Constitution, particularly articles 42, and 50,

HAS DECIDED AS FOLLOWS:

Law no.70-14 on Real Estate Collective Investment Undertakings is hereby enacted and shall be published in the official gazette, further to the present Dahir, as adopted by the House of Representatives and the House of Counsellors.

Done in Rabat, on 21 Dhu al-Qidah 1437 (25 August 2016)

For countersignature:
The Prime Minister,
ABDEL-ILAH BENKIRAN.

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**Law no. 70-14
on Real Estate Collective Investment Undertakings**

Chapter one
General Provisions
Article One

Pursuant to the provisions of this law, Real Estate Collective Investment Undertakings, hereafter referred to as «OPCI» that either take the form of a Real Estate Investment Fund, hereafter referred to as «FPI», or a Real Estate Investment company, hereafter referred to as «SPI», can be created.

The main objective of OPCIs is the construction or acquisition of buildings, owned directly or indirectly, including off-plan as well as all the necessary operations for their use or resale, exclusively for the purpose of their rental.

OPCIs may carry out works of any kind in these buildings, particularly operations relating to their construction, renovation and rehabilitation with the purpose of renting them and, on an ancillary basis, OPCIs may handle financial instruments.

Real estate assets may not, under any circumstances, be acquired by the OPCIs exclusively for the purpose of reselling them.

Article 2

Within the meaning of this law herein, the following terms shall have the following meanings:

- *liquidity* : the OPCI funds deposited, on sight or for a period not exceeding two years, with the institutions entitled to receive funds from the public, within the strict limit of the needs relating to the management of the OPCI flows;
- *net assets of an OPCI*: the amount of accounting assets of the OPCI less the amount of its debts.
- *asset value of an OPCI share or unit*: the amount obtained by dividing the OPCI net assets by the number of shares or units in the said OPCI;
- *securities issued by the OPCI*: units, shares, debt securities and sukuk certificates.

Article 3

OPCI assets are composed of:

- 1) registered immovable property acquired or built for rental purposes and buildings under construction intended for rental as well as real rights, the list of which is set by regulation regarding the said property;
- 2) any real right granted by a security or by a lease for the occupation of an outbuilding of the State public domain, of a territorial community or of a public institution on the real estate structures, constructions and installations carried out on the said outbuilding;
- 3) any real right provided for by a foreign legislation and similar to one of the rights pointed out in 1) and 2) above;
- 4) equity securities, sukuk certificates, rights, debts or debt securities allowing direct or indirect holding in the share capital of real estate companies, except for partnerships and real estate companies;
- 5) securities of other OPCIs ;
- 6) liquidity and liquid financial instruments the list of which is set by regulation, free from any security rights or rights to third parties;
- 7) debt securities not allowing participation in the share capital;
- 8) Investments in the form of advances to the current account of associates.

Assets of an OPCI may be located in a free zone or in a foreign country, denominated in foreign currencies or governed by a foreign legislation, while respecting the legislation and foreign exchange regulations.

The eligibility criteria as well as the representation rate of the abovementioned assets are set out by regulation.

The OPCIs are classified into categories set by regulation, taking into account particularly their investment strategy as well as the nature and the composition of their assets.

Article 4

The securities issued by the OPCI may be listed on the stock exchange pursuant to the relevant legislation in force.

Article 5

The OPCI is subject to the provisions of law no.44-12 on public offerings and the information required from legal entities and organizations making a public offering.

However, subscription to securities issued by an OPCI by a person having sold to the said OPCI the assets referred to in 1) to 5) of article 3 above, as well as by any legal entity that, within the meaning of article 144 of law no. 17-95 on limited companies, controls or is controlled by the said OPCI, does not constitute a public offering operation.

By way of derogation from the provisions of article 5 of law no. 44-12 aforementioned, new issues of units or shares by an OPCI, after the initial issue, do not give rise to the elaboration of an information document.

Article 6

Following its constitution and prior to the first issue of units or shares to the public, the OPCI must submit for approval by the Moroccan capital market authority «AMMC» an information document prepared according to the standard model set by the latter.

Any amendment to the document leads to the elaboration of a new information document.

Following the approval, the information document is made available to the public, for consultation purposes, in all institutions in charge of receiving the unit or share subscriptions and an extract of the said document is published by the management company in a legal announcements publication.

An AMMC circular sets the terms and conditions for the elaboration and amendment to the information document.

Article 7

The means of execution provided for by the civil procedure code applicable to assets of the OPCI shall respect the allocation rules determined by the management regulations of the said OPCI.

Article 8

All OPCIs must abide by the legislation and the foreign exchange regulations.

Article 9

The OPCI must take out an insurance contract covering its responsibility with regard to the property it owns.

Chapter II

Constitution of OPCIs

Section one - Constitution of OPCIs

Article 10

Each OPCI is formed at the initiative of a management company, which designates a depositary institution.

The management company prepares the draft management regulations of the OPCI.

Article 11

An OPCI with streamlined operating rules may be created, hereafter referred to as «OPCI-RFA» which takes either the form of a real estate investment fund with streamlined operating rules, hereafter referred to as «FPI-RFA», or a real estate investment company with streamlined operating rules, hereafter referred to as «SPI-RFA».

Subscription to and/or acquisition of securities of an OPCI-RFA is reserved for qualified investors within the meaning of the aforementioned law no. 44-12 as well as for qualified foreign investors by virtue of the legislation of the State where their registered office is located.

The depositary institution ensures, for each OPCI-RFA securities subscription or acquisition operation, that the subscriber or the buyer is a qualified investor.

Article 12

Any OPCI may have many sub-funds or create new ones during its existence if provided for by its regulations. Each sub-fund gives rise to the issue of securities representing the OPCI assets attributed to it.

When sub-funds are set up within an OPCI, they are separately subject to the provisions of this law.

When the OPCI is formed of one or many sub-funds, its management regulations set out provisions common to the OPCI, all sub-funds combined, and a specific annex for each sub-fund. Each annex sets the characteristics of the concerned sub-fund and the management rules applicable to it.

Each sub-fund of an OPCI must respect the provisions of this law and the management regulations of the OPCI, including the annex that is specific to this sub-fund.

Article 13

By way of derogation from the provisions of article 1241 of the Dahir of 9 Ramadan 1331 (12 August 1913) on the Code of Obligations and Contracts, and unless otherwise provided for in the management regulations of the OPCI, assets of each sub-fund of the OPCI are only liable for debts, commitments and obligations of the said sub-fund. Each sub-fund only benefits from the assets of the said sub-fund.

Article 14

The constitution of any OPCI or the creation of any OPCI sub-fund must be authorized by the AMMC, which approves its draft management regulations or the specific annex of the concerned sub-fund, as the case may be.

The complete dossier of application for authorization, accompanied by the draft management regulations of the OPCI referred to in article 15 below, or by the draft specific annex of the sub-fund concerned, as the case may be, must be submitted by the management company with the AMMC, which gives a duly dated and signed receipt in respect thereof. This dossier, whose content is set by circular of the AMMC, specifies in particular the form of the OPCI, the investment policy it intends to conduct as well as its financing choices.

Article 15

The OPCI draft management regulations including, as the case may be, the annexes specific to each sub-fund, are elaborated by the management company in accordance with the model set by circular of the AMMC. They should at least contain, in addition to the statements and documents provided for by this law, the following information and documents:

- 1) the OPCI name and duration of existence as well as the name and address of the registered office of the management company and the depositary institution;
- 2) the category of the OPCI or of the sub-fund which the founders have opted for;
- 3) the investment policy, defining in particular the objectives to be achieved as well as the criteria, type, nature and the domestic or international location of investments;
- 4) the contributions brought together for the formation of the OPCI or of the sub-fund;
- 5) the valuation of in-kind contributions made during the constitution;
- 6) the assessment procedures for the assets held in the portfolio ;
- 7) the means for hedging financial risks incurred by the OPCI or by the sub-fund when necessary;
- 8) the terms of securities issuance and repurchase as well as the conditions under which the issue or repurchase can be suspended;
- 9) the terms and conditions of subscription to issued securities as well as the procedures for assessing their value;
- 10) the assessment procedures and periodicity of the net asset value of the share or unit of the OPCI or of the sub-fund, which must take place at least on June 30th and December 31st of each year;
- 11) the opening and closing dates of the accounts as well as the duration of the accounting year, which may not exceed twelve (12) months. However, by way of derogation from law no. 9-88 relating to accounting obligations for commercial activities, the first financial year may last for more than 12 months, without exceeding eighteen (18) months;
- 12) name or trade name of the first statutory auditor(s)
- 13) name or trade name of the first real estate appraisers of the OPCI assets;
- 14) remuneration arrangements of the management company, the depositary institution and the real estate appraisers as well as any fees received in the context of securities issuance or repurchase and the terms of determination of the management fees;
- 15) the terms and conditions for the use of loans
- 16) the terms for the distribution of any proceeds or income to security holders;
- 17) the terms, nature and periodicity of the information to be provided to security holders and the public;

18) the terms of amendment to the management regulations ;

19) the terms and conditions of the dismissal and replacement of the real estate appraisers, the management company and the depositary institution;

20) without prejudice to the dissolution cases provided for by this law and the legislation in force, the dissolution cases as well as the liquidation conditions and asset allocation terms.

21) the quorum conditions required for holding the extraordinary general meeting, which may not be less than 51% of the total security holders representing at least 75% of the OPCI capital, as well as the majority required for the extraordinary general meeting to make a decision, which may not be less than 51% of the attendees representing 51% of the OPCI capital.

Article 16

During the examination of the dossier of application for authorization, the AMMC may, within a time limit of thirty (30) clear days starting from the date indicated in the receipt provided for in article 14 above, request from the management company any supplementary document the production of which is deemed necessary.

Article 17

The delivery or refusal of the authorization must be notified by the AMMC to the OPCI management company by a registered letter or via any means permitting proof of receipt, within a time limit of thirty (30) clear days starting from the date indicated in the receipt provided for in article 14 above, or from the date of submission of the last complementary document the production of which was requested pursuant to the provisions of article 16 above.

Reasons must be given for any refusal of authorization

The amendment to the management regulations of an OPCI or of a sub-fund annex is subject to a new authorization by the AMMC to be granted under the same conditions and forms as the initial authorization.

The AMMC must send, for information purposes, to the competent administration for any OPCI or sub-fund it authorizes a copy of its management regulations or annex.

Article 18

OPCIs must include in all their actions, documents and publications, no matter the medium used, their corporate name followed, as the case may be, by the indication «FPI», «SPI», «FPI-RFA» or «SPI-RFA» as well as their authorization references.

Documents emanating from OPCIs must also include the names and addresses of the registered office of the management company, the depositary institution and the real estate appraisers.

Article 19

The FPI is a joint ownership with no legal personality. The FPI does neither constitute a real estate company nor a joint venture.

Any FPI is validly constituted by issuing at least two units representing the assets attributed to it.

Units of an FPI or of one of its sub-fund represent co-ownership rights of the assets of the said FPI or sub-fund.

Units of an FPI are issued or repurchased pursuant to the provisions of this law and to the management regulations of the said FPI, at the net asset value defined in article 2 below.

As for the FPIs listed on the Stock Exchange, units are issued and repurchased pursuant to the legislation relating to the Stock Exchange.

The terms and conditions for the issuance and repurchase of units and, when necessary, the restriction, limitation or suspension of issue and repurchase, are set by the management regulations of the FPI concerned.

As regards the FPIs listed on the Stock Exchange, the said terms and conditions must comply with the legislation in force relating to the Stock Exchange.

Article 20

In all cases where the provisions relating to real estate or companies or financial instruments require the identification of the owner of the assets or the security as well as for all the transactions carried out on behalf of co-owners, reference to the FPI or to the sub-fund concerned may be validly replaced by references to co-owners of the said fund or sub-fund.

Article 21

The provisions of articles 960 to 981 of the dahir on the Code of Obligations and Contracts aforementioned and articles 24 to 36 of law no. 39-08 on the Code of Real Rights do not apply to the FPIs.

Article 22

The SPI is constituted in the form of a joint stock company with variable capital.

Shares of the SPI are issued or repurchased at the net asset value as defined in article 2 below pursuant to the provisions of this law and to the management regulations.

The issuance or repurchase of the SPIs listed on the Stock Exchange is carried out pursuant to the legislation relating to the Stock Exchange.

The terms and conditions for the issuance and repurchase of shares and, when necessary, the restriction, limitation or suspension of issuance and repurchase, are set by the management regulations of the SPI concerned.

As regards the SPIs listed on the Stock Exchange, the said terms and conditions must comply with the legislation in force relating to the Stock Exchange.

Article 23

By way of derogation from the provisions of article 451 of law no. 17-95 relating to limited companies, SPIs are subject to the provisions of the said law excluding articles 4, 17, 19 (paragraph 2), 22, 23 (paragraph 2), 44, 45, 47, 67, 70, 212, 219, 236 to 239, 241 and 293 to 315.

Article 24

The provisions of Book V of law no. 15-95 on the Commercial Code are not applicable to the SPIs.

By way of derogation from the provisions of law no. 17-95 aforementioned, SPIs are subject to the following provisions:

1) the ordinary general meeting may be held with no quorum being required. The same applies, upon second call, to the extraordinary general meeting;

2) in the case of a capital increase, shareholders do not have a pre-emptive right to subscribe for new shares;

3) the management regulations may not provide for specific benefits, except in favour of the management company or its corporate officers;

4) the SPI is not required to form the reserve funds provided for by article 329 of aforementioned law no. 17-95 ;

5) Capital changes shall be carried out at any time by right, subject to the provisions of this law and the management regulations of the SPI;

6) the general meeting is exempted from approving the accounts when these are certified by one or more statutory auditors;

7) the number of the company shareholders must be at least equal to three;

8) the chairmanship and the general management of the SPI may be held by a legal entity;

9) the SPI shares must be fully paid up at the time of their issuance.

Article 25

The management company of an SPI exercises, under its responsibility, the general management of the said SPI and must be appointed in the management regulations.

Notwithstanding the provisions of the aforementioned law no. 17-95, the SPI's first directors are appointed at the first general meeting for a term of office not exceeding three years and designated in the management regulations. The following directors are appointed by the ordinary general meeting for a term of office not exceeding six years. They are re-eligible unless otherwise provided for in the management regulations.

Section 2 - Composition of OPCI assets

Article 26

An OPCI may be constituted by contributions in cash or in kind of the real estate assets provided for in article 3 of this law. When the management regulations provide it, new contributions in cash or in kind may be made for the benefit of the OPCI after its constitution, in accordance with the conditions and procedures set by the said management regulations.

Release of contributions and, after the constitution of the OPCI, subscriptions of securities cannot be carried out by compensation with liquid and payable debts held by the OPCI.

The statutory auditor(s) of the OPCI assess, under their responsibility, the value of any contribution in kind in the light of the valuation carried out by two real estate appraisers referred to in article 29 below.

The OPCI management regulations include the assessment of contributions in kind carried out upon incorporation. A copy of the summary report of the valuation of contributions in kind and the report of the statutory auditor(s) is made available to the security holders of the OPCI or the sub-fund concerned, if any, and a copy is sent to the AMMC.

The management company must inform the AMMC and the security holders of the OPCI or of the sub-fund of any contribution in kind carried out during the existence of the OPCI or sub-fund, in accordance with the conditions and procedures set by the AMMC circular.

Special provisions specific to certain categories of OPCI relating to contributions in kind, both at the time of incorporation and during the existence of the OPCI, may be laid down by regulation.

Article 27

The assets of an OPCI must be constituted according to the following proportions:

1) at least up to 60% of the assets mentioned in 1), 2), 3), 4) and 5) of article 3 of this law. The assets mentioned in 4) and 5) of the above-mentioned article 3 are taken into account up to the share that these assets invest in the assets 1), 2) and 3) of the said article 3;

2) at least up to 10% of the assets referred to in 6) of article 3 of this law. However, SPIs listed on the stock exchange are not subject to this obligation;

3) total parts of unbuilt lands intended for construction and buildings under construction may not exceed 20% of the total of the buildings mentioned in 1) of article 3 above.

However, OPCI-RFA may derogate from the provisions mentioned in 2) and 3) of this article.

At the end of a time limit set by regulation, which may not exceed three (3) years from the date of authorization of the OPCI, the rules of dispersion and capping of risks and the above-mentioned proportions must be respected on June 30th and December 31st of each year.

The management company of the OPCI informs the AMMC, without delay, of any non-compliance with the aforementioned rules, indicating the reasons and describing the measures it intends to undertake to regularize the situation. The settlement of the situation must occur within a maximum time limit of one year.

In default of settlement within the aforementioned period and in case of a repeat offence, the withdrawal of authorization of the OPCI is pronounced by the AMMC.

The conditions and procedures of application of the aforementioned risk dispersion and risk capping rules are set by regulation, after consulting the AMMC. These conditions and procedures as well as the time limit referred to in the third paragraph above, may be common to all OPCIs or specific to OPCI-RFAs or specific to a category of OPCIs.

Article 28

The amount of contributions constituting any FPI and the amount of the initial capital of any SPI is set by regulation without being less than five (5) million dirhams.

OPCIs have a time limit of one (1) year, as of the date of their authorization, to comply with the provisions of the first paragraph above. Failing that, the OPCI is wound up as of right and the security holders are reimbursed up to their rights in the OPCI.

Chapter III

Valuations of OPCI real estate assets

Article 29

Real estate and real rights held directly or indirectly by an OPCI are evaluated periodically and at least once every semester by two OPCI real estate appraisers independent of each other, who separately carry out their valuation tasks.

They then jointly prepare, under their responsibility, a valuation report. This report is sent to the OPCI management company, to the depositary institution and/or to the statutory auditor(s) of the OPCI. A summary of the valuation report is sent upon request to any shareholder or unitholder of OPCI or of the sub-fund concerned.

When the real estate appraisers are unable to fulfil all or part of their assignment, for whatever reason, they shall immediately inform the management company which must take the necessary measures to enable them to fulfil their mission. Difficulties encountered shall be indicated in their report.

The terms governing the assignment of real estate appraisers, the valuation methods to be adopted as well as the procedures for drawing up, transmitting and making available the appraisal report are set by AMMC circular.

Article 30

The two real estate appraisers referred to in article 29 above are appointed, after AMMC approval, by the management company from the real estate appraisers appearing on the list of real estate appraisers of OPCI assets referred to in article 31 below.

Appointed real estate appraisers must be independent of the statutory auditor(s), the management company and the depositary institution of the assets of the OPCI concerned.

The term of office of each real estate appraiser is four years renewable only once. However, the term of office of one of the real estate appraisers appointed at the time of creation of the OPCI or the sub-fund, is not renewable for said OPCI or sub-fund.

The management company may only terminate the term of office of any real estate appraiser before the end of their contract if approved by the AMMC.

The identity of the appointed real estate appraisers is included in all information documents and reports published by the OPCI or the sub-fund.

Article 31

To carry out the activity of real estate appraiser of OPCI assets, persons meeting the conditions referred to in article 32 below must be approved by the competent administration, after consulting the advisory commission provided for in article 33 below.

The competent authority shall verify that the beneficiary still meets the conditions by virtue of which the authorization was issued. If, during an audit, it is found that one or more of the said conditions are no longer fulfilled, the authorization shall be withdrawn upon opinion of the above-mentioned advisory committee.

The competent authority draws up and updates the list of authorized real estate appraisers of OPCI assets. This list is published in the "Official Gazette".

The procedures for issuing and withdrawing authorization as well as the procedures under which the administration verifies the compliance of the beneficiaries with the conditions of issuing such authorization are set by regulation.

Article 32

Only those who meet the following conditions may act as real estate appraisers of OPCI assets:

- having as main activity the valuation of real estate assets;
- being domiciled in Morocco.

When the real estate appraiser is a natural person:

- must have the required skills and sufficient experience in the valuation of real estate assets;
- must not have been convicted, with effect of res judicata, of an offence related to their activity;

When the real estate appraiser is a legal entity;

- provide adequate guarantees regarding its organization, human resources and expertise in the valuation of real estate assets;
- its managers and the persons in charge of the valuation of real estate assets must not have been convicted, with effect of res judicata, of an offence related to their activity;
- the real estate appraiser cannot delegate to others the execution of assignments for which he is commissioned by the management company of OPCI.

Article 33

An advisory commission is set up to give its opinion on applications for authorization and withdrawal of an OPCI real estate appraiser authorization.

This commission shall include State representatives as well as a representative of Bank Al-Maghrib, a representative of the AMMC and a representative of the Insurance and Social Security Supervisory Authority.

With regard to its needs, the commission may call on any person, natural or legal, known for their knowledge, skills or experience in real estate investment.

The composition and operating mode of the commission are set by regulation.

Article 34

The OPCI real estate asset appraisers are liable to the OPCI for any committed fault or negligence while carrying out their mission.

Every real estate appraiser must take out an insurance contract covering their civil liability for their valuation missions. Mention of the valid insurance is made in the annual report provided for in article 55 below.

The management regulations set out the scope of risks to be covered by the insurance contract and the minimum coverage level.

Article 35

The real estate appraiser of OPCI assets, a natural person, and any manager or person in charge of the valuation or the staff of the real estate appraiser of OPCI, a legal entity, are bound by professional confidentiality under the conditions provided for by the law in force. However, these persons are exempt from professional confidentiality for the benefit of the OPCI statutory auditor(s).

Chapter IV

Management Company

Section one – **Constitution of the Management Company**

Article 36

Only limited companies that meet the following conditions may operate as OPCI management companies;

- having as main and regular activity the management of OPCIs and/or the management of real estate investment undertakings under foreign law of countries having exchange of information and cooperation agreements with the Kingdom of Morocco, as well as the operations relating to the management of the said OPCIs;
- having their registered office in Morocco;
- having a fully paid-up share capital at the time of the application for authorization and whose amount cannot be less than one (1) million dirhams;
- providing sufficient guarantees regarding its organization, its human and technical resources and the professional experience of its managers;
- its managers must not have been convicted, with the effect of res judicata, of an offence related to their activity.

The management company must meet the aforementioned conditions for the entire duration of performance of its OPCI management activity.

The management company may also carry out related activities, the list of which is set by the competent administration, after consulting the AMMC.

Article 37

Any OPCI management company must, before carrying out its activity, be duly authorized by the AMMC.

The complete dossier of application for authorization must be filed by the management company with the AMMC, which gives a duly dated and signed receipt. The content of this dossier is set by AMMC circular.

Article 38

During the examination of the application for authorization, the AMMC may, within thirty (30) clear days as of the date appearing on the receipt provided for in article 37 above, request from the applicant company any additional document the production of which is deemed necessary in the light of the circular provided for in article 37 above.

Article 39

The grant or refusal of the authorization must be notified by the AMMC to the applicant company by registered letter or by any means permitting proof of receipt, within thirty (30) clear days from the date appearing on the receipt provided for in article 37 above or from the date of submission of the last additional document whose production has been requested in accordance with the provisions of article 38 above.

Article 40

The authorization of the management company is withdrawn by the AMMC at the request of the management company concerned or:

- when the management company has not started its main activity within a period of twelve (12) months of the date of its authorization, or;
- when it no longer carries out its OPCI management activity for a period exceeding twelve (12) months, or;
- when it no longer meets one of the conditions set out in article 36 above or ;
- as a disciplinary sanction as provided for in chapter X of this law.

Any withdrawal of authorization is notified in the same form as its grant and shall entail deletion of the company from the list of management companies provided for in article 42 above.

Any withdrawal of authorization must be duly justified by the AMMC.

In the event of authorization withdrawal, the management company must take all necessary measures to preserve the interests of the OPCI until a new management company is appointed.

Failing the appointment of a new management company within six (6) months of the date of the withdrawal of authorization of the initial management company, the OPCI is legally dissolved and enters into liquidation. In this case, the liquidation of the latter is carried out, in accordance with the management regulations, by a

liquidator appointed by the AMMC or at the request of any party concerned.

Article 41

The amendments affecting the control of the management company pursuant to article 144 of the aforementioned law no. 17-95, the nature of the related activities it carries out, the place where it is headquartered or the actual location of its activities are subject to prior authorization of the AMMC.

Article 42

The AMMC establishes and updates the list of authorized OPCI management companies. On the initiative of the AMMC, the said list is published on the AMMC website.

Section 2 - Rules applicable to Management Company

Article 43

The management company manages the OPCI in the exclusive interest of the security holders of the latter, in accordance with the provisions of this law and the management regulations of the said OPCI.

It must, for each sub-fund of an OPCI, comply with the rules applicable to OPCIs. Any failure by the management company to the said rules, for a sub-fund, may not have any effect on the other sub-funds of the said OPCI.

Article 44

The management company of an OPCI may not undertake for the account of the said OPCI any other activity or incur obligations, or resort to financing or incur management fees other than those necessary for the achievement of the OPCI objective and which are expressly provided for by this law or by the management regulations of the said OPCI.

Article 45

In accordance with the provisions of this law and the management regulations of the OPCI, the management company of the said OPCI:

- makes, on behalf and in the name of the said OPCI, the acquisition, management and sale of assets;
- takes possession of any security or document representing or constituting the said assets or being attached thereto;
- issues on behalf of the OPCI the securities referred to in article 61 below.

Article 46

Without prejudice to the other obligations provided for by this law, the management company is the legal representative of the SPI or the agent of the FPI.

The management company must, acting as an FPI agent, comply with the provisions relating to the obligations of the agent as provided for in the sixth title of the second book of the Dahir of 9 Ramadan 1331 (12 August 1913) stated above.

For this purpose, and without possibility to limit its powers, it must:

- repay the principal, pay interests, pay premiums or penalties, distribute the dividends and pay any amount due, in accordance with the provisions of this law and the OPCI management regulations;
- collect cash from OPCI assets, proceeds from the realization of securities and distribute them to security holders in accordance with the provisions of this law and of the management regulations;
- invest the cash of the OPCI in accordance with the provisions of this law and the management regulations;
- exercise all rights inherent in or attached to the receivables that make up the assets of the OPCI;
- represent the OPCI with regard to third parties and sue if necessary, to defend and assert the rights and interests of shareholders and unitholders;
- act in the name and on behalf of the OPCI and carry out all necessary formalities to achieve the purpose of the OPCI.
- undertake, on behalf of the OPCI, hedging transactions. These transactions must be carried out as part of the OPCI purpose or in order to match the financial flows received by the OPCI with the flows it must pay to holders of securities. Such operations must be provided for in the management regulations.

Article 47

The management company is prohibited from using the OPCI's assets for its own purposes.

Article 48

The management company of the OPCI must obtain prior authorization from the AMMC for any transaction limiting, restricting or suspending the issue or repurchase of SPI shares or FPI units, not provided for in the management regulations.

Article 49

The management company may, if the management regulations so provide, delegate, under its responsibility and control, a part of the financial management of one or more OPCIs to another OPCI management company. Information of this delegation must be sent, without delay, to the AMMC.

The delegation must not be liable to create conflicts of interest or hinder the control exercised by the AMMC. The delegatee must respect the conditions set in the management regulations.

Under no circumstances may the management company of an OPCI delegate the management of statistics and the control of financial flows relating to the assets of this OPCI.

Without prejudice to the provisions set out above, the management company may, under its responsibility and control, entrust to any person with the necessary skills, the performance of certain administrative, accounting or technical tasks related to the management of the OPCI.

Article 50

The management company must compile an inventory of the assets held by the OPCI, broken down by sub-funds if applicable, according to a model and periodicity set by circular of the AMMC. The inventory of assets must be certified by the depositary institution.

The inventory of assets is forwarded to the auditor(s) and made available to shareholders and unitholders of the OPCI or the sub-fund, within the time limits and according to the modalities set by circular of the AMMC.

Article 51

The management company must inform the depositary of the transactions it carries out, namely acquisitions, construction, lease, consent to mortgage and transfer, relating to the assets mentioned in 1), 2), 3) and 4) of article 3 of this law, at least fifteen (15) days before the completion date of the operation concerned.

Article 52

In case of default by the management company of its obligations towards the OPCI, it may be revoked, after the approval of the AMMC, by a decision of the extraordinary general meeting of the OPCI convened for this purpose, made according to the terms of quorum and majority set by the management regulations.

In this case, the replacement of the management company cancelled by another management company must take place at the same extraordinary general meeting.

Until replaced, the cancelled management company continues to carry out its functions and is still responsible for the management of the OPCI and the protection of interests of the latter.

Article 53

When the functions of the management company are terminated except in the case provided for in article 52 above or in case of opening against it of an insolvency procedure in application of the provisions of title II of the book V of the aforementioned law no. 15-95, the shareholders or unitholders of the OPCI must proceed, without delay, with the replacement of the said management company in accordance with the conditions set out in the management regulations.

If a new management company has not been appointed within one (1) month from the date of termination of the initial management company's functions or from the date of starting the procedure referred to in the above paragraph, any shareholder or unitholder of the OPCI may apply to the AMMC for temporary appointment of another management company that will be responsible for the management of the OPCI till replaced, under the terms provided for in the management regulations.

As long as the initial management company has not been replaced, the latter remains responsible towards the OPCI and must take all necessary measures to preserve the interests of the OPCI.

Replacement of the management company entails that the new management company accepts the management regulations of the OPCI.

As of its appointment, the new management company is subrogated in all rights and obligations of the former management company.

Section 3 - Obligations of the Management Company

Article 54

On the first business day following the determination of the net asset value of an OPCI or one of its sub-funds, this value as well as the subscription and redemption prices of securities, if applicable, are posted on the premises of the management company of the OPCI concerned.

This information must be published by the management company in a legal announcements publication according to a periodicity set by a circular of the AMMC that cannot be less than once per semester.

The methods for determining the net asset value of a share or a unit of OPCI are set by regulation.

Article 55

The management company must, for each OPCI or sub-fund, prepare an annual report for each financial year and a report covering the first semester of the financial year.

Each annual report must contain the management report, summary report of real estate appraisers, the report of the statutory auditor(s) on the valuation of contributions in kind, where applicable, the balance sheet, account of income and expenses, management accounts, the inventory of assets certified by the depositary institution and a description of the activities of the past financial year. It also contains all information that allows to know the state of the assets of the OPCI or of the sub-fund concerned.

The first semester report of the year must contain information on the state of assets of OPCI or of the sub-fund and its progress, the summary report of real estate appraisers, the report of statutory auditors on the assessment of contributions in kind, if any, as well as a description of the activities of the past semester.

The model of the above-mentioned reports is set by circular of the AMMC.

Article 56

Before publishing the reports referred to in article 55 above, the accounting documents that these reports contain must be certified by the statutory auditor (s).

Article 57

The annual report must be made available to security holders of the OPCI or the concerned sub-fund for consultation no later than three (3) months after the end of the corresponding fiscal year.

The first semester report must be made available to security holders of the OPCI or the concerned sub-fund for consultation no later than two (2) months after the end of the first half of each financial year.

Copies of said reports are sent by the management company to the AMMC and to competent administration within the aforementioned time limit.

The report containing balance sheet, account of income and expenses, management accounts, the inventory of assets certified by the depositary institution and the activities of the past financial year shall be published in a newspaper of legal announcements, no later than three (3) months after the end of the corresponding financial year.

OPCI-RFAs are exempted from the above-mentioned publication requirement in a newspaper of legal announcements.

Article 58

The management company must inform Bank Al-Maghrib, upon its request, of any information relating to the OPCI, deemed necessary for compilation of monetary statistics.

Chapter V

OPCI management rules

First section - Securities issued by OPCIs

Article 59

Securities issued by an OPCI may, in accordance with the terms set out in the management regulations, be denominated in foreign currencies and governed by foreign law, with respect to the laws and regulations governing foreign exchange.

In addition to the provisions of the aforementioned law no. 44-12, the securities mentioned in the first paragraph above are considered as financial instruments within the meaning of the said law.

The management regulations of an OPCI which is not listed on the Stock Exchange may prohibit the transfer of securities which they issue or attach conditions to this transfer.

Article 60

The OPCI may issue sukuk certificates, of which the technical details and the terms of their issuance are determined by regulation after receiving the assent of the Higher Council of Ulema provided for in Dahir no 1-03-300 of 2 Rabii 1 1425 (22 April 2004) reorganizing Ulema councils, as amended and completed.

Any sukuk certificates' issuance intended to be placed among resident investors is subject to the approval by the Higher Council of Ulema referred to in the first paragraph above.

Sukuk certificates rights must not affect the rights of the OPCI to maintain, manage and dispose of its assets in accordance with the management regulations.

Article 61

Debt securities that an OPCI may issue are as follow:

- Treasury notes governed by the provisions of law no. 35-94 relating to certain negotiable debt securities.

- Bonds issued in accordance with the provisions of the aforementioned law no. 17-95 or any other legislation allowing such issuance.

The issue of debt securities proceeds are allocated in accordance with the management regulations of the OPCI.

Article 62

Subscription for securities issued by an OPCI are made pursuant to a subscription agreement. The subscription and the acquisition of securities issued by an OPCI constitute acceptance of the management regulations of the said OPCI.

Rules of allocation of amounts received by the OPCI impose on creditors who have accepted them as well as on security holders, even in the event of the OPCI liquidation.

Article 63

Securities issued by any OPCI are subject to the provisions of law no. 35-96 on the central depository and the general accounting system. They are issued in accordance with the management regulations and the subscription agreement.

The forms and methods relating to operations on securities registered in an account are set by the management regulations.

Securities issued by an OPCI may be subject to a listing in the Stock Exchange, in accordance with the legislation and regulations in force, when the management regulations of the OPCI provide for it.

Section 2. – Rights and obligations of OPCI security holders

Article 64

The OPCI is only liable for obligations and costs expressly charged to it by this law and by its management regulations. It is not liable for debts and obligations of the management company, the depository institution, OPCI assets' real estate appraisers and holder of securities that it has issued.

Article 65

The management company and the depository institution of the OPCI shall be liable severely and jointly, as the case may be, to third parties or to security holders, for offences in violation of legislative and regulatory provisions applicable to OPCIs, violation of the management regulations and misconducts during the missions assigned to them by virtue of this law and the management regulations.

Article 66

The creditors of the management company, the depository institution, the OPCI assets' real estate appraisers and the securities holders of an OPCI shall, in no event, pursue the said OPCI for the payment of debts claimed on the management company, the depository institution, the OPCI assets' real estate appraisers or the securities holders of an OPCI.

Article 67

Unitholders of an FPI or of a sub-fund of an FPI are liable for the debts of the said fund or sub-fund only in respect of the assets they hold in that fund or sub-fund and in proportion to their holding.

Article 68

Unitholders or their assignees shall in no event demand partition of an FPI during its existence.

Section 3 – Special rules of OPCIs financing

Article 69

Where the management regulations so provide and under the terms set therein, an OPCI may contract:

a) Loans up to a limit of 40% of the assets value set forth in 1), 2), 3), 4) and 5) of article 3 of this law. To assess this limit, account shall be taken of all the loans and debts subscribed directly or indirectly by the OPCI at the percentage of its participation in the companies and OPCIs as respectively referred to in 4) and 5) of the said article;

b) Cash borrowings within the limit of 10% of the assets value other than those referred to in a) above.

However, in the case of OPCI-RFA, the limits referred to in a) and b) above are determined by regulation without these limits being respectively more than 80% and 20%.

The limits provided for in a) and b) must be respected on 30 June and 31 December of each year.

The management company informs the AMMC, without delay, of any non-compliance with the aforementioned rules, indicating the reasons and describing the measures it intends to undertake to regularize its situation. The settlement of the situation must occur within a maximum time limit of one year.

Failing regularization within the above time limit or in the event of a repeat offence, the AMMC shall withdraw the authorization from the OPCI.

The procedures for implementing the provisions of this article, particularly the volume, the nature of the OPCI's indebtedness and the information that must be presented to holders of securities, are set by circular of the AMMC.

Article 70

When the management regulations of an OPCI so provide, it may encumber its assets with the collateral necessary for the conclusion of contracts that fall within its purpose, in particular the contracts related to loans provided for in article 69 above.

Article 71

An OPCI may, when its management regulations so provide, grant current account advances to companies mentioned in 4) of article 3 of this law under the conditions set by regulation.

Article 72

Any SPI must suspend the buyback of its shares when its capital reaches half of the minimum amount of the capital made in accordance with the provisions of article 28 of this law. Its Board of Directors must, within a period of two (2) months from the date of this suspension, convene the extraordinary general meeting of the SPI in order to decide on its dissolution.

The FPI must suspend the buyback of its units when its net assets reach half of the minimum amount of contributions made in accordance with the provisions of article 28 of this law. When the net assets of the FPI remain, for more than two (2) months from the date of this suspension, less than one-half of this minimum amount, the management company must proceed with the liquidation of the FPI.

Section 4. - Accounting provisions

Article 73

The OPCIs are subject to special accounting rules set by the competent administration, following the opinion of the national accountancy council. The opinion of the national accountancy council shall be made within a period not exceeding two months from the date of its referral.

Article 74

The net income for the financial year of an OPCI or a sub-fund shall be equal to the sum:

a) of income relating to the real estate assets referred to in 1), 2), 3), 4) and 5) of article 3 of this law held by the OPCI or the sub-fund, less the fees and expenses amount of the said assets;

b) of income and remunerations generated by the management of the other assets of the OPCI or the sub-fund, less the amount of fees and expenses of the said assets;

c) of other income of the OPCI or the sub-fund, less the management fees and other costs and expenses which cannot be directly associated to assets referred to in a) and b) above.

The costs and expenses provided for above shall be allocated in accordance with the accounting rules referred to in article 73 above.

Each sub-fund of an OPCI shall be subject to a separate account.

Article 75

The distributable amounts by an OPCI or a sub-fund for a given financial year shall consist of:

1) The net income referred to in article 74 above, plus retained earnings, plus or minus the balance of accruals as defined by regulation;

2) Capital gains on the sale of the assets referred to in a) of article 74 above, realized during the financial year, less fees and plus or minus the balance of accruals as defined by regulation;

3) Capital gains on the sale of other assets of the OPCI or the sub-fund realized during the financial year, less expenses, and minus capital losses less expenses incurred in the same financial year, plus or minus the balance of accruals as defined by regulation.

The amounts determined according to the first paragraph above shall be distributed by the management company under the conditions and procedures set out by regulation.

Article 76

Payment of distributable amounts is made within a maximum period of six months following the end of the financial year.

Chapter VI

Depository institution

Article 77

The assets custody and the management of an OPCI liabilities must be entrusted to a single depository institution, which cannot be in any case the management company or the real estate appraiser of the OPCI's assets.

The depository institution must provide adequate guarantees with regard to assets custody, especially concerning its human, technical, financial and organizational resources.

The custody arrangements of an OPCI's assets subject to foreign legislation must be set by the management regulations.

Article 78

The depository institution shall ensure:

- the custody of the OPCI's assets and the control of its inventory excluding the assets referred to in 1), 2), 3) and 4) of article 3 of this law;

- the control of the OPCI's assets inventory referred to in 1), 2), 3) and 4) of article 3 of this law;

- the execution of decisions taken by the management company concerning purchases and sales of securities and those relating to the rights attached to the securities making up the assets of the OPCI and the chronological record keeping of the transactions undertaken on behalf of the latter. Prior to the implementation of these decisions, it ensures compliance with the provisions of this law and the management regulations. It must, if necessary, take any protective measures it deems necessary.

The depository institution must inform the AMMC without delay of any irregularities it detects or becomes aware of during the exercise of its activities.

Article 79

Only the following legal entities may conduct depositary institution activity of the OPCI's assets:

- the banks headquartered in Morocco authorized in accordance with the legislation in force;
- the deposit and management fund;
- other institutions or bodies with headquarters in Morocco, whose purpose is deposit-taking, credit operations, guarantee, fund management or insurance and reinsurance transactions, included in the list of depositary institutions.

Article 80

In the event of duties termination of depositary institution of assets of an OPCI, for any reason whatsoever, the management company shall inform without delay the AMMC. In this case, the said establishment must be replaced by another depositary institution among those provided for in article 79 above.

The management company of the OPCI must, without delay, proceed with such replacement in accordance with the terms and conditions set by the management regulations.

The liability of the depositary institution that has ceased its activities remains in effect until the end of the notice period set out in the management regulations. During this period, it must undertake all measures necessary to preserve the interests of shareholders or unitholders of the OPCI.

In the case where a new depositary institution has not been appointed within one (1) month following the termination date of the initial depositary institution, the AMMC shall appoint temporarily another depositary institution that will be responsible for the custody of the OPCI's assets until it is replaced by another depositary institution, in accordance with the terms and conditions provided for in the management regulations.

The depositary institution designated by the AMMC may not perform its duties for more than six (6) months. Failing any designation by the management company of a new depositary institution within the aforementioned time limit, OPCI security holders have a period of six (6) months to designate a depositary institution. If it is not designated within such time-limit, the OPCI goes into liquidation.

Article 81

The depositary institution of OPCI assets may neither acquire the securities issued by the said OPCI nor grant loans to the OPCI, except in the case where the OPCI management regulations so provide. In this case, the securities acquisition or the granting of loans should comply with the conditions set by the said management regulations.

In all cases, the abovementioned transactions must not create conflicts of interest between the depositary institution and the OPCI or the companies referred to in paragraph 4) of article 3 of this law.

The management company of an OPCI and the real estate appraiser of the OPCI assets may not acquire the securities issued by this OPCI or grant loans to it.

Chapter VII*Provisions relating to control*First Section, - **Control by the AMMC**

Article 82

Shall be subject to the control of the AMMC, in accordance with the provisions of law no. 43-12 relating to the Moroccan Capital Market Authority, the OPCI, the management company, the depositary institution and the OPCI account-keepers.

Finding and ascertaining breaches of provisions of this law and the texts taken for this end, shall proceed in accordance with the provisions of the aforesaid law no. 43-12. The AMMC ensures that the individuals and organizations referred to in the previous paragraph abide by the provisions of this law, texts taken for this end, the AMMC circulars as well as all legislative and regulatory texts applicable to them.

As part of its control missions, the AMMC is authorized to have any sworn and specially commissioned agent carry out on-site and on-the-spot checks with the said individuals and bodies, in accordance with the provisions of the aforementioned law no. 43-12.

The AMMC may also request them to provide any documents and information necessary for the fulfilment of their missions. It determines the list, the content and the model as well as the media, periodicities and transmission deadlines, in accordance with the legislation in force.

Section 2. - Statutory auditor

Article 83

The management company must appoint for each OPCI or sub-fund one or more statutory auditors responsible for controlling and monitoring the financial statements of the OPCI or of the sub-fund, in accordance with the provisions of this law. In this regard, the statutory auditor(s) certify the OPCI's accounts as well as the accuracy of the periodic information referred to in article 55 of this law prior to release or publication. They shall assess all contributions in kind, amounts distribution, dissolution and liquidation of the OPCI. They shall be responsible for preparing reports on the transactions they undertake.

The statutory auditor(s) shall notify, without delay, the OPCI's management company and the AMMC of any irregularity or inaccuracy they detect during the accomplishment of their duties.

Article 84

The OPCI's management company appoints the statutory auditor(s) among the chartered accountants registered on the roll of the order of accountants for three (3) consecutive financial years.

With regard to the first auditor(s), they are appointed in the management regulations by the founders of the OPCI or the sub-fund.

Article 85

The provisions relating to the statutory auditors prescribed by the aforementioned law no. 17-95 shall apply to OPCIs, subject to the specific rules provided for by this law.

Article 86

Unitholders of an FPI shall exercise the rights granted to shareholders by article 164 and 179 of the aforementioned law no. 17-95.

The rights referred to in the first paragraph above are extended to holders of debt securities and sukuk certificates issued by the OPCI.

Chapter VIII*Liquidation of the OPCI*

Article 87

In addition to the dissolution cases prescribed by this law, the OPCI is dissolved and enters into liquidation:

- on the expiry of its duration of existence set out by the management regulation;
- in case of its authorization withdrawal;
- upon liquidation of its last sub-fund, subject to the provisions of article 88 below.

The OPCI may also enter into liquidation in the interest of the security holders in the cases set out by regulation, when its management regulations so provide. This liquidation must be declared by decisions of the extraordinary general meeting convened for this purpose, in accordance with the management regulations.

Article 88

The liquidation conditions of an OPCI or a sub-fund and the procedures for asset allocation of the said OPCI or sub-fund are set out in the management regulations.

The management company shall perform the liquidator functions. Failing this, a liquidator must be appointed by the president of the competent court, among the authorized management companies, at the request of any holder of securities issued by the OPCI.

Each sub-fund may be separately liquidated. The liquidation of a sub-fund shall not entail the liquidation of the other sub-funds or of the OPCI.

The liquidation of an OPCI or a sub-fund is published without delay by the management company in "the official gazette" and in a legal announcements publication.

Article 89

The provisions of title XIII of the above-mentioned law no. 17-95 shall apply to SPIs, to the extent that they are compatible with the provisions of this law.

Chapter IX*Miscellaneous provisions*

Article 90

Any OPCI is subject to the payment of an annual commission to the AMMC. This commission is calculated on the basis of the OPCI's net asset. The rate of this commission, which may not exceed 0.5 per thousand, and its method of calculation, are determined by regulation.

This commission must be paid by the management company to the AMMC at the latest on the last working day of the third month following the end of the financial year.

Failure to make payments on the abovementioned time limit shall give rise to a penalty for late payment. The gross-up rate may not exceed 2% per month of delay or part thereof calculated on the amount of commission payable.

Any payment of surcharges for late payment must be disclosed in the management report provided for in article 55 of this law.

Article 91

The OPCI's management companies created a professional association called "Association of OPCIs management companies", subject to the legislation in force relating to the right of association.

The articles of association of the association referred to in the first paragraph above, as well as any changes affecting it, must be approved by the competent administration, following consultation of the AMMC.

For matters related to the profession, the association represents its members before the public authorities and before any national or foreign body.

The association may be consulted by the administration or the AMMC in all matters affecting the OPCI's management activity. Similarly, it may provide any proposal aimed especially at improving the legal framework governing activity in question.

Chapter X*Disciplinary and penal sanctions*First section. - **Disciplinary sanctions**

Article 92

Without prejudice to the penal sanctions provided for in this law, the AMMC may issue, under disciplinary sanctions, in the same manners and procedures as those prescribed by law no.43-12 above, a warning or a reprimand to the management company or the depositary institution which does not comply with its obligations as provided for in this law.

Article 93

Without prejudice to the aforementioned disciplinary sanctions, the AMMC may also impose financial penalties which may not exceed 200,000 dirhams per breach, against the management company or the depositary institution, as the case may be, which does not comply with its obligations as provided for in this law.

Article 94

When the management company or the depositary institution fails to recover from the status behind the warning or reprimand, The AMMC may suspend one or more members of the administrative, operational and management bodies or of the supervisory board of the management company of the OPCI.

In addition, it may order the withdrawal of authorization of the management company.

Section 2. - Offences and sanctions

Article 95

The following are punished by a prison sentence from six months to two years and a fine of 1,000,000 to 2,000,000 dirhams or only one of these two sentences:

1. Anyone, acting on their own behalf or on behalf of another party, who improperly uses a trade name, advertisement and, in general, any expression giving the impression that they are authorized:

- to manage OPCIs, without having the authorization of OPCI management company or their authorization having been withdrawn;
- to assess the assets of the OPCI, without having the authorization of OPCI real estate appraiser or their authorization having been withdrawn;
- To exercise the activity of the depositary institution holding assets of the OPCI, in breach of the provisions of article 79 of this law.

2 Any manager of an OPCI management company or of an OPCI depositary institution who proceeds with collecting subscriptions on behalf of an OPCI which is not authorized or whose authorization has been withdrawn;

3 Any manager of an OPCI-RFA management company or depositary institution who authorizes, in breach of the provisions of article 11 of this law, the subscription or the acquisition of securities of the said OPCI-RFA by non- qualified investors;

4 Any manager of a management company who fails to comply with the provisions relating to the liquidation of OPCIs provided for in article 88 above.

Article 96

The following is punished by imprisonment from three months to one year and a fine of 500,000 to 1,000,000 dirhams or only one of these two sentences:

1. Any manager of an OPCI management company who:

- proceeds, on behalf of an OPCI, with the acquisition of assets or liquidity investment in assets others than those provided for in article 3 of this law;
- fails to take out an insurance contract on behalf of the OPCI provided for in article 9 of this law;
- fails to comply with the conditions and modalities relating to the issuance or repurchase of shares and units laid down in this law and the management regulations of the OPCI;
- in breach of the provisions of article 51 of this law, fails to notify the OPCI depositary institution of the operations it carries out;
- fails to designate the real estate appraisers of the OPCI assets pursuant to the provisions of article 30 of this law;
- fails to designate the statutory auditor(s) pursuant to the provisions of article 83 of this law;

2. any manager of an OPCI management company or of an OPCI depositary institution who:

- in breach of the provisions of article 44 of this law, undertakes on behalf of the OPCI an activity, incurs a liability, has recourse to financing, or incurs management fees other than those necessary to achieve the objective of the OPCI and expressly set out in the management regulations of the said OPCI;
- in breach of article 47 of this law, uses the OPCI assets for their own purposes;
- proceeds with the issuance for the account of the OPCI of securities or debt securities other than those laid down in this law;
- encumbers the assets of the OPCI with security interests or grants current account advances to any company, in breach, as the case may be, of articles 70 and 71 of this law;
- fails to allocate to the OPCI any amount received on behalf of the latter;
- Levies or authorizes the levy of commissions exceeding the levels set by the management regulations of the OPCI;
- In breach of the provisions of article 81 of this law, acquires securities issued by the OPCI or provides a loan to the said OPCI.

3. Any real estate appraiser of OPCI who:

- fails to comply with the provisions of article 29 of this law relating to the conditions for the conduct of its mission, assessment methods and procedures for the elaboration, transmission and provision of the valuation report;
- fails to take out the insurance contract provided for in article 34 of this law;

- In breach of the provisions of article 81 of this law, acquires securities issued by the OPCI or provides a loan to the said OPCI.

Article 97

A fine of an amount from 50,000 to 500,000 Dirhams is imposed on:

1. Any manager of the OPCI management company who:
 - fails to comply with the provisions of article 18 of this law;
 - fails to make available to the security holders the synthesis report of the valuation of the in-kind contributions or the statutory auditor's/(s') report laid down in the fourth paragraph of article 26 of this law or fails to proceed to the information laid down in the fifth paragraph of the said article;
 - proceeds, without prior authorization of the AMMC provided for in article 48 of this law, with any operation to restrict, limit or suspend the issuance or repurchase of SPI shares or FPI units not provided for in the management regulations;
 - fails to compile an inventory of the assets detained by the OPCI or compiles an inventory that does not conform with the obligations laid down in the first paragraph of article 50 of this law;
 - fails to notify or provide the assets inventory pursuant to the second paragraph of article 50 of this law;
 - fails to meet any of its obligations laid down in articles 54 to 58 of this law.

2. Any real estate appraiser of OPCI assets who, in breach of the provisions of article 29 of this law, does not establish the valuation report or does not provide the said report to the OPCI management company, to the depositary institution and to the statutory auditors.

Article 98

In case of a repeat offence, sanctions provided for in this section are doubled.

Is considered to be a repeat offender anyone who, after initial condemnation for any of the violations stipulated by this law, having acquired the force of *res judicata*, commits the same violation within a period of three years.

Article 99

By way of derogation from article 149 of the penal code, the fines set out in this section cannot be reduced below the legal minimum. Conditional sentences may be ordered for imprisonment sentences.

Chapter XI

Final and transitional provisions

Article 100

This law enters into force as from the date of its publication in the Official Gazette.

However, and as a transitional measure for a period of three years from the said date, limited companies whose main activity is the construction or the acquisition of buildings for rental purposes may obtain an authorization of SPI under the conditions and in accordance with the terms laid down in this law.

The first contributions in-kind of new SPIs consist of the assets of the said limited companies assessed by the real estate appraisers pursuant to article 26 of this law

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