

Dahir no. 1-13-21 of 1st Jumada I 1434 (13 March 2013) enacting law no. 43-12 on the Moroccan Capital Market Authority.

PRAISE TO GOD ALONE!

(Great Seal of His Majesty the King Mohammed VI)

May God raise and strengthen the content!

That Our Cherifian Majesty,

Having regard to the Constitution, in particular articles 42 and 50,

HAS DECIDED THE FOLLOWING:

Law no. 43-12 on the Moroccan Capital Market Authority is hereby enacted and shall be published in the official gazette, further to this Dahir, as adopted by the House of Representatives and the House of Counsellors.

Done in Fes, on the 1st day of Jumada I 1434 (13 March 2013).

For countersignature:

The Prime Minister

ABDEL-ILAH BENKIRAN

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Law no. 43-12

On the Moroccan capital market authority

TITLE ONE

ARTICLES OF ASSOCIATION, NAME AND DUTIES

Chapter one

Articles of association and Name

Article one

The Securities Ethics Council (CDVM), a public institution established by the Dahir enacting law no. 1-93-212 of 4 Rabi II 1414 (21 September 1993) on the Securities Ethics Council and the information required of legal entities making public offerings, is transformed into a public legal entity endowed with financial autonomy, named "Moroccan Capital Market Authority", known as "AMMC", governed by the provisions of this law and the texts adopted for its implementation.

The transformation of the name of the CDVM does not entail the cessation of its activity. The assets, rights, obligations, agreements, contracts, circulars, authorizations of any kind of the AMMC in Morocco and outside Morocco, are those of the CDVM.

The terms "Moroccan Capital Market Authority" (AMMC) shall replace the terms "Securities Ethics Council (CDVM)" in all laws and regulations in force.

In this text, administration refers to the ministry of finance.

Article 2

A government commissioner is appointed in the AMMC by the administration. They supervise, on behalf of the State and in the name of the minister of finance, the activities of the AMMC. They ensure that the AMMC complies with the legislative provisions governing its activities. They also ensure that the sanctions committee has the resources necessary to carry out its activities.

They attend, in an advisory capacity, all meetings of the board of directors and the deliberations of the restricted committees emanating from the board if this is compatible with the duties entrusted to them.

They receive communication of the minutes of these meetings and deliberations. They may require the disclosure of any documents they consider they should consult and make any proposals or suggestions they consider useful. They may require that all decisions be subject, within 7 working days, to a second deliberation before their execution. The Government commissioner shall not attend the deliberations of the sanctions committee. They shall not intervene, in any way whatsoever, in the investigation, control and sanction proceedings.

The distribution of the AMMC's profits shall only be finally approved by the board of directors after the approval of the government commissioner.

The government commissioner is appointed from among the competent senior officials of the ministry of finance. At the end of each year, they send a report to the minister of finance on the performance of their duties.

Chapter II

Duties

Section I – General provisions

Article 3

The AMMC is responsible for ensuring the protection of savings invested in financial instruments, as defined in article 2 of law no. 44-12 relating to public offerings and to the information required of legal entities and organizations making

public offerings, and governed by the various laws provided for in article 4 of this law. It also ensures, in accordance with the principles of the protection of savings and of the fair treatment of investors, equal treatment of savers, transparency and integrity of the capital market and investor information.

In this context, the AMMC ensures the proper functioning of the capital market and oversees the implementation of the laws and regulations relating thereto.

The AMMC supervises the activity of the various bodies and persons subject to its control, as referred to in article 4 of this law. It also ensures that the information to be provided to investors in financial instruments and to the public is prepared and disseminated in accordance with the laws and regulations in force.

The AMMC also ensures compliance with the laws and regulations in force with respect to the fight against money laundering by the persons and bodies placed under its control, referred to in article 4 of this law, in accordance with the said laws and regulations.

Within the limits of the prerogatives assigned to it by this law, the AMMC represents Morocco vis-à-vis the international institutions created with a view to promoting international cooperation in the field of capital market control.

In order to strengthen the protection of savings invested in financial instruments, the AMMC contributes to the promotion of financial literacy among savers.

The AMMC assists the government in capital market regulation. The government consults the AMMC on matters likely to affect the exercise of its prerogatives, as set by this law.

Article 4

The AMMC exercises the control powers vested in it by the laws in force vis-à-vis the bodies and persons subject to its control and referred to in this article and ensures their compliance with the legislative and regulatory provisions applicable to them, in particular those concerning:

- brokerage firms and the company managing the Stock Exchange, governed by the Dahir providing law no. 1-93-211 of 4

Rabi II 1414 (21 September 1993) relating to the Stock Exchange;

- collective investment undertakings in transferable securities (OPCVM), their management institution and their depositary institution, governed by the Dahir providing law no. 1-93-213 of 4 Rabi II 1414 (21 September 1993) relating to collective investment undertakings in transferable securities;
- the central depositary, account-keeping institutions and issuing legal entities, governed by law no. 35-96 on the creation of a central depositary and the establishment of a general regime for the account registration of certain securities;
- venture capital investment undertakings and their management companies, governed by law no. 41-05;
- securitization collective investment funds and their depositary managing institution, governed by law no. 33-06 ;
- individuals or legal entities subject to the provisions of law no. 26-03 on public offerings on the stock market;
- persons making public offerings in accordance with the provisions of the aforementioned law no. 44-12 and law no. 17-95 on public limited companies;
- traders, clearers, trader-clearers, the management company and the clearing house, governed by the legislation in force relating to the futures market of financial instruments;
- repurchase operations, governed by law no. 24-01;
- certain marketable debt securities, governed by law no. 35-94;
- the authorized persons referred to in article 31 of this law, as well as the persons who, by virtue of their activities, assist in transactions in financial instruments.

Article 5

The AMMC is authorized to require that the persons and bodies, referred to in article 4 of this law, falling under its control provide all documents and information necessary for the performance of its tasks. It determines the list, content and model, as well as the media and transmission deadlines thereof, in accordance with the legislation in force.

The AMMC is authorized to carry out on-site and on-the-spot inspections at any time with these persons and organizations in order to ensure their compliance with the laws and regulations applicable to their activities. These inspections are carried out by the agents referred to in article 34 of this law. They may be carried out either in the subsidiaries of these persons or bodies or in the legal entities they control, within the meaning of articles 143 and 144 of law no. 17-95 on public limited companies.

The AMMC gives its opinion on the general regulations of the company managing the Stock Exchange and those of the central depository, as well as on any amendments to these regulations.

Section II – Circulars

Article 6

For the performance of its duties, the AMMC may issue circulars that apply to the bodies and persons falling under its control, which are referred to in article 4 of this Law, as well as to their managers and members of their staff. These circulars shall set:

- the rules of professional practice that apply to the aforementioned bodies and persons, in the context of relations between them, as well as in the context of their relations with savers;
- ethical rules allowing to avoid conflicts of interest and ensure compliance with the principles of fairness, transparency, market integrity and the primacy of the client's interest;
- And, where applicable, the technical or practical arrangements for implementing the legislative and regulatory provisions applicable to them.

The rules and procedures provided for above are determined on the basis of a set of international standards, after consultation with the professionals concerned. These rules and procedures may not contravene, modify or repeal, directly or indirectly, the laws and regulations in force.

The procedures for the preparation of circulars are specified in the AMMC's general regulations, as provided for in article 21 of this law.

Article 7

The AMMC circulars, drawn up pursuant to this law and the laws and regulations in force, are approved by the administration and published in the «official bulletin».

Section III - **Disciplinary and financial penalties imposed by the Chairman of the AMMC.**

Article 8

The Chairman of the AMMC imposes, depending on the gravity of the facts, with the assent of the sanctions committee, a disciplinary sanction (warning, reprimand) and/or a financial penalty not exceeding two hundred thousand (200,000) dirhams on any person or body falling under their control having committed breaches of the ethical rules or professional practice rules laid down by the AMMC circulars referred to in article 6 above.

Where profits have been made, this penalty may reach five times the amount of the said profits.

The procedure for penalties is laid down in the general regulations provided for in article 21 of this law.

Article 9

In the context of the AMMC's control duty, where the latter observes facts of a nature to:

- distort the functioning of the market; or
- provide an advantage that could not have been obtained in the normal operation of the market or in the ordinary course of business; or
- infringe the principle of equal access to information or equal treatment of savers or clients or their interests; or
- make anyone benefit from acts contrary to professional obligations,

The Chairman of the AMMC imposes, according to the gravity of the facts and with the assent of the sanctions committee, a disciplinary sanction (suspension, for a specified period of time, of one or more members of the administrative, executive and management bodies, suspension for a specified period of time or withdrawal of the authorization provided for in article 33 below), proposal to the minister of finance to prohibit or restrict the exercise of an activity or to withdraw the authorization) or a financial penalty whose

amount depends on the gravity of the breaches committed and in respect of the benefits or profits from such breaches, not exceeding two hundred thousand (200.000) dirhams. Where profits have been made, this penalty may reach up to five times the amount of the said profits.

Pursuant to the provisions of this article, the Chairman of the AMMC may not impose the said sanction without first having heard or duly summoned the person concerned at least ten (10) days beforehand, by letter with acknowledgement of receipt informing them of the facts noted.

The said person may be assisted by counsel of their choice.

Article 10

The Chairman of the AMMC shall, with the assent of the sanctions committee, impose a penalty for delay, whose amount is set in the general regulations of the AMMC, without exceeding five thousand (5,000) dirhams per day, applicable for any delay in the dissemination of information to the public or the transmission of documents or information to the AMMC.

Article 11

The Chairman of the AMMC shall, with the assent of the sanctions committee, impose a financial penalty not exceeding two hundred thousand (200,000) dirhams on the persons referred to in articles 26, 27, 28, 30 and 36 of this law, if they fail to comply with the obligations imposed on them under the said articles.

The Chairman of the AMMC may not impose the sanction referred to in the first paragraph of this article without having heard or duly summoned the person concerned, at least ten (10) working days beforehand, by letter with acknowledgement of receipt informing them of the facts noted.

The said person may be assisted by counsel of their choice.

Article 12

The Chairman of the AMMC shall, with the assent of the sanctions committee, impose a financial penalty not exceeding two hundred thousand (200,000) dirhams on persons under their control who entrust persons not having the authorization referred to in article 31 of this law with the performance of any of the functions referred to in the same article.

The same penalty may be imposed on any individual who performs one of the said functions without the prior authorization of the AMMC.

Article 13

A warning or a reprimand is issued by the Chairman of the AMMC, with the assent of the sanctions committee, in addition to the financial penalty and the penalty for delay referred to in articles 10, 11 and 12 above.

TITLE II

ORGANIZATION AND FUNCTIONING

Chapter one

Organization

Article 14

The organs of the AMMC are:

- the Board of Directors
- the Sanctions Committee

Section I. – The board of directors

Article 15

The AMMC is administered by a board of directors which includes, in addition to its chairman:

- two competent representatives of the administration;
- a representative of Bank Al-Maghrib duly appointed by the Governor;
- three persons appointed *intuitu personae* by the administration, for their competence in the financial and legal fields and known for their integrity. These persons may not, at the time of their appointment and throughout their term of office, belong to the public administration or to a public institution, nor hold positions of responsibility within the persons and bodies falling under the control of the AMMC.

The directors designated *intuitu personae* are appointed for a term of four years, renewable once.

In the event of absence, a director may only be represented by another director.

In the event of death of one of the members of the Board of Directors, the replacement must be appointed under the conditions provided for in the first paragraph of this article.

Members of the board of directors who are appointed *intuitu personae* may only be dismissed if they become incapable of performing their duties or if they are guilty of serious misconduct or if an incompatibility referred to in the first paragraph of this article occurs. In such cases, the term of office of the member concerned shall end upon a reasoned decision by the management board, acting by a majority of the members other than the person concerned.

In the event of the incompatibility referred to in the first paragraph of this article, the term of office of the director concerned automatically ends.

A member appointed as a replacement for a resigning, dismissed or deceased member serves for the remainder of the term of office of the member they replace.

The chairman of the board of directors may call, in an advisory capacity, any person whose participation in the meetings of the said board they deem useful.

Article 16

Subject to the powers vested in the Chairman of the AMMC and the duties assigned to the Sanctions committee, the Board of Directors shall have all the powers and authorities necessary for the administration of the AMMC and for the performance of the duties assigned to the latter under this law.

For this purpose, the council:

- establishes the rules and procedures applicable to the board of directors and all AMMC staff;
- examines the general regulations referred to in article 21 below before they are approved by the administration;
- approves the annual budget of the AMMC and any changes made to it during the financial year;
- designates the external auditor responsible for the annual audit of the AMMC's accounts;
- examines the statutory auditor's report and makes a final decision on their observations;
- approves the annual report of the AMMC;
- adopts the articles of association and the general system of compensation and

allowances as well as pension and social security plans of the AMMC staff;

- selects the directors of the AMMC after completion of the procedure for appointment to senior posts in accordance with the regulations in force;
- defines the organizational chart of the AMMC and the responsibilities of the various departments on the proposal of the chairman;
- approves the regulations setting out the procurement rules and methods, in compliance with the legislative and regulatory provisions governing public contracts;
- deliberate on all matters relating to the organization and general policy of the AMMC;
- may request the Chairman of the AMMC to conduct an investigation as part of the AMMC's duties.

The board of directors meets with members of the sanctions committee referred to in article 19 below at least once a year and examines the activity report of the said committee. This activity of the board of directors cannot be delegated to the AMMC's chairman.

Article 17

The board of directors meets when convened by its chairman or at the request of at least four of its members. It meets as often as necessary and at least once a quarter.

It deliberates validly when at least four of its members are present. Decisions of the board of directors are taken by a majority of votes. In the event of equal votes, the chairman has a deciding vote.

Section II. **Chairman**

Article 18

The Chairman of the AMMC's board of directors is the Chairman of the AMMC.

Subject to the powers expressly vested in the board of directors by article 16 above and in the sanctions committee by articles 19 and 20 of this law, the chairman shall have all the powers and

authorities necessary for the direction and management of the AMMC and for the performance of the duties assigned to the latter under this law and under the legislation in force.

To this end, they particularly:

- preside over the board of directors, convene it and set the agenda for its meetings;
- keep the board of directors periodically informed of the AMMC's activity and of the accomplishment of its duties;
- prepare the draft annual budgets and amendments thereto during the financial year;
- organize the services of the AMMC and determine their functions in accordance with the organizational plan set by the board of directors;
- make any real estate acquisitions, disposals or exchanges carried out with the prior approval of the board of directors;
- represent the AMMC with respect to third parties. They take, pursue and defend legal actions;
- take all enforcement and precautionary measures they deem appropriate;
- monitor compliance with and execute the provisions of this law and other legislative and regulatory provisions applicable to the AMMC;
- prepare the draft annual report of the AMMC which they submit to the board of directors for approval;
- initiate any investigation, on their own initiative or in pursuance of a decision of the AMMC's board of directors;
- impose, with the assent of the sanctions committee, disciplinary and financial penalties pursuant to this law or the legislative provisions in force;
- refer to the competent judicial authority, after consulting the sanctions committee, with regard to facts identified by the AMMC that may constitute an infringement of the provisions of this law or the legislation referred to in article 4 above;
- draw up and proposes to the competent administration the approval of the circulars referred to in article 6 of this law;

- act as budget officer of the AMMC.

The chairman of the AMMC executes the decisions of the board of directors, which may delegate to them any powers or duties it deems necessary.

The chairman of the AMMC may delegate, under their responsibility, part of their powers or authorities to the staff of the AMMC, with the exception of the power to impose sanctions or to refer to the competent judicial authority.

Section III. –The Sanctions Committee

Article 19

The sanctions committee is composed of three permanent members, including a magistrate appointed by the minister of finance on the basis of a proposal by the minister of justice and two persons appointed *intuitu personae*, after selection on the basis of their curriculum vitae, by the AMMC board of directors for their integrity and competence in the legal and financial fields.

The sanctions committee is chaired by the magistrate member.

The members of the sanctions committee are appointed for a four-year term, renewable once.

The duties of the sanctions committee are:

1) to investigate facts that may give rise to a sanction imposed by the chairman of the AMMC, pursuant to the provisions of this law or the legislation in force.

When investigating the facts referred to it under this law, the sanctions committee may identify facts that may constitute an offence under the legislative provisions in force. It may give its opinion on the, possibly criminal, nature of these acts and propose to the chairman of the AMMC, if necessary, the referral to the competent judicial authority.

2) to propose to the chairman of the AMMC, following the investigation of the facts referred to in paragraph 1) above, the corresponding disciplinary sanction, as provided for by the legislation in force;

3) to give its opinion to the chairman of the AMMC, prior to referral to the competent judicial authorities, on any facts that may be qualified as criminal offences.

The terms and conditions for appointing the members and operating the sanctions committee are laid down in the general regulations provided for in article 21 below.

The dismissal of the members of the sanctions committee is carried out in accordance with the terms and conditions laid down in the general regulations referred to in article 21 below.

Members of the sanctions committee shall be dismissed if they become unable to perform their duties or if they commit an act of serious misconduct or in the case referred to in article 20, paragraph 8, below.

Article 20

The chairman of the AMMC shall refer the matter to the sanctions committee in accordance with the procedure laid down in the general regulations referred to in article 21 of this law.

The sanctions committee shall send the notification of grievances to the concerned person in accordance with the terms and conditions laid down in the general regulations provided for in article 21 of this law.

The person concerned shall have a period of one month from the date of receipt of the notification to send to the chairman of the sanctions committee their written observations on the grievances notified to them.

The notification of grievances shall mention the said time limit and specify that the person concerned may take knowledge or request a copy of the documents of the file from the sanctions committee and be assisted or represented by any counsel of their choice.

The sanctions committee proceeds with the investigation of the facts and ensures that an adversarial procedure, ensuring that the parties involved are fully informed of the facts that they may be charged with and allowing them to present their defence, has been respected during the investigation. It may summon and hear the person or persons implicated and any other person whose testimony is deemed useful for the investigation of the facts before it. It may call on any person whose collaboration is deemed useful to give an opinion on the cases referred to it. This person does not take part in the deliberations of the sanctions committee.

The terms and conditions for convening, informing and hearing the parties involved are specified in the general regulations referred to in article 21 below.

The sanctions committee validly deliberates when all its members are present. The deliberations of the committee are taken by a majority of the votes of the members present. In the event of equal votes, the chairman has a deciding vote.

When the sanctions committee is called upon to deliberate on a decision likely to give rise to conflicts of interest for one of its members, the latter must declare their conflict of interest situation. They may not participate in the debate, nor in the vote. The deliberations of the sanctions committee taken in violation of this paragraph shall be null and void. In addition, the member concerned shall be automatically dismissed. The dismissal shall be proceeded with by decision of the board of directors.

After the investigation of the file, and within a maximum period of three months from the date of referral, the sanctions committee proposes to the chairman of the AMMC a disciplinary sanction in accordance with the provisions of this law and/or, where applicable, the transfer of the case to court for the acts likely to constitute a criminal offence.

The Sanctions committee may request from the chairman of the AMMC, in accordance with the terms and conditions laid down in the general regulations, any information relating to facts that it considers likely to be qualified as offences.

The AMMC shall make available to the sanctions committee all the means necessary for the exercise of its duties.

Chapter II *Operation*

Article 21

The AMMC establishes general regulations that specify:

- the ethical rules applicable to its staff, members of its board of directors and members of the sanctions committee;
- the operating terms and conditions of the board of directors as well as the procedure for awarding the allowances that may be allocated to its members;
- the terms and conditions of operation of the sanctions committee, and of the

remuneration, appointment and dismissal of its members;

- the terms and conditions for the investigation of files by the sanctions committee, in particular, the procedure for referring cases to the said committee, the terms and conditions for the notifying grievances to the persons involved, investigating the facts found, convening meetings, informing and hearing the parties involved, requesting information from the chairman of the AMMC, determining proposals for sanctions, and for the deliberation of the members of the sanctions committee;
- the terms and conditions for notifying and publishing the sanctions decisions issued by the chairman of the AMMC provided for in the 2nd paragraph of article 54 below;
- the terms and conditions for drawing up the circulars referred to in article 6 above, in particular the procedures for consultation with professionals by the AMMC;
- the amount of penalties resulting from non-compliance with the provisions of the AMMC circulars;
- the terms and conditions for organizing the examination, the accreditation, and the grant of the professional card as well as the renewal of accreditation, provided for in article 32 above;
- the terms and conditions for handling claims and complaints received by the AMMC pursuant to the provisions of article 52 of this law.

The general regulations are reviewed by the AMMC's board of directors before they are submitted to the administration for approval. The AMMC's general regulations are published in the "Official gazette".

TITLE III

FINANCIAL ORGANIZATION, CONTROL OF THE AMMC AND ACCOUNTING

Chapter One

Financial organization

Article 22

The AMMC budget includes:

a) Revenues:

- proceeds of the commission collected on applications for authorization, exemptions from the public offering regime and the preparation of the information document provided for in article 29 of the aforementioned law n° 44-12;
- proceeds of the commission collected on applications for authorization, provided for in article 18 of the law no. 35-94 on certain marketable debt securities;
- proceeds of the commission collected on applications for authorization, provided for in article 36 of the law no. 26-03 on public offerings on the stock market;
- proceeds of the commission on the net assets of undertakings for collective investment in transferable securities, provided for in article 108 of the aforementioned Dahir providing law no. 1-93-213 of 4 Rabi II 1414 (21 September 1993);
- proceeds of the commission on the net assets of securitization collective investment funds, provided for in article 112 of law no. 33-06 on the securitization of receivables;
- proceeds of the commission on the net assets of venture capital investment bodies, provided for in article 48 of law no. 41-05 on venture capital investment bodies;
- the proceeds of the commission on the total amount of securities admitted to the operations of the central depository, provided for in article 8-6 of the law no. 35-96 on the creation of a Central Depository and the establishment of a general regime for the account registration of certain securities;
- proceeds of the commissions referred to in article 53 below;
- miscellaneous revenues and proceeds.

The financial assets of the AMMC must be deposited in an account created for this purpose in the General Treasury of the Kingdom, excluding the

costs necessary for the normal functioning of the AMMC.

b) expenses:

- operating and capital expenditures;
- staff costs;
- the repayment of loans;
- all other expenses related to the AMMC's duties.

Chapter II

Control of the AMMC

Article 23

The AMMC sets up an internal control structure responsible for ensuring, through regular audits, that its various bodies and departments comply with the standards and procedures applicable to their activities. This structure draws up an annual report which is transmitted to the board of directors.

Article 24

The AMMC's accounts are subject to an annual audit carried out under the responsibility of an external auditor, established in accordance with the professional standards and the legislative provisions in force.

The audit report is communicated to the members of the board of directors no later than three months after the end of the financial year. After its review by the board, the said report is published in accordance with the terms and conditions laid down in the general regulations referred to in article 21 of this law.

Chapter III

Accounting

Article 25

The AMMC keeps its accounts in accordance with the laws and regulations governing the accounting obligations of merchants, subject to the necessary adaptations adopted by its Board of Directors, after consulting the National Accounting Council and approval by the administration.

TITLE IV

VARIOUS INFORMATION OBLIGATIONS

Article 26

The Chairman and Chief Executive Officer, the Chief Executive Officer, the Deputy Chief Executive Officer, the members of the Management Board, the Manager and any person holding an equivalent

position in a person or body subject to the control of the AMMC by this law are required to inform the members of the Board of Directors or the Supervisory Board of their establishment, as well as the Chairman of the AMMC, of any serious anomaly or event occurring in the activity or management of the said establishment and which may jeopardize the situation or damage the reputation of the profession.

Article 27

The statutory auditors are required to immediately report to the AMMC any fact or decision of which they become aware during the course of their duty with a person or body subject to the control of the AMMC which are to, in particular:

- affect the financial situation of the said person or organization;
- jeopardize the continuity of the operation or;
- lead to a reservation or refusal to certify the accounts.

The statutory auditors shall inform the AMMC of any irregularities and inaccuracies they may have identified in the performance of their duties.

The obligations referred to in the first and second paragraphs of this article must be respected by the statutory auditors of the parent company, subsidiaries and persons under the control of the person or body referred to in the first paragraph of this article, within the meaning of articles 143 and 144 of law n° 17-95 on public limited companies, when such facts, decisions and irregularities found at the level of the said parent company, subsidiaries and persons under control may have similar effects on the person or body under the control of the AMMC.

Article 28

Any person or body subject to the control of the AMMC is required to inform the AMMC of proposals for the appointment or renewal of the statutory auditor(s).

The AMMC may make any comments it deems necessary on these proposals. These observations shall be addressed to the person or body concerned and must be brought to the attention of the administrative, management and supervisory bodies and the general meeting, under the responsibility of the managers of the latter.

Article 29

The statutory auditors are released from the professional respect and their responsibility cannot, therefore, be engaged solely for the information and documents communicated to the AMMC in compliance with the obligations provided for in the present law.

Article 30

The statutory auditors of persons and bodies subject to the control of the AMMC may be dismissed or relieved of their duties, under the conditions provided for in articles 164 and 179 of law n° 17-95 on public limited companies, at the AMMC's request.

In the event of resignation, the statutory auditors of persons and bodies subject to the AMMC's supervision must set up a document submitted to the Board of Directors, or to the Supervisory Board and to the next General Meeting, in which they explicitly state the reasons for their resignation. The said document is immediately transmitted to the AMMC after the resignation.

TITLE V EMPOWERMENT

Article 31

The AMMC authorizes individuals to exercise certain functions within the legal entities under its control, referred to in article 4 of this law. To this end, the said individual must provide proof of adequate and conclusive training in accordance with the terms and conditions laid down in the general regulations referred to in article 21 of this Law.

The list of functions referred to in the first paragraph of this article shall be set by regulation on a proposal of the AMMC.

Article 32

The authorization is evidenced by the granting of a professional card after a review. It has a fixed duration, depending on the nature of the function performed.

The terms and conditions for organizing the review, authorization, granting of the professional card and renewal of the authorization shall be laid down in the general regulations of the AMMC referred to in article 21 of this law.

The AMMC keeps a register of authorized persons. It shall make the updated register available to the public by the means it deems appropriate.

Article 33

When the person ceases to perform the function for which they have been authorized, for a period of at least six months, the authorization shall be withdrawn, except in the exceptional case as provided for in the general regulations referred to in article 21 above.

The authorization may also be suspended or withdrawn as a disciplinary measure imposed under the conditions provided for in article 9 of this law. The person, having thus lost the authorization, may not be authorized again, for any purpose whatsoever, during the six months following the date of withdrawal of the authorization. In the event of a repeat offense, the authorization shall be permanently withdrawn.

TITLE VI INVESTIGATION AND FINDING OF BREACHES AND PENAL SANCTIONS

Chapter one Investigation and finding of breaches

Article 34

To investigate and find out breaches to this law and legislation provided for in article 4 above, the AMMC is authorized to carry out investigations of bodies and persons subject to its control.

In addition to the officers and agents of the judicial police, the investigation and finding of the above-mentioned offences are carried out by agents commissioned mainly for this purpose by the AMMC.

The said agents must be accredited and bear a professional card issued by the AMMC, with accreditation note.

They must take the oath provided for by the Dahir of 5 Jumada II 1332 (1 May 1914) on the oath of enforcement agents.

The aforementioned agents of the AMMC are bound by the professional secrecy under penalty of the sanctions provided for in article 446 of the penal code.

The above-mentioned agents of the AMMC may, in addition, in the context of the investigation of the offences referred to in the first paragraph of this

article, request the necessary information from any person likely to hold information essential to such investigation.

As part of their duty, the abovementioned agents of the AMMC are authorized to:

- have access to all premises for the professional use of organizations and persons subject to the control of the AMMC;
- Obtain all instruments and documents, regardless of the medium, and to get copies thereof;
- and hear any person likely to provide them with information relevant to their duty and establish a signed minutes thereof, held by the agents of the AMMC and the legal representative of the body or concerned person or any person designated by them for this purpose. If persons are heard on this occasion, this shall be recorded in the minutes, which shall also be signed by the persons heard. In the event of refusal to sign, the AMMC agents shall mention this in the said minutes.

The provisions relating to professional secrecy are not enforceable against agents of the AMMC in the course of their duties.

Article 35

To investigate the offences defined in articles 42, 43 and 44 of this law, the agents mentioned in article 34 above shall be authorized to convene and hear any person likely to provide them with information relevant to their duties.

The convening notices are sent via a registered letter with acknowledgement of receipt or via a bailiff. They must refer to the duty orders and remind of the right of the person summoned to be assisted by counsel of their choice.

The convening notice must be served to the concerned person at least two working days prior to the fixed date.

The AMMC agents immediately draw up the minutes of the hearing. Any document submitted by the person heard to the AMMC agents shall be attached to the minutes.

The minutes are signed by the AMMC agents and by the person heard. In the event of refusal to sign by the latter, this shall be recorded in the minutes.

Article 36

Any person who has placed orders on a regulated market must be able to justify to the AMMC the reasons and terms of this transaction. The AMMC may request them to make public the justifications put forward.

Article 37

Where there are proven facts giving rise to the presumption about committing one of the offences referred to in articles 42, 43 and 44 of this law, the AMMC agents, referred to in article 34 above, shall, by order of the President of the AMMC, carry out in any place, professional or otherwise, home visits, searches, seizures and sealing to search for documents or any material evidence establishing an offence against the provisions of those articles.

For this purpose, the Public Prosecutor whose jurisdiction within which the premises to be visited are located may, upon a reasoned request of the President of the AMMC, authorize by reasoned decision the above-mentioned agents to carry out home visits, searches, seizures and sealing.

If these premises are located within the jurisdiction of several courts and a simultaneous action must be taken in each of these premises, a single authorization may be issued by one of the competent Public Prosecutors.

The competent Public Prosecutor shall be notified accordingly.

The Public Prosecutor must verify that the submitted request for authorization is well-founded. This request must include all the information in the AMMC's possession that would justify the home visit, search and seizure.

The Public Prosecutor appoints one or more judicial police officers to attend these operations and keep them informed of their progress. In addition, they appoint, if necessary, a woman during visits to premises occupied by women, in accordance with the provisions of article 60, paragraph 2, subparagraph 2, of the Criminal Procedure Code.

The home inspection, search, seizure and sealing shall be carried out under the authority and control of the Public Prosecutor who granted the authorization. They may visit the premises during the operation. They may, at any time, decide to suspend or stop the home visit.

The home visit cannot start before six in the morning or after nine in the evening. In public places, it may start during the opening hours of the institution. It is carried out in the presence of the occupant of the premises or their representative and with a written agreement of the occupant of the premises or their representative. Where the presence of the said occupant or their representative is impossible or in the absence of their written consent, the judicial police officer shall require two witnesses other than the persons under their authority or that of the AMMC.

However, where there is reason liable to lead to the disappearance of evidence sought due to its fungibility or nature, the home visit, search, seizure and sealing may take place at any time.

Only agents of the AMMC, the occupant of the premises or their representative and the judicial police officer may examine the documents or any other materials before they are seized and sealed.

The judicial police officer shall ensure compliance with professional secrecy in accordance with article 61 (paragraph 3) of the Criminal Procedure Code.

The occupants of the premises subject to the home visit, search, seizure and sealing, or their representatives are required not to obstruct the operations carried out by the AMMC agents and to provide them with the documents and other materials they possess.

The AMMC agents immediately draw up the visit report on the modalities and progress of the operation. It sets out the nature, date and location of the research and findings. The documents and any other materials seized shall be inventoried and sealed in accordance with the provisions of article 61 (paragraph 4) of the Criminal Procedure Code. The inventory of documents and items seized shall be attached to the minutes.

The minutes and the inventory shall be signed by the agents of the AMMC, by the judicial police officer and by the persons mentioned in the 8th paragraph of this article. In the event of refusal or inability to sign, this shall be recorded in the minutes.

The originals of the minutes and the inventory shall be sent, as soon as they are drawn up, to the Public Prosecutor who authorized the home visit. A copy shall be delivered to the person concerned.

The contents of the minutes are authentic until proven otherwise by any means of proof.

Materials and documents which are no longer useful for revealing the truth shall be returned to the occupant of the premises or their representative.

Copies of the documents to be seized, certified by the AMMC agent or agents, shall be issued to the persons concerned and at their expense. Mention thereof is made in the minutes.

The above-mentioned AMMC agents may, without being opposed to professional secrecy, access any document or piece of information held by persons or bodies subject to the control of the AMMC.

Article 38

The competent judicial authorities hearing actions relating to offences involving persons or bodies for which the AMMC is empowered to monitor may, at any stage of the proceedings, request the opinion of the AMMC.

This notice must be requested when proceedings are conducted pursuant to articles 42, 43 and 44 of this law.

Article 39

The president of the competent court, acting as judge in chambers, upon a reasoned request from the AMMC, may make an order for sequestration of funds, stock, securities, rights or any other document or material belonging to the persons controlled by the AMMC and involved.

They may also order, in their aforementioned capacity, on a reasoned request from the AMMC, that these persons be required to deposit a sum of money, the amount and time limit of which they fix.

Article 40

Where a breach of the provisions of this law or of the laws referred to in article 4 above is likely to affect the rights of savers or the functioning of the capital market, the president of the competent court may, on a reasoned request from the AMMC, order, in their capacity as judge in chambers, the person responsible for complying with the said provisions, to put an end to the irregularity or to remove its effects.

The president of the competent court may also, in their said capacity, upon a reasoned request from the AMMC, take any precautionary measure necessary to ensure the execution of the order they have rendered.

Article 41

The president of the AMMC shall refer to the competent Public Prosecutor for offences against the provisions of this law, as well as those of the legislation referred to in article 4 above, which the AMMC has identified or of which it has become aware.

Chapter II

Penal Sanctions

Article 42

Any person having, in the exercise of their profession or functions, inside information and who has used it to carry out or knowingly allow to carry out on the market, either directly or through an intermediary, one or more transactions, shall be punished by imprisonment of three months to two years and a fine of up to five times the profit possibly made, but not less than two hundred thousand (200,000) dirhams, or only one of these two penalties.

Inside information means any information that is still unknown to the public, relating, directly or indirectly, to one or more issuers of financial instruments or to one or more financial instruments and that is likely, once known to the public, to affect the price of the financial instruments concerned or related thereto.

The said information may also be related to the technical, commercial or financial performance of an issuer or to the for the progress perspectives of a financial instrument, which is still unknown to the public and may affect an investor's decision.

Any person, other than those referred to in the same paragraph, who knowingly possesses inside information on the perspectives or situation of a company whose shares are listed on the stock exchange or on the progress perspectives of a financial instrument, who carries out or allows carrying out, directly or indirectly, a transaction or communicates information to a third party, before the public becomes aware thereof, shall be punished by the same penalties as those provided for in paragraph 1 of this article.

Article 43

Communication by any person to a third party outside the normal course of their profession or duties of inside information, as defined in paragraph 2 of article 42 above, shall be punishable by three months to one year's imprisonment and a

fine of twenty thousand (20,000) to one hundred thousand (100,000) dirhams.

Article 44

Any person who has knowingly made public false or misleading information, by any means, about the prospects or situation of an issuer of financial instruments or about the prospects for the development of a financial instrument, likely to affect the prices or, in general, to mislead others, shall be liable to imprisonment from three months to two years and a fine of ten thousand (10,000) to five hundred thousand (500,000) dirhams or only one of these two penalties. The amount of this fine may be increased to five times the amount of any profit made, but may not be less than the same profit.

Article 45

Any profit made within the meaning of articles 42 and 44 of this law shall be understood as the difference between the price at which the initial transaction was made and the average price of the security recorded during the following fifteen trading days of either the dissemination of inside information or the correction of false or misleading information.

Article 46

Any person who obstructs the AMMC's investigation and control duties will be fined ten thousand (10,000) to one hundred thousand (100,000) dirhams.

In the event of a repeated offence, the offender shall be punished by imprisonment for one to six months and a fine of fifty thousand (50,000) to five hundred thousand (500,000) dirhams or by one of these two penalties only.

Article 47

Any person who fails to deposit the sum fixed by the judge under article 39 above or who obstructs the measures ordered under that article shall be punished by imprisonment of one month to six (6) months and a fine of fifty thousand (50,000) to five hundred thousand (500,000) dirhams, or by only one of these two penalties.

Article 48

Any person subject to the control of the AMMC under article 4 above or acting as a representative of an institution subject to the control of the AMMC and who knowingly gives incorrect information to the latter or refuses to communicate information with it, is liable to a fine of twenty thousand (20,000) to two hundred thousand (200,000) dirhams.

In the event of a repeated offence, the offender shall be punished by imprisonment from three months to one year and a fine of forty thousand (40,000) to four hundred thousand (400,000) dirhams or only one of these two penalties.

Article 49

Without prejudice to the sanctions provided for in article 42 of this law, any member of the Board of Directors of the AMMC or its staff who has, directly or through an intermediary, carried out transactions in the financial instruments of a legal entity that is the subject of a transaction for which a prospectus is subject to the approval of the AMMC shall be subject to revocation when the transactions have been carried out before the content of the prospectus has been made public.

Article 50

A person who has committed an offence within five years of an irrevocable conviction for similar acts is a repeat offender within the meaning of articles 46 and 48 of this law.

Article 51

In the case of a legal entity, the prison sentences provided for in this law shall be applicable to the members of its administrative, management or executive bodies.

The fines provided for in this law may be imposed on the legal entity concerned or on the members of its administrative, management or executive bodies.

TITLE VII

MISCELLANEOUS PROVISIONS

Article 52

The AMMC is authorized to receive from any interested party and from any association of holders of financial instruments duly constituted, claims or complaints which fall within its competence by their subject matter.

By way of derogation from the provisions of the 2nd paragraph of article 7 of the criminal procedure code, the AMMC and the associations referred to in the first paragraph of this article are entitled to bring civil proceedings before the courts seized of proceedings relating to one of the offences under the provisions of this law and those of the laws falling within its field of competence.

Article 53

The following acts are subject to the payment of a commission to the AMMC:

- a) the examination of applications requesting an opinion on the articles of association, the management regulations, the management term of office and the OPCR information document, provided for in articles 12 and 13 of the aforementioned law no. 41-05;
- b) the examination of applications requesting an opinion and approval of the management regulations and the FPCT information document provided for in articles 33, 34 and 72 of the aforementioned law no. 33-06;
- c) the examination of the authorization applications of FPCT managing institutions and OPCR management companies, provided for respectively in article 39 of the aforementioned law no. 33-06 and in article 26 of the aforementioned law no. 41-05;
- d) the authorization of articles of association and the OPCVM management regulations, provided for in article 32 of the Dahir enacting law no. 1-93-213 above;
- e) the approval of the OPCVM information note, provided for in article 86 of the Dahir enacting law no. 1-93-213 above;
- f) the examination of applications of brokerage firms, provided for in article 37 of the Dahir enacting law n° 1-93-211 above;

- g) the approval of the information notice at the time of the repurchase by a company of its own shares on the stock exchange with a view to regularizing the market, pursuant to the provisions of article 281 of law no. 17-95 on public limited companies and the regulatory texts adopted for its application.

The procedures for calculating and paying the fees provided for in paragraphs *a), b), c), c), d), e), f)* and *g)* of this article, as well as the rate of increase applicable in the event of delay, shall be determined by the administration, upon a proposal from the AMMC. Such rate of increase may not exceed 2% per month or part of a month of delay calculated based on the amount of the commission payable.

Article 54

Sanction decisions are rendered by the chairperson of the AMMC with the assent of the sanctions committee.

They shall be notified to the persons concerned and made public, in accordance with the procedures set in the general regulations referred to in article 21 of this law.

The chairperson of the AMMC may order, at the expense of the persons concerned, the publication of such sanction decisions, in accordance with the procedures they shall set.

Article 55

The proceeds of financial penalties and penalties for late payment imposed pursuant to this law and the laws referred to in article 4 above shall be paid to the Kingdom's general Treasury.

Article 56

The appeal for abuse of power against the decisions of the AMMC rendered as part of exercising its duties is brought before the administrative court of Rabat.

Article 57

The AMMC prepares an annual report on its activities and those of the capital market. This report shall be published by means the AMMC

deems appropriate after it has been submitted to the Head of the government.

The said report must include all investigations conducted by the AMMC that are not subject of a judicial investigation.

Article 58

All AMMC staff, members of its Board of Directors and its sanctions committee are bound by professional secrecy. They must respect the confidentiality of the information they receive and the applications they handle, under penalty of the sanctions provided for in article 446 of the criminal code.

The provisions of the preceding paragraph shall apply to any person asked, pursuant to article 20, paragraph 5, to cooperate with the sanctions committee.

Article 59

Subject to ratification by the Kingdom of Morocco of bilateral or multilateral agreements with the States concerned, duly published in the Official Gazette, the AMMC may conclude agreements with foreign bodies with competences similar to its own.

Pursuant to these agreements, the AMMC may, under the same conditions, according to the same procedures and under the same penalties as those provided for in this law for the performance of its duty, conduct investigations and inspections on documents or on the spot at the request of foreign bodies exercising similar powers, subject to reciprocity.

The obligation of professional secrecy imposed on AMMC agents shall not prevent it from communicating the information it holds or collects, at their request, to bodies of other States exercising similar competences, subject to reciprocity, and provided that the competent foreign body is subject to professional secrecy with at least the same guarantees as in Morocco.

Assistance requested by a foreign body exercising similar powers for the conduct of investigations and documentary or on-site inspections or the transmission of information held or collected by the AMMC shall be refused by the latter when the execution of the request is likely to prejudice

Moroccan sovereignty, security, essential economic interests or public order or when any criminal proceedings have already been initiated in Morocco based on the same facts and against the same persons, or when they have already been sanctioned by a final decision for the same facts.

Article 60

Professional secrecy may neither be invoked against the AMMC nor against the judicial authority acting in the context of criminal proceedings.

Article 61

The provisions of this law shall enter into force on the effective date of the regulatory texts necessary for its application. The regulatory texts duly published and adopted pursuant to Dahir enacting law no.1-93-212 of 4 Rabii II 1414 (21 September 1993) on the Securities Ethics Council and to the information required of legal entities making public offerings, shall remain in force for all provisions not contrary to this law until they are replaced in accordance with the provisions of this law.

As of the same date, the provisions of titles I and IV of the aforementioned Dahir enacting law no. 1-93-212 of 4 Rabii II 1414 (21 September 1993) will be repealed.

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