DAHIR No. 1-08-95 OF 20 CHAOUAL 1429 (20 OCTOBER 2008) ENACTING LAW No. 33-06 ON THE SECURITIZATION OF ASSETS (AMENDED BY LAW 119-12 AND BY LAW No. 05-14)

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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 26 and 58,

HAS DECIDED AS FOLLOWS:

Law no. 33-06 on the securitization of assets and amending and completing law no. 35-94 on certain marketable debt securities and law no. 24-01 on repurchase transactions 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 Casablanca, on 20 Chaoual 1429 (20 October 2008).

For countersignature:

The Prime Minister,

Abbas El Fassi.

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Law no. 33-06 on the securitization of assets (amended by law no. 119-12 and by law no. 05-14)

TITLE I: SECURITIZATION OF ASSETS

Chapter One: General Provisions

Article 1: (article replaced by the provisions of law 119-12)

The purpose of this title is to lay down the legal regime applicable to securitization.

Securitization is the financial transaction that consists of a securitization collective investment fund, hereinafter referred to as FPCT, issuing securities to carry out the following transactions:

1. *acquire, either permanently or temporarily, eligible assets as referred to in article 16 of this title from one or more initiating institutions;*
2. *or grant loans to one or more initiating institutions to finance the acquisition or holding of eligible assets and secured by collateral on such assets;*
3. *or guarantee credit or insurance risks.*

the use of eligible assets, leasing, resale, conclusion of hedging contracts and, more generally, all other transactions necessary for the realization of all proceeds from such assets to finance the costs of this transaction, to remunerate and reimburse the security holders, if needed, constitute an integral part of the securitization transaction.

Conditions relating to prudential and supervisory rules and the procedures for carrying out the securitization transactions referred to in 2) and 3) above are set by regulation.

Article 2: (article replaced by the provisions of law 119-12)

For the purposes of this title, the following terms shall mean:

- *Eligible assets: any of the assets referred to in article 16 of this title;*
- *Non-performing loans: any receivable that is contested or that presents a risk of total or partial non-recovery, with regard to the deterioration in the immediate and/or future repayment capacity of the counterparty;*
- *debtor: the debtor of a receivable subject to a securitization transaction;*
- *managing institution: any legal entity referred to in article 39 of this title and responsible for the management of an FPCT;*

- *depositary institution: any legal entity referred to in article 48 of this title and entrusted with the custody of the assets of an FPCT;*
- *initiating institution: an entity, including the State and any other public body as defined by law no. 69-00 on the financial control of the State over public companies and other bodies, or body governed by a particular legislation which resorts to a securitization transaction as referred to in article 1 of this title;*
- *qualified investor: qualified investor within the meaning of applicable legislation to public offering;*
- *securities issued by the FPCT: units, shares, debt securities and sukuk certificates as referred to in article 6 of this title;*
- *sukuk certificates (or, in the singular, sakk certificate): securities referred to in section II of chapter II of this title;*
- *management regulations: document drawn up by the managing institution of an FPCT in accordance with the provisions of article 32 of this title.*

Article 3: (article replaced by the provisions of law no. 119-12, **amended and completed by law no. 05-14**)

The FPCT's sole purpose is to carry out the securitization transactions referred to in article one above. They take the form of Securitization Funds as defined in article 4 below, hereinafter referred to as FT or of securitization companies as defined in article 4-1 below, hereinafter referred to as ST.

The FPCT may have several sub-funds or create new ones during the existence of the fund if its management rules so provide. Each sub-fund gives rise to the issue of securities representing the assets of the FPCT allocated to it.

If the fund is composed of several sub-funds, provisions specific to each sub-fund may be provided for in the fund's management rules.

The FPCTs, and their sub-funds, where necessary, may be classified into groups, and sub-groups where appropriate, depending in particular on the characteristics of the securitization transaction that they carry out in accordance with the procedures laid down by regulation.

Each sub-fund is treated as a separate entity. The provisions governing the FPCT, in accordance with this law, apply to each of its sub-funds taken individually.

Each sub-fund may be liquidated separately without such liquidation having the effect of causing the liquidation of another sub-fund. The liquidation of the last FPCT sub-fund results in the liquidation of the FPCT.

The FPCT sub-funds must respect the terms applicable to the FPCT subject to the sanctions provided for in chapter X of this law, without such a breach having the effect of entailing the sanction of another sub-fund. Failure of all FPCT sub-funds to comply with the terms provided for in this law shall result in the sanctioning of the FPCT.

An FPCT or a new sub-fund, if any, is formed on the initiative of a managing institution which appoints a depositary institution.

The managing institution shall set the FPCT's management regulations provided for in section 32 below.

Article 3-1: (article completing Title I of law 33-06)

I- The following are not applicable to FPCTs:

1) The provisions of law no. 34-03 on credit institutions and similar bodies;

2) The provisions of law no. 17-99 on the Insurance Code, as amended and completed;

3) The provisions of Book V of law no. 15-95 on the Commercial Code;

4) The provisions of articles 190, 192 and 195 of the Dahir of 9 Ramadan 1331 (12 August 1913) on the Code of Obligations and Contracts, as amended and completed;

5) The provisions of articles 212, 219, 236 to 239, 241 and 293 to 315 of law no. 17-95 on public limited companies.

II- The provisions of the Dahir enacting law no. 1-93-212 of 4 Rabii II 1414 (21 September 1993) on the Securities Ethics Council and the information required of legal entities making public offering are applicable to FPCTs. However, and by way of derogation from the provisions of the Dahir on the aforesaid law, subscription by an initiating institution as well as by any legal entity that, within the meaning of article 144 of law no. 17-95 on public limited companies, controls or is placed under the control of this institution, for securities issued by an FPCT does not constitute a public offering transaction.

III- The FPCT's eligible assets may only be the subject of civil enforcement measures in accordance with the allocation rules set by the said FPCT's management rules.

IV - The FPCT must comply with the legislation and the exchange regulations in force.

Article 4: (article replaced by the provisions of law 119-12)

The FT is a co-ownership that does not have the legal personality. However, the FT may be endowed with the legal personality under private law upon decision of the managing institution, subject to the registration of the FT in the trade register. This decision is made upon the incorporation of the FT and is irrevocable.

The FT acquires legal personality as of the date of its registration in the trade register. The managing institution sends to the Securities Ethics Council, hereinafter referred to as the CDVM, an extract from the trade register relating to the said FT.

The FT, or any sub-fund thereof, is validly constituted by the sole issue of at least two units representing the assets that are attributed to the FT or to one of its sub-funds, even if they are held by only one holder and that they do not carry out any securitization transaction on the date of the incorporation.

The units represent co-ownership rights over all or part of the assets of the FT or the sub-fund concerned.

The provisions of articles 960 to 981 of the Dahir of 9 Ramadan 1331 (12 August 1913) on the Code of Obligations and Contracts, as amended and completed, do not apply to FTs not having legal personality.

The FT, whether or not it has legal personality, does not constitute a real estate company or commercial partnership or a joint venture.

Article 4-1. (article completing Title I of law 33-06)

I. - *The ST is constituted as a public limited company with a board of directors, a simplified public limited company or a partnership limited by shares.*

By way of derogation from the provisions of law no. 17-95 on public limited companies and law no. 5-96 on general partnerships, limited partnerships, partnerships limited by shares, limited liability companies and joint ventures:

1- *the ordinary general meeting may be held without any quorum being required, the same shall apply to the second convocation of the extraordinary general meeting;*
2- *no minimum share capital is required;*
3- *in the event of a capital increase, shareholders have no preferential rights to subscribe for the new shares;*
4- *the ST is not required to set up the reserve fund provided for in article 329 of law no.17-95 relating to public limited companies;*
5- *the extraordinary general meeting which decides on the transformation, merger or demerger empowers the board of directors in the case of a public limited company, or the chairman in the case of a simplified public limited company, to value the assets and determine the exchange ratio on a date it determines. These operations are carried out under the control of the statutory auditor without the need to appoint a merger auditor. The general meeting is exempt from approving the financial statements if they are certified by the auditor;*
6- *Where the ST is incorporated as a public limited company, the number of shareholders must be at least three.*

Where the ST is incorporated as a simplified public limited company, it may comprise only one associated company called "the sole shareholder".

II. - where the ST is incorporated as a public limited company, a simplified public limited company or a partnership limited by shares, the managing institution shall exercise, under its responsibility, respectively, the general direction, presidency or management of the ST.

III. - Notwithstanding any provisions to the contrary provided for in articles 57 and 433 of law no. 17-95 on public limited companies and article 38 of law no. 5-96 on general partnerships, limited partnership, partnerships limited by shares, limited liability companies and the joint ventures, any securitization transaction shall be considered, as soon as it is concluded in accordance with the management regulations, as a current transaction concluded under normal conditions.

IV. - The provisions of articles 4, 19 (paragraph 2), 22, 23 (paragraph 2), 44, 45, 47, 67 and 70 of law no. 17-95 relating to public limited companies are not applicable to STs.

Article 5: *(article amended and completed in accordance with article 2 of law 119-12)*

The assets of an FPCT are composed of one or more of the following assets:

a) *the eligible assets referred to in article 16 below;*

b) cash invested under the conditions specified in article 52 below and the proceeds of their investment;

c) the assets transferred to it in respect of the realization or provision of guarantees and securities attached to receivables assigned to the FPCT, in accordance with article 25 below, or in respect of guarantees granted under the conditions defined in article 51 below;

d) any proceeds allocated to the FPCT in connection with its purpose.

Chapter II: Securities issued by FPCTs

Section 1. - Shares, units and debt securities

Article 6: (article replaced by the provisions of law 119-12)

The securities that may be issued by an FPCT are units, shares, debt securities and sukuk certificates.

These securities may, under the conditions provided for in the management regulations, be denominated in foreign currency or governed by foreign legislation.

Securities issued by an ST in the context of a securitization transaction are considered transferable securities, in accordance with the provisions of article 2 of the Dahir no. 1-93-211 of 4 Rabii II 1414 (21 September 1993) relating to the Stock Exchange, as amended and completed.

The securities issued by an FT as part of a securitization transaction are treated as transferable securities in accordance with the provisions of article 3 of the Dahir on law no. 1-93-211 of 4 Rabii II 1414 (21 September 1993) relating to the Stock Exchange, as amended and completed.

However, the management regulations of an FPCT may prohibit the transfer of securities it issues or attach conditions to them.

Article 7: *(article amended and completed in accordance with article 2 of law 119-12)*

The debt securities that may be issued by an FPCT are:

- commercial papers governed by the provisions of law no. 35-94 on certain marketable debt securities, as amended and completed;
- *bonds within the meaning of article 292 of law no. 17-95 on public limited companies or in accordance with the legislation applicable to the said bonds;*
- *all other debt securities.*

The proceeds from debt securities are allocated in accordance with the FPCT's management regulations.

Section II - Sukuk Certificates

Article 7-1: (article completing law 33-06, title I, Chapter II, section II, **amended and completed by law no. 05-14)**

Sukuk certificates are securities representing an undivided right of use of each holder over eligible assets acquired or to be acquired or investments made or to be made by the issuer of such securities.

The technical characteristics of sukuk certificates intended to be placed with resident investors as well as the terms and conditions of their issue are set by regulation after ***approval by the Higher Council of Ulema provided for in Dahir no. 1- 03-300 of 2 Rabii I 1425 (22 April 2004) reorganizing the Ulema councils.***

Any issue of sukuk certificates intended to be placed with resident investors ***is subject to the assent of the Higher Council of Ulema referred to in the second paragraph above.***

The rights created under sukuk certificates issued by an FPCT must not affect the FPCT's rights to hold, manage and dispose of eligible assets or investments in accordance with the said FPCT's management regulations.

The proceeds from issuing sukuk certificates are allocated in accordance with the management regulations.

Article 7-2: Repealed by the provisions of article 2 of the law no. 05-14.

Section III - Provisions common to securities issued by FPCTs

Article 8: *(article amended and completed according to article 2 of law 119-12)*

Subject to the provisions of article 9 below and the legislative, regulatory or statutory provisions as well as investment prudential rules *applicable to securities*, any legal or natural person may subscribe to or *acquire the securities* issued by an FPCT.

However, only entities which are qualified investors as defined in article 2 of this title, non-resident investors other than natural persons, *initiating, managing and depositary institutions as well as any legal person that, within the meaning of article 144 of law no. 17-95 on public limited companies or any other similar applicable legislation, controls or is placed under the control of such institutions*, may subscribe or acquire:

- *the units or shares and the specific debt securities* referred to in (c) of article 51 below;
- units *or shares and, where applicable,* debt securities issued by an FPCT as part of the securitization of an outstanding receivables portfolio.

Article 9: *(article amended and completed in accordance with article 2 of law 119-12)*

The initiating institution, the depositary institution and the managing institution *may only acquire the securities issued by the FPCT or grant loans to the FPCT if the management regulations so provide* and under the conditions provided for in the said management regulations.

Article 10: (article replaced by the provisions of law 119-12)

The subscription for securities issued by an FPCT is made pursuant to a subscription agreement. The subscription for or acquisition of securities issued by an FPCT implies acceptance of the management regulations of the said fund.

The rules for allocating the sums received by the FPCT are binding on the creditors who have accepted them as well as on the security holders even in the event of liquidation of the FPCT.

Article 11: *(article amended and completed in accordance with article 2 of law 119-12)*

Securities of an FPCT are issued in accordance with the management regulations and the subscription agreement and are subscribed in global registered form, or individual registered form, or in bearer form.

However, units, shares and specific debt securities or those issued as part of the securitization an outstanding receivables portfolio must be issued in registered form.

Securities issued by an FPCT must, *where they are subject to the legislation in force,* be evidenced by an account registration, *in accordance with the provisions of law no. 35-96 on the creation of a central depositary and the establishment of a general system for the account registration of certain securities.*

The formalities and procedures relating to transactions in securities registered in an account are established by the management regulations.

The *securities*, with the exception of those mentioned in the second paragraph of article 8 above, issued by an FPCT, may be listed on the Stock Exchange, in accordance with the legislation and regulations in force, if the FPCT's management regulations so provide.

Article 12: *(article amended and completed in accordance with article 2 of the law 119-12)*

Securities issued by an FPCT or allocated to a sub-fund of the FPCT may be of different categories or sub-categories.

The different categories or subcategories *of securities represent* different rights to all or part of the assets of the fund or sub-fund concerned, under the conditions provided for in the management regulations.

Payment of the amounts due in respect of *units or shares issued by the FPCT* is subject to the payment of the amounts of any kind due to holders *of debt securities and sukuk certificates issued* by the FPCT and to the payment of cash loans.

The characteristics *of the securities issued by an FPCT* as well as their respective rights, ranks, preferences and priorities, as well as their different classes and sub-classes, if any, are specified in the management regulations.

In the event of consultation with the holders of securities issued by an FPCT, with the exception of shareholders, prior to any decision it intends to take, the managing institution may give priority to the interests of one or more classes or sub-classes of holders over one or more other classes or sub-classes, taking into account their respective rights, ranks, preferences and priorities, under the conditions defined by the management regulations.

Article 13: (article replaced by the provisions of law 119-12)

The classes and sub-classes of securities issued by an FPCT may be subordinated to one another, under the conditions provided for in the management regulations.

Some of these classes or sub-classes may be called upon to bear in priority all or part of the risks to which the FPCT is exposed.

All securities in a given class or sub-class have equal rights.

Article 14: (article replaced by the provisions of law 119-12)

Unless otherwise provided for in the management regulations, securities issued by the FPCT may not give rise, by their holders, to a request for the repurchase of units, shares or the repayment of debt securities or sukuk certificates by the FPCT.

Chapter III: Transfer of assets eligible for a securitization transaction

Section I: General Provisions

Article 15: *(article amended and completed in accordance with article 2 of law 119-12)*

The FPCT may only acquire, in whole or in part, in the context of a securitization transaction, *the eligible assets referred to* in article 16 below.

The acquisition or disposal of these eligible assets by the FPCT shall be carried out by any appropriate legal means, including by subscribing for securities, as defined in the management regulations.

Article 16: (article replaced by the provisions of law 119-12)

The assets eligible for a securitization transaction are:

1- receivables resulting either from an act already performed or from an act to be performed, whether or not the amount or the due date has been determined;

2-equity securities, sukuk certificates defined in section II of chapter II of this title and debt securities, including in particular tradeable debt securities governed by law no. 35-94 on certain tradeable debt securities, each representing a debt claim on the entity that issues them, transferable by means of account registration or by delivery, exclusive of securities granting access directly or indirectly to the capital of a company;

3- tangible or intangible assets, immovable or movable assets and raw materials.

The abovementioned eligible assets also include any dismemberment of a property in respect of these assets, whether this dismemberment results from the acquisition itself or from its constitution to the benefit of the FPCT.

Eligible assets may be located in a foreign country, denominated in foreign currencies or governed by foreign legislation.

Article 17: (article replaced by the provisions of law 119-12)

The FPCT may acquire new eligible assets, as referred to in article 16 above, and issue new securities, after the initial issuance of securities.

The capacity of the FPCT to acquire new eligible assets, their characteristics, the conditions of this acquisition as well as any information necessary for the risk assessment related to these operations, must be laid down in the management regulations of the fund and, where applicable, in the specific provisions relating to the sub-funds.

Article 18: (article replaced by the provisions of law no. 119-12, **amended and completed by law no. 05-14**)

An FPCT may only transfer the eligible assets before the end of the securitization transaction and the unmatured and non-defaulting receivables, which it has acquired from one

or multiple initiating institutions as part of a securitization transaction, in cases and under the procedures stipulated through regulation which also specifies the cases where the FPCT goes into liquidation. This transfer must also be authorized by the management regulation.

Article 19: (article replaced by the provisions of law 119-12)

An FPCT may create security interests in eligible assets acquired from one or multiple initiating institutions in a securitization transaction only for the benefit of the investors, if the management regulations so provide and under the conditions stipulated therein.

Section II: Terms of the Transfer

Article 20: (article replaced by the provisions of law 119-12)

The transfer of eligible assets by the initiating institution to the FPCT in a securitization transaction shall be carried out according to any legal means of the legislation in force or, as the case may be, the appropriate foreign legislation.

The transfer of eligible assets in the form of receivables may be carried out by the sole delivery by the transferor to the transferee of a note meeting the requirements referred to in article 21 below.

The repurchase of eligible assets in the form of receivables by the initiating institution is carried out under the same terms and conditions provided for in this chapter.

The transfer of eligible assets by the initiating institution to the FPCT may provide, for its own benefit, a claim on all or part of the potential liquidation surplus of the FPCT or, where applicable, of a sub-fund.

The opening of a procedure referred to in book V of the Commercial Code or of an equivalent procedure on the basis of a foreign law against the initiating institution subsequent to the transfer of eligible assets shall not affect the transfer of eligible assets.

Article 21: *(article amended and completed according to article 2 of law 119-12)*

The note referred to in article 20 above shall be signed by the initiating institution.

It shall be dated and countersigned by the management institution, upon its delivery.

It must include at least the following information:

1) the name "deed of transfer of receivables under securitization";
2) a reference that this deed is subject to the provisions of this title;
3) the name and address of the initiating institution, the managing institution and the depositary institution;
4) the name of the FPCT and, where applicable, the sub-fund;
5) *when the transfer involves existing receivables*: the list of the transferred receivables, indicating, for each of them, the items allowing its unique identification, particularly the name or corporate name, debtor place of residence or postal address, the place of debt payment, the principal amount of debt, its maturity date, interest rate, if applicable nature and details of the securities guaranteeing the debt and any insurance contract covering the

transaction which giving rise to this claim subscribed for the benefit of the initiating institution. When the transfer of receivables is carried out by means of a data-processing technique allowing their identification, the note can merely indicate, in addition to the information provided in 1), 2) and 3) above, the medium through which they are transferred, designated and individualized, and the evaluation of their number and overall amount.

However, where the transfer involves future receivables, this information may be limited to the elements that may allow their determination, such as the identification of the debtor or debtor type or the acts or types of acts from which the receivables have arisen;

6) *where the transfer involves existing receivables:* the counterpart of the receivables to be paid by the managing institution to the FPCT, with an indication of the date and the terms and conditions for this payment.

The information referred to in paragraphs 1 to 4 and paragraph 6 above shall be transcribed on the note under pain of nullity of the act of transfer of the securitization receivables. The note referred to in paragraph 5 shall be deemed to be an assignment of receivables pursuant to the said note.

Article 22: The note shall be supplemented by a transfer agreement whose provisions must comply with the particulars of the note and the provisions of this title. This agreement provides, inter alia, for the delivery to the depositary institution of the documents and securities representing or constituting the transferred receivables and those relating to their accessories such as security interests, guarantees, sureties and pledges.

The transfer agreement may provide, for the benefit of the initiating institution, for a claim on all or part of the possible liquidation surplus of the FPCT or, where applicable, of a sub-fund.

Section III: Effects of the Transfer

Article 23: I. - The transfer of a receivable, referred to in article 16 above, in full to the FPCT automatically transfers ownership of this receivable to the FPCT in exchange for the consideration specified in the note.

Receivables thus transferred shall no longer appear on the balance sheet of the initiating institution.

The management regulations and the note must expressly stipulate whether or not this transfer automatically entails the transfer of security interests, guarantees, pledges, mortgages, sureties and the benefit of any insurance contract subscribed by or for the debtor.

II - The transfer to the FPCT of a part of a receivable, referred to in article 16 above, automatically transfers ownership of that part of the receivable to the FPCT in exchange for the consideration specified in the note.

The transferred part of the receivable ceases to appear on the balance sheet of the initiating institution.

The management regulations and the note must expressly stipulate whether or not this assignment automatically entails the transfer of security interests, guarantees, pledges,

mortgages, sureties and the benefit of any insurance contract subscribed by or for the debtor.

The FPCT and the initiating institution shall contribute, up to their share in the receivable, to the exercise of the shares resulting from the assigned receivable.

III. - The consideration is settled either in cash or in exchange for assets held by the FPCT.

Article 24: *(article amended and completed in accordance with article 2 of law 119-12)*

The assignment of receivables takes effect between the parties and becomes enforceable against the debtor, their assigns and third parties on the date indicated on the note when it is delivered, regardless of the date of birth, maturity or enforceability of the receivables, without further formalities, whatever the law applicable to the receivables, and the assignee is automatically substituted for the assignor as from that date, without the information and/or consent of any other person being required.

Article 25: Where the note and the management regulations expressly stipulate that the assignment of receivables automatically entails the transfer of security interests, guarantees, pledges, mortgages, sureties and benefits of any insurance contract subscribed by or for the debtor, the delivery of the note shall automatically operate their transfer between the parties and its enforceability against third parties, without any further formalities being required.

The realization or constitution of the rights associated with the receivable and security interests, such as pledges, mortgages, sureties and the benefit of any insurance contract subscribed by or for the debtor, entails for the fund the ability to acquire the possession or ownership of the assets concerned.

Article 26: *(article amended and completed in accordance with article 2 of law 119-12)*

By derogation from the provisions of article 204 of the Dahir of 9 Ramadan 1331 (12 August 1913) on the Code of Obligations and contracts, the assignment of receivables does not include a guarantee of the debtor's solvency, unless it appeared that at the time of their acquisition the debtor's solvency did not comply with what is set out in the management regulations, *or if the initiating institution has agreed to guarantee the debtor's solvency.*

Chapter IV: Debt Collection

Article 27: *(article amended and completed in accordance with article 2 of law 119-12)*

Unless otherwise agreed between the initiating institution and the managing institution, the collection of the flows generated by the assigned receivables, the enforcement, release and execution of guarantees or other collateral securities, where appropriate, shall continue to be ensured, on behalf of the FPCT, by the initiating institution under the control of the managing institution and under the conditions set by a collection agreement concluded between these two institutions.

Where the initiating institution terminates its duties during the term of the fund, for whatever reason, the duties provided for in the first paragraph shall be the responsibility of the managing institution, which may mandate *any other person to that end to collect* the sums due in respect of the receivables assigned based on an agreement.

The provisions of Book V of the Commercial Code do not affect the right of the managing institution to terminate the mandate of any institution in charge of debt collection, including the initiating institution, under the conditions provided for in the agreement concluded between the managing institution and the institution in charge of collection.

In the case provided for in the second paragraph above and without prejudice to the provisions of article 25 above, the managing institution or, where applicable, the institution it mandates, must, within one month of the date of the notification provided for in article 29 below, request by registered letter with acknowledgement of receipt or by deposit against receipt with the administration or institution with which the securities transferred to the FPCT are registered in the name of the initiating institution, their registration in the name of the FPCT.

This registration shall be made on the basis of the production of an extract from the transfer note provided for in article 20 above, together with documents proving the status of the collection institution, without any further formalities being required. *Such registration is prescribed for information purposes only and does not affect the provisions of article 25 above.* Until such registration takes place, only the collecting institution shall exercise all rights relating to the assigned receivables exclusively on behalf of the FPCT.

Article 28: The institutions responsible for collection referred to in article 27 above shall, in the event of default by the debtor of a receivable assigned in securitization in accordance with the provisions of this title, enjoy the same rights and means of enforcement with regard to the realization of the guarantee attached to the receivable as those enjoyed by the initiating institution before the assignment of the said receivable to the fund.

Article 29: Where the debt collection can no longer be ensured by the initiating institution, the debtor whose receivable has been assigned, or the person responsible for paying the said debt, shall be informed by the transfer managing institution of the management of the collection, notified by registered letter.

The debtor or the person who pays in their place, is required after a period of 30 days from the date of receipt of the said letter, to pay the instalments to the institution responsible for debt collection.

Article 30: As from the date shown on the note, any payment made by a debtor, and where applicable by a guarantor, surety, insurer or third party, in respect of or in full or partial payment of any sum whatsoever in respect of a receivable assigned in accordance with the provisions of this title, and which is received by the initiating institution or any other person specified in the notification provided for in article 29 above, shall be received on behalf of FPCT benefiting from the transfer and may be claimed by the managing institution, on behalf of the FPCT.

Article 31: *(article amended and completed in accordance with article 2 of law 119-12)*

The managing institution and the institution responsible for collection *may, under the conditions laid down in the FPCT's management regulations, agree* that the sums collected shall be credited to an account opened *in the name of the institution responsible for collection* with a credit institution authorized in accordance with the existing legislation. This account is specially assigned to the FPCT or, where applicable, to the sub-fund. The creditors of the collecting institution may not pursue the payment of their receivables through the said account even in the event of proceedings, *referred to in Book V of the Commercial Code or equivalent proceedings under foreign law*, brought against it.

The characters of this account referred to in the first paragraph of this article shall take effect upon signature of an account agreement between the managing institution, the depositary institution, the collecting institution and the account-keeping credit institution, without any further formalities being required.

The amounts credited to this account are exclusively allocated to the FPCT. The managing institution has these sums at its disposal under the conditions set in the account agreement.

Where amounts other than those collected in respect of the receivables assigned to the FPCT are paid into this account, the collecting institution must demonstrate that these amounts are not due to the fund. These amounts are then withdrawn from the account as soon as possible under the conditions specified in the account agreement.

The account-keeping credit institution is subject to the following obligations:

a) it shall inform third parties seizing the account that the account is subject to a special allocation, pursuant to this article, to the FPCT, rendering the account and the sums entered therein unavailable;

b) it may not merge the account with another account *nor close the account without the agreement of the managing institution;*

c) it shall only comply with the instructions of the managing institution for debiting the account, unless the account agreement authorizes the institution responsible for collecting the receivables assigned to the fund to debit the account, under the conditions it specifies.

Chapter V: The incorporation of FPCTs and their management regulations

Article 32: *(article amended and completed in accordance with article 2 of law 119-12)*

The draft management regulations of an FPCT shall be established *pursuant to the provisions of article 3 of this title and shall be accepted by the depositary institution*.

It contains at least the following indications

- the corporate name and duration of the FPCT, as well as the corporate name and address of *any initiating institution*, of the managing institution and of the depositary institution;

- a description of the transaction to be undertaken, including any overcollateralization, the minimum and maximum *the issue amount of the securities*, their characteristics, and possibly their respective classes and sub-classes, rank, preference and priority;

- *the terms of payment of the amounts due to security holders and, where applicable, the estimated timetable;*

- the nature, amount and calculation method of the costs to be borne by the FPCT;

- *the nature and, where applicable, the method of determining any commission to be received upon the subscription of securities;*

- *the rules for allocating the sums received by the FPCT, including in the event of its liquidation;*

- the means of hedging against the financial risks incurred by the FPCT;

- the opening and closing dates of the FPCT's accounts;

- the formalities and procedures for maintaining securities accounts opened in the name of the holders of securities issued by the fund;

- the nature and frequency of the information to be provided to *security holders;*

- the terms and conditions for amending the management regulations;

- the terms and conditions for the placing, subscription, issue, distribution and transfer *of securities* to investors;

- the name of the first Statutory auditor, the duration of their mandate, and the terms and conditions of their replacement;

- *the terms and conditions of:*

- the management of the FPCT and the administration of its assets;

- *consultation with security holders,* the decisions they may be asked to take, authorize or ratify and the majorities required in this regard.

- *the conditions and criteria applicable to:*

  - the management, placement and *allocation* of the FPCT's liquidity;

  - *the acquisition of new eligible assets and the issuance of new securities, following the initial issuance of securities;*

  - hedging operations that can be undertaken as part of this management.

- the cases and conditions for the dissolution and liquidation of the FPCT;

- the conditions for allocating the liquidation surplus, where appropriate;

- any other information provided for in this title and the texts adopted for its application.

Article 33: Before the formation of an FPCT, and when no public offering is made, the managing institution must submit, for an opinion, a copy of its draft management regulations to the Securities Ethics Council, hereinafter referred to as the CDVM.

The CDVM shall examine the conformity of these draft regulations according to the provisions of this title and shall, within a maximum period of three weeks from the date of submission of the draft regulations, forward its observations to the managing institution for the purpose of rectifying, where appropriate, the draft regulations.

Amendments to the management regulations must be submitted to the CDVM for its opinion.

Article 34: *(article amended and completed in accordance with article 2 of law 119-12)*

Before the constitution of an FPCT, and when a public offering is made *in Morocco*, the draft of its management regulations must be approved by the CDVM.

Requests for authorization of the FPCT draft management regulations must be sent by the managing institution to the CDVM for investigation and authorization.

They must be accompanied by a dossier containing the documents set by the CDVM.

The CDVM must notify the FPCT's managing institution of the grant or refusal of authorization by registered letter with acknowledgement of receipt *within 30 days* of the date of submission of the complete file accompanying the application for authorization.

The deposit provided for in the preceding paragraph must be certified by a receipt issued by the CDVM, duly dated and signed.

Reasons must be given for any refusal of authorization.

Any amendment to the management regulations of an FPCT *making a public offering in Morocco* is subject to a new authorization by the CDVM in the forms and under the conditions provided for in the above paragraphs.

Article 35: The constitution of any FPCT results from the signature of the draft of its management regulations by the legal representatives of the founders of the said FPCT, which bears the date of this signature.

The constitution of the FPCT is published without delay in a legal announcements publication appearing on a list set by the administration.

Article 36: *(article amended and completed according to article 2 of law 119-12)*

The FPCT must report, in all their acts, invoices, announcements, publications or other documents, of their name, followed *as appropriate by the words "Securitization fund" or "Securitization company"*. FPTC documents must also report the names and addresses of the initiating institution, the managing institution, and the depositary institution.

For all transactions made on behalf of the co-owners of *an FT*, the designation of the fund may be validly substituted for that of the co-owners.

Chapter VI: Management and Depositary Institutions

Section I: Managing Institutions

Article 37: *(article amended and completed according to article 2 of law 119-12)*

Only commercial companies meeting the following conditions may operate as managing institutions of the FPCT:

1) having as their sole purpose:

- *the completion of securitization transactions in Morocco in accordance with the provisions of this title or abroad in accordance with the relevant provisions;*
- *the management of one or more FPCTs;*

2) having their registered office in Morocco;

3) having a fully paid-up share capital upon its constitution and whose amount cannot be less than 1 million dirhams;

4) providing sufficient guarantees regarding its organization, technical and human resources and the professional experience of its managers;

5) having an autonomous capacity to assess the evolution of *the eligible assets acquired* by the FPCTs *that it* would be responsible for and implement the guarantees granted to the fund, if necessary;

6) their managers must not have been convicted under article 38 of this title;

7) their managers must commit themselves to respecting the rules of professional practice and ethics set by circulars issued by the CDVM, *in accordance with the legislation in force*, to ensure compliance with these rules and to enforce them by the staff working under their responsibility.

The above conditions must be maintained throughout the financial year by the institution managing its FPCT management functions.

Article 38: Under penalty of the penal sanctions provided for in article 108 of the present title, a person can neither be founder, member of the board of directors, the management board, the supervisory board or manager of a managing institution of FPCT nor control administer, direct, manage, have the signature or represent in any capacity, directly or through an intermediary, a managing institution of the FPCT:

- if they have been definitively sentenced for one of the offenses carrying a punishment of imprisonment and provided for by the Dahir no. 1-93-211 of 4 Rabii II 1414 (21 September 1993) relating to the stock exchange, the Dahir providing law no. 1-93-212 of 4 Rabii II 1414 (21

September 1993) relating to the Securities Ethics Council and to the information required of the legal persons making an initial public offering as well as by the Dahir providing law no. 1-93-213 of 4 Rabii II 1414 (21 September 1993) on collective investment undertakings in transferable securities, as amended and completed;

- if they have been finally convicted for one of the offences provided for and punishable under articles 334 to 391 and 505 to 574 of the Penal Code;

- if they have been finally convicted for one of the offences provided for and punishable under article 384 of law no. 17-95 on public limited companies and article 107 of law no. 5-96 on private companies, limited partnerships, partnerships limited by shares, limited liability companies and joint ventures;

- if they have been finally convicted for one of the offences provided for and punishable under articles 721, 722 and 724 of the Commercial Code ;

- if they have been convicted by a final decision of a foreign court, constituting according to Moroccan law a conviction for one of the offences listed above.

Article 39: Any trading company must be, before performing the tasks of FPCT managing institution, approved in advance by the administration, after consulting the CDVM.

The application for authorization must be sent by the founders of the managing institution in duplicate to the administration for information purposes and to the CDVM for examination purposes. It must be accompanied by a file containing the information the list of which is set by the CDVM, including particularly the statements and commitments of its managers to abide by the provisions of 6) and 7) of article 37 above.

The proof of submission of the file is a receipt duly dated and signed by the CDVM.

The CDVM ensures that the applicant company and its managers meet the conditions provided for in articles 37 and 38 above.

The CDVM may require the applicants to provide it with any additional information it deems useful for the examination of the application for authorization. It carries out a desk and on-the-spot check of the compliance, declarations and commitments made in the application for authorization file.

The examination of the application for authorization file by the CDVM and its transfer, after notice, to the administration are carried out within a time limit that may not exceed two months as of the date the complete file was submitted. The request for additional information suspend the said deadline.

Approval or refusal of the authorization is notified to the applicant company by registered letter with acknowledgement of receipt by the administration.

Refusal of the authorization must be justified.

The administration decision to grant the authorization is published in the “Official Gazette”.

Article 40: Changes affecting the control of the managing institution in the context of article 144 of law no. 17-95 on public limited companies, or the nature of its activities or its legal form, are subject to the grant of a new authorization pursuant to the provisions of this title.

Changes in the place of the registered office, or the actual place of activity of the managing institution in the national territory, are subject to the prior approval of the CDVM, which assesses them in terms of their impact on the organization of the institution.

Article 41: The CDVM draws up and updates the list of authorized FPCTs managing institutions. On its own initiative, the initial list and the changes it undergoes are published in the "Official Gazette".

Article 42: The withdrawal of authorization is ordered by the administration, either at the request of the managing institution, or on a proposal from the CDVM in the following cases:

- when the institution no longer meets the conditions by virtue of which the authorization has been granted;

- as disciplinary sanction pursuant to the provisions of article 87 below.

The managing institution whose authorization has been withdrawn enters into liquidation.

The withdrawal of authorization must be justified. It is ordered and notified in the same forms of granting it and implies deletion from the list of managing institutions referred to in article 41 above.

The replacement of the managing institution is carried out in accordance with the provisions of chapter VII of this title.

Article 43: By reason of the exclusive purpose of FPCTs created pursuant to this title, the managing institution of an FPCT may not carry out, for the account of the said fund, any other activity nor assume other obligations, debts or management fees other than those complying with the purpose of the fund and expressly provided for in its management regulations and the provisions of this title.

Article 44: *(article modified and completed in accordance with article 2 of law 119-12)*

The managing institution of an FPCT carries out, for the account and in the name of the said FPCT, the transfer of *eligible assets* pursuant to the provisions of this title as well as of any possible overcollateralization, takes possession of any security or any document representing or constituting the *said assets* or being accessory thereto, issues *securities* for the account of the FPCT and pays to the initiating institution the agreed consideration for the transfer *of assets*.

Article 45: *(article amended and completed in accordance with article 2 of law 119-12)*

The managing institution manages the FPCT in the exclusive interest *of security holders* and this in compliance with the management regulations as well as the provisions of this title.

Without prejudice to the other obligations provided for in this title, the managing institution is the legal manager of the ST or the representative of the FT and must in the latter case abide by the provisions relating to the obligations of the representative as provided for in title six of the second book of the Dahir of 9 Ramadan 1331 (12 August 1913) on the Code of Obligations and Contracts. Therefore, and without possibility of limitation of its powers:

- where applicable, it pays the capital, interests, premiums or penalties, dividends and other amounts due, pursuant to the management regulations and the provisions of this title;

- it collects cash from the FPCT assets, including potential anticipatory payments, the proceeds from the enforcement of securities and distributes them *to security holders* pursuant to the provisions of this title;

- it invests the FPCT liquidity under the conditions provided for in article 52 below;

- it takes possession of all documents and securities representing or constituting *the eligible assets transferred* as well as any document or writing relating thereto and ensures its preservation by the depositary institution;

- it exercises the rights inherent in or attached to the receivables making up the FPCT assets;

- It represents the FPCT with regard to third parties and may initiate legal proceedings to defend or assert rights and interests *of security holders*;

- *It acts in the name and on behalf of security holders and fulfils any formality necessary for the completion of the securitization operation;*

- it may carry out hedging operations for the account of the FPCT. These operations must be carried out in the context of the securitization operation or for matching the financial flows received by the FPCT with the flows it must pay *to security holders*, and they must be expressly provided for by the management regulations.

The institution may not use the FPCT assets for its own purposes.

Article 46: *(article amended and completed in accordance with article 2 of law 119-12)*

The managing institution may also delegate all or part of the financial management of one or many FPCTs to another authorized FPCT management institution or to a body mentioned in article 51 d) below, as soon as it has the means to assume under its responsibility the control of its execution.

The delegatee must abide by the professional practice terms and ethical rules applicable to a management institution. In all cases, the delegation cannot be liable to generate conflicts of interest and the delegation may not prevent the proper exercise of the control of the CDVM. The delegatee must respect the conditions provided for in the management regulations. It may not sub-delegate the management delegated to them.

The management of the statistics relating to the FPCT and the monitoring of financial flows relating to receivables or to the FPCT assets may not be delegated by the management institution of the said fund.

Subject to the provisions provided for in the paragraphs above, the management institution may entrust any person meeting the objective criteria of competence with the fulfilment of any administrative or accounting tasks relating to the management of any FPCT.

Article 47: *(article amended and completed in accordance with article 2 of law 119-12)*

The management institution must compile an inventory of the assets held by the FPCT, in accordance with a model and a frequency set by the CDVM. The inventory of assets must be certified by the depositary institution.

The inventory of assets is made available to the statutory auditor and sent *to security holders* pursuant to the terms and time limits set by the CDVM.

Section II: Depositary Institutions

Article 48: Only the following entities may perform the function of depositary institution:

- banks authorized pursuant to the legislation governing them;

- the deposit and management fund;

- Institutions having their registered office in Morocco and having as their purpose the deposit, credit, guarantee, fund management or the insurance and reinsurance operations. These institutions must appear on a list drawn up by the administration, after consultation with the CDVM.

Article 49: *(article amended and completed in accordance with article 2 of law 119-12)*

The custody of FPCT assets must be entrusted to a single depositary institution, separate from the management institution.

The depositary institution ensures the conservation of the FPCT assets, the transfer note and any other document ensuring the validity of the assets, rights and sureties that are accessory thereto, where applicable.

It maintains, in its capacity as depositary, the payment accounts open in the name of the FPCT, as well as a chronological record of the operations carried out for the account of an FPCT.

However, the initiating institution or, where applicable, the institution in charge of the debt collection provided for in the 2nd paragraph of article 27 above, may ensure the conservation *of the eligible assets referred to in article 16 above* under the following cumulative conditions:

a) The depositary institution ensures under its responsibility, the conservation *of the transfer statements of the eligible assets* referred to in article 20 above;

b) The initiating institution or, where applicable, the institution in charge of the debt collection ensures, under its responsibility, the conservation of agreements and other documents relating to *these eligible assets* and to the sureties, guarantees and accessories attached thereto, and establishes documented conservation procedures and an independent regular internal control of the operational activities monitoring compliance with these procedures;

c) In accordance with the terms determined in an agreement concluded between the initiating institution or, where applicable, the institution in charge of the collection, the depositary institution and the managing institution:

- the depositary institution ensures, based on a statement from the initiating institution or, where applicable, the institution in charge of the collection, the establishment of the procedures referred to in b) of this article. This statement must allow the depositary institution to ascertain that these procedures guarantee the reality *of the eligible assets transferred* and the sureties, guarantees and accessories attached thereto as well as the security of their conservation *and that the eligible assets in the form of receivables* are recovered for the sole benefit of the FPCT;

- at the request of the managing institution or the depositary institution, the initiating institution or, where applicable, the institution in charge of debt collection, must submit, without delay, the original contracts and documents referred to in b) of this article to the depositary institution or to any other entity appointed by the latter and by the managing institution.

The management regulations of the FPCT set the conversion terms for assets of the fund.

Chapter VII: Functioning of the FPCT

Article 50: (article replaced by the provisions of law 119-12)

The management of the FPCT must be entrusted to a single managing depositary institution, separate from the management institution.

Any influence, on the management of the managing institution, that may be exercised by the initiating institution or any legal entity that, in accordance with article 144 of law no. 17-95 on public limited companies or any other similar legislation applicable, controls or is placed under the control of the initiating institution, by reason of its contribution to the capital of the managing institution, must be mentioned in the management regulations and the annual report provided for in article 76 of this title.

Article 51: *(article amended and completed in accordance with article 2 of law 119-12)*

The FPCT must hedge against the risks resulting from *the eligible assets* it acquires through one or more of the following elements:

a) guarantees and sureties attached *to the eligible assets acquired* in the context of a securitization operation;

b) overcollateralization relating to the transfer *to the FPCT of eligible assets with a value exceeding the amount of securities issued;*

c) the issue of units or shares and, where applicable, specific debt securities or resorting to subordinated loans destined to bear the first losses risks that the FPCT is exposed to, in priority to other securities issued by the FPCT;

d) obtaining guarantees from authorized credit institutions pursuant to the legislation governing them or any other entity or fund whose purpose is deposits, credits, guarantees, management of

funds or insurance and reinsurance operations and included in a list set by the administration;

e) obtaining loans from initiating institutions as well as any legal entity that, in accordance with article 144 of law 14-95 relating to public limited companies or any other similar legislation applicable, controls or placed under the control of these institutions;

f) *any other mechanism specified in the management regulations.*

The FPCT's management regulations specify the conditions and criteria applicable to operations to hedge *these risks*.

Article 52: *(article amended and completed in accordance with article 2 of law 119-12)*

The liquidity of the FPCT is placed in the following securities:

a) Securities issued by the Treasury and debt securities guaranteed by the State;

b) Deposits made with a credit institution authorized in accordance with the legislation in force;

c) Marketable debt securities;

d) Units, sukuk certificates or debt securities issued by an FPFT, other than its own units, *sukuk certificates and debt securities, and in any event excluding any units or specific debt securities;*

e) Units or shares of undertakings for collective investment in transferable securities (UCITS) of the following categories: "Bond UCITS" and/or "Money market UCITS".

The management regulations of the FPCT specify the conditions and criteria applicable to the management of the FPCT's liquidity, their placement and allocation.

The FPCT may purchase securities under repurchase agreements in accordance with the provisions of the law no. 24-01 on repurchase agreements, as amended and completed.

Article 53: Repealed by the provisions of article 5 of the law no. 119.12.

Article 54: *(article amended and completed in accordance with article 2 of law 119-12)*

The FPCT may use cash borrowings to finance a temporary cash requirement of the Fund or of a sub-fund, *under the conditions set by regulation.*

Article 55: Repealed by the provisions of article 5 of law no. 119.12.

Article 56: *(article amended and completed in accordance with article 2 of law 119-12)*

Any final conviction handed down against them pursuant to the penal provisions of this title, automatically entails the termination of the duties of the incriminated managers of the managing institution, the depositary institution or the initiating institution concerned, and the inability to perform those duties.

In addition, holders *of securities issued* by the FPCT may request the competent court to revoke the concerned institution.

Article 57: *(article amended and completed according to article 2 of law 119-12)*

In the event of a breach by the managing institution of its obligations to the FPCT, as provided for by the provisions of articles 43 to 45 above, this institution may be repealed, after consulting the CDVM, upon a decision taken *in accordance with the quorum and majority conditions* set by the management regulations. This majority may not be less than 51% *of the number of security holders considered as a single community and in terms of the outstanding capital of the shares or the par value of the shares and, where applicable, the outstanding capital of the debt securities and sukuk certificates issued by the FPCT, all of these securities are taken as a whole.*

Article 58: *(article amended and completed in accordance with article 2 of law 119-12)*

In the event of the dismissal of the managing institution, in the case provided for in the previous articles 56 (2nd paragraph) and 57, its replacement must take place without delay by another authorized managing institution and this, in accordance with the conditions provided for by the management regulations and in accordance with the provisions of this title. As long as the replacement of the managing institution is not carried out, the latter remains in office and remains responsible for the management of the FPCT and the preservation of the *security holders'* interests issued by the FPCT.

Article 59: *(article amended and completed in accordance with article 2 of law 119-12)*

In the event of termination of the duties of the managing institution for any reason whatsoever, or in the event of opening against it of a difficulties treatment procedure in accordance with the provisions of title II of Book V of law no. 15-95 forming the commercial code, *the holders of securities issued* by the FPCT must proceed with its replacement without delay, under the conditions provided for in the management regulations.

If a new management institution has not been appointed within one month from the date of termination of the failing managing institution, or from the date of opening of the procedure referred to in the above paragraph, *any holder of securities issued* by the FPCT may ask the CDVM to appoint a managing institution that remains in office with the said functions until its replacement in accordance with the conditions provided for in the management regulations.

As long as the failing management institution has not been replaced, it remains responsible for the relevant fund and must take all necessary measures to preserve the interests of *the security holders issued* by the fund.

Article 60: By derogation from the provisions of article 930 of the Dahir of 9 Ramadan 1331 (12 August 1913) forming the Code of Obligations and Contracts, the termination of the activity of the managing institution does not result in the termination of the recovery agreement referred to in article 27 above. The replacement managing institution replaces itself, ipso jure, as a principal as a replacement for the failing managing institution.

Article 61: The replacement of the managing institution shall entail the acceptance by the replacing managing institution of the FPCT management regulations in question and has the effect of substituting the said replacement in all the rights and obligations of the former managing institution.

Article 62: *(article amended and completed in accordance with article 2 of law 119-12)*

In the event of termination of the duties of an FPCT's depositary institution, for any reason whatsoever, it must be replaced by another depositary institution referred to in article 48 above, under the conditions provided for in this article.

Its replacement must be carried out without delay by the managing institution of the FPCT, in the forms and conditions prescribed by the management regulations. *As long as the depositary institution has not been replaced*, it remains responsible and must take all measures necessary to safeguard the interests of *the security holders*.

If the replacement is not carried out, the CDVM appoints a depositary institution for the FPCT. The designated depositary institution then remains in office until the appointment of a new depositary institution by *the security holders* of the FPCT.

The depositary institution designated by the CDVM cannot remain in office for a period longer than six months. In the absence of the appointment by *the security holders* of a new depositary institution within the aforementioned period, the FPCT goes into liquidation.

Article 63: Holders of units and, where appropriate, of debt securities, their assigns or creditors, cannot in any circumstances cause the separation of an FPCT by distributing the FPCT assets among themselves or otherwise.

Article 64: *(article amended and completed in accordance with article 2 of law 119-12)*

By 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 stipulated in the FPCT's management regulations, the assets of a given sub-fund only cover debts, commitments and obligations and benefit from *the eligible assets* relating to this same sub-fund.

Article 65: *(article amended and completed in accordance with article 2 of the law 119-12)*

Unitholders of an FT are only liable for the debts of that fund up to the total assets of the fund and proportionally to their share. Unitholders of an *FT* sub-fund *are only liable for the debts of that* sub-fund *up to* its total assets and proportionally to their share.

Holders of debt securities *and sukuk certificates issued by the FT* are not personally liable for the debts and obligations of *the said FT*.

Article 66: *(article amended and completed in accordance with article 2 of law 119-12)*

The FPCT shall not be liable for the debts and obligations of the initiating institution, the managing institution, the depositary institution and *the holders of securities issued* by the fund. It shall only be liable for the obligations and costs expressly charged to it by its management regulations and by this title.

Article 67: *(article amended and completed in accordance with article 2 of law 119-12)*

Personal creditors of the managing institution, the depositary institution and the initiating institution may in no case pursue the payment of their debts from the assets of the FPCT, nor from the assets of *the security holders issued by the FPCT*.

Article 68: *(article amended and completed in accordance with article 2 of law 119-12)*

The initiating, depositary institution and managing institution of an FPCT are responsible, individually or jointly, to third parties and *security holders*, of their offences of the legislative or regulatory provisions applicable to the FPCT, of the breach of its management regulations and faults committed in the context of the tasks entrusted to them under this title and the management regulation.

The court brought the action provided for above may, at the request of any *holder of securities issued* by the fund, order the dismissal of the managers of the institutions referred to above.

The managing institution and the depositary institution do not personally meet the debts and obligations of the FPCT contracted or incurred in accordance with the management regulations or this title.

Article 69: (*article amended and completed in accordance with article 2 of law 119-12*, **amended and completed by law no. 05-14**)

The FPCT goes into liquidation:

- at the end of the term of the FPCT determined by the management regulations;
- in the cases provided for ***in article 18 and in the 4th paragraph of article 62 above***.

The provisions of title XIII of law no. 17-95 on public limited companies apply to STs, to the extent that they are compatible with the provisions of this title.

Article 70: The liquidation of an FPCT shall be published, without delay, by the managing institution in a legal announcements newspaper on a list set by the administration.

Article 71: *(article amended and completed in accordance with article 2 of law 119-12)*

In the event of liquidation of an FPCT, the managing institution acts as a liquidator. Otherwise, the liquidator is appointed by the president of the competent court at the request of *any holder of securities* issued by the fund.

Chapter VIII: FPCT Obligations

Section I: Information

Article 72: Repealed by the provisions of article 5 of law no. 119.12.

Article 73: Repealed by the provisions of article 5 of law no. 119.12.

Article 74: Repealed by the provisions of article 5 of law no. 119.12.

Article 75: The managing institution must submit, for information purposes, a copy of the *management regulations of the FPCT it manages* to the administration.

Article 76: (*article amended and completed in accordance with article 2 of law 119-12,* **amended and completed by law no. 05-14**)

Unless the management regulations provide for more frequent deliveries, the management institution is required to provide each holder of securities ***of an FPCT or a sub-fund*** with one annual report per financial year for ***the said FPCT or sub-fund***.

A copy of this report must be sent to the administration and the CDVM within deadlines set by the latter.

The annual report is submitted no later than three months after the end of the financial year. Each report must include the balance sheet, the income and expense account, the status of management accounts, the asset inventory certified by the depositary institution, as well as other information regarding the evolution of the assets of the FPCT and, where applicable, of each of its sub-funds. The report must also describe the situation *and the developments in the recovery of sums due in respect of eligible assets*, security realizations and losses on *the said eligible assets that it has acquired*.

Article 77: Before the release of the annual report referred to in article 76 above, the accounting documents it contains must be certified by the statutory auditor.

The accounting documents contained in the annual report must be made available to the statutory auditor no later than three months after the end of the financial year.

Article 78: The CDVM sets the terms and conditions according to which the managing institution announces its activity in terms of the FPCT that it manages.

It may at any time amend the presentation and content of all the documents disseminated by the managing institutions as part of the FPCT management activity.

Article 79: The managing institution must provide Bank Al-Maghrib with the information necessary for the development of monetary statistics.

Section II: Accounting Requirements

Article 80: The management regulations of an FPCT set the duration of the financial years which cannot exceed twelve months. However, the first financial year may extend over a different period, without exceeding eighteen months.

Article 81: The FPCT is subject to the accounting rules set by the administration, on the proposal of the National Accounting Council.

Each FPCT sub-fund is subject to separate accounts, within the fund's accounts.

Chapter IX: Control

Section I: Control by the CDVM

Article 82: *(article amended and completed in accordance with article 2 of law 119-12)*

The FPCTs, managing institutions, depositary institutions, initiating institutions, institutions holding an FPCT special purposes account and *institutions holding accounts of securities issued* by the FPCT are subject to the permanent control of the CDVM.

For the investigation and ascertain breaches to the provisions of the present title and the texts taken for its application, the CDVM is authorized to carry out by means of any sworn agent specially commissioned for this purpose, investigations with the institutions referred to in the first paragraph above.

For the fulfilment of its supervisory role, the CDVM shall be entitled to request all documents and information necessary from the institutions referred to above.

The CDVM shall also monitors the compliance of these establishments with the provisions of the circulars, provided for in article 4-2 of the Dahir no. 1-93-212 of 4 Rabii II 1414 (21 September 1993), applicable to them.

Section II: Statutory Auditors

Article 83: The managing institution of an FPCT designates a statutory auditor.

As for the first auditor, they are appointed by the founders of the FPCT in the management regulations.

Article 84: The provisions of law no. 17-95 relating to public limited companies concerning the conditions for the appointment of the statutory auditors, particularly in terms of incompatibilities, their powers, duties, responsibility, substitution, dismissal and compensation, are applicable to FPCTs subject to the rules specific to them.

Article 85: The statutory auditor informs without delay the managers of the managing institution and the CDVM of the irregularities and inaccuracies they identify in the performance of their duties.

Article 86: *(article amended and completed in accordance with article 2 of the law 119-12)*

Unitholders of *an FT* shall exercise the rights granted to shareholders by articles 164 and 179 of Law no. 17-95 on public limited companies.

These rights are extended to holders of debt securities *and sukuk certificates issued by any FPCT.*

Chapter X: Disciplinary and Penal Sanctions

Section I: Disciplinary Sanctions

Article 87: (*article amended and completed in accordance with article 2 of law 119-12, **amended and completed by law no. 05-14***)

Without prejudice to the penal sanctions provided for in this title, the CDVM may address a caution, formal notice, warning or reprimand to the managing institution that:

- fails to comply with the provisions of article 5 above, relating to the composition of the assets of an FPCT;

- fails to comply with the provisions of article 54 above;

- fails to comply with the provisions of *articles 33, 34 and 75* above, relating to formalities prior or subsequent to the constitution of an FPCT;

- fails to disseminate the annual reports under the conditions laid down in article 76 of this title;

- fails to submit to the CDVM the annual report, in accordance with the provisions of article 76 of this title;

- fails to comply with the provisions of article 81 of this title relating to the accounting rules applicable to FPCTs;

- fails to pay the commission due to the CDVM under the conditions provided for in article 112 below;

- in breach of the provisions of article 79 of this title, fails to provide Bank Al-Maghrib with the information necessary for the compilation of monetary statistics;

- fails to comply with the provisions of article 113 below, relating to the obligation to join the Association of Securitization Funds Managers;

Where the disciplinary sanctions provided for above remain without effect, the CDVM may propose to the administration:

* either to prohibit or restrict the completion of certain transactions by the managing institution of the FPCT;

* or, to withdraw the authorization from the FPCT's managing institution

Article 88: The CDVM may address a caution, formal notice, warning or reprimand to the depositary institution that fails to comply with the provisions of article 49 of this title.

Section II: Penal Sanctions

Article 89: The managers of a managing institution who, contrary to the provisions of article 14

above, authorize the repurchase of units or the redemption of debt securities, by their holders, shall be punished by imprisonment from one year to two years and a fine of MAD 100,000 to 500,000 or only one of these two penalties.

Article 90: Any person who, acting on their behalf or on behalf of another natural or legal person, improperly uses a trade name, business name, announcement and, in general, any expression that suggests that they are authorized to manage an FPCT or to collect debts assigned in accordance with the provisions of this title shall be punished by imprisonment from three months to one year and a fine of MAD 5,000 to 50,000 or only one of these two penalties.

Article 91: *(article amended and completed in accordance with article 2 of law 119-12)*

the managers of a managing institution of an FPCT who authorize the subscription or acquisition of *specific securities or securities issued* by an FPCT whose initial assets consist of a portfolio of non-performing loans, without meeting the provisions of the second paragraph of article 8 above shall be punished by imprisonment from one month to one year and a fine of MAD 30,000 to 300,000 or one of these two sentences only.

Article 92: *(article amended and completed in accordance with article 2 of law 119-12)*

Shall be liable to the penalties provided for in article 357 of the Penal Code:

- the managers of an initiating institution who knowingly give a note, provided for in article 21 above, containing false or incomplete information;

- any statutory auditor who, either in their own name or as a partner in a statutory auditors' company, knowingly give or confirm misleading information about the status of an FPCT;

- any manager of an initiating or depositary institution who unduly retains any amount they would have received on behalf of an FPCT;

- any manager of an initiating or depositary institution who unduly delivers discharge of a debt in breach of article 27 of this title.

Article 93: Shall be punished with imprisonment of one month to three months and a fine of MAD 10,000 to 200,000:

* the legal representatives of an FPCT founders who abstain from or refuse to make the announcement provided for in the 2nd paragraph of article 35 above;

* the managers of an FPCT who proceed with the dissemination of the annual report, provided for in article 76 above, without the accounting documents it contains being certified by the statutory auditor.

Article 94: Managers of a managing institution who, contrarily to the provisions of article 43 above, undertake on behalf of an FPCT another activity or enter into another obligation, debt or management fees, other than those that are consistent with the purpose of the fund which are expressly provided for by the management regulations of the fund and the provisions of this title shall be punished with imprisonment of two to five years and a fine of 20,000 to 200,000 dirhams.

Article 95: *(article amended and completed in accordance with article 2 of law 119-12)*

The managers of an initiating institution or managing institution who dispose of *eligible assets* forming part of the assets of an FPCT in violation of the provisions of article 18 above *or encumber such eligible assets* in violation of the provisions of article 19 of this title are punished with imprisonment of one to two years and a fine of MAD 50,000 to 500,000.

Article 96: Are punished with a fine of MAD 50,000 to 100,000, the managers of a managing institution who will have:

* acquired on behalf of an FPCT as part of an asset securitization transaction, other than those referred to in articles 16 above, or carried out the investment in cash of an FPCT in securities other than those provided for in article 52 of this title;

* deliberately breached the provisions of article 28 of this title.

Article 97: The managers of a managing institution who, contrarily to the provisions of the article 83 of this title, will not have resulted in the appointment of a statutory auditor are punished with an imprisonment of six months to two years and a fine of MAD 10,000 to 100,000 or only one of these two sentences.

Article 98: The managers of a managing institution, as well as all persons under their authority, who would knowingly impede the checks or controls of the statutory auditor, or who will have refused to provide him with all relevant documents for the performance of his duties are punished with an imprisonment of 3 months to one year and a fine of MAD 5,000 to 50,000 or only one of these two sentences.

Article 99: *(article amended and completed in accordance with article 2 of law 119-12)*

The managers of an initiating institution, a managing institution, a depositary institution or an institution responsible for the recovery of debts of an FPCT who will have diverted any amount in relation to an eligible asset received on behalf of the FPCT are punished with an imprisonment of two to five years and a fine of MAD 50,000 to 1,000,000.

Article 100: *(article amended and completed in accordance with article 2 of the law 119-12)*

The managers of an initiating institution, a managing institution and a depositary institution who have purchased securities issued by an FPCT are punishable by a fine of MAD 200,000 to 1,000,000, in violation of the provisions of the article 9 above.

Article 101: The managers of a managing institution who do not comply with the provisions of article 36 of this title are punished with a fine of MAD 1.000 to 5.000.

Article 102: In the cases provided for in articles 92, 94, 95, 98 and 99 of this title, the guilty parties may also be punished with at least five years and not more than ten years by the prohibition of one or more rights mentioned in article 40 of the Penal Code.

In addition, the guilty may also be prohibited from carrying out any activity related to or in connection with the FPCT for a period of two to five years.

The court may order that the judgment of conviction under the sanctions provided for in this section shall be published in full or in part in the official gazette and in the newspapers designated by it, all at the expense of the convicted persons.

Article 103: The members of the administrative, operational and management entities of a managing institution who will have enabled commission deduction to exceed the levels set by the management regulations are punished with a fine of MAD 5,000 to 50,000.

Article 104: The members of the administrative, operational and management entities of a managing institution who do not submit to the CDVM to view a copy of the draft management regulations of an FPCT before its formation, in accordance with the provisions of article 33 of this title are punished with a fine of MAD 100,000 to 500,000.

Article 105: *(article amended and completed in accordance with article 2 of law 119-12)*

Managers of the managing institution of an FPCT who proceed with the collection of subscriptions in breach of the provisions *of article 33 of this title* shall be punished with imprisonment of 3 months to 1 year and a fine of MAD 10,000 to 200,000 or one of these two penalties only.

Article 106: Managers of the managing institution and the depositary institution of an FPCT who proceed with the collection of subscriptions by public offering without the management regulations of that fund having been approved in accordance with the provisions of article 34 of this title, or who continue their activity despite a withdrawal of authorization shall be punished with imprisonment of six months to two years and a fine of MAD 100,000 to 2,000,000 or only one of these two penalties.

Article 107: Repealed by the provisions of article 5 of law 119.12.

Article 108: Whoever contravenes the prohibitions provided for in article 38 above is punished with imprisonment of 3 months to 1 year and a fine of MAD 50,000 to 500,000 or only one of these two penalties.

Article 109: The provisions of this section concerning managers shall apply to any person who, either directly or through an intermediary, has in fact exercised the direction, administration or management of the body concerned.

Article 110: The penalties provided for in this section are doubled in the event of a repeat offense.

By derogation from the provisions of articles 156 and 157 of the Penal Code, for the purposes of this section, whoever, having previously been sentenced to imprisonment and/or to a fine having acquired the force of res judicata, commits the same offense or one of the offenses provided for in this section, shall be deemed a repeat offender.

Article 111: By derogation from the provisions of articles 55, 149 and 150 of the Penal Code, the fines provided for in this section may not be reduced below the legal minimum and the suspension may only be ordered for imprisonment sentences.

Chapter X bis: Specific provisions applicable to the securitization of assets by public entities, State-owned companies and public subsidiaries

Article 111-1: (article inserted by law no. 119-12, **amended and completed by law no. 05-14**)

*The provisions of law no. 39-89 authorizing the transfer of public enterprises to the private sector, as amended and completed, do not apply to the transfer to an FPCT of eligible assets, **by a public enterprise in the context of the aforementioned law**, to be repurchased by the said enterprise as part of the securitization operation.*

Article 111-2: (article inserted by law no. 119-12)

For securitization operations in which the State is the initiating institution, and notwithstanding any other provision laid down in this title:

- the information document referred to in article 13 of the Dahir on law no. 1-93-212 of 4 Rabii II 1414 (21 September 1993) relating to the Securities Ethics Council and to the information required of legal entities making public offering is not required;

- no information, other than that fixed by regulation, allowing the identification of debtors can be disclosed, including to the managing institution, rating agencies, and investors or potential investors, either direct or indirect, in the securitization operation pursued by the FPCT;

- the information required in the note referred to in article 21 of this title, in the management regulations and in any other document set up for the purposes of the securitization operation, is set by regulation;

- the documents and securities representing or constituting the eligible assets transferred or any document or writing relating thereto that may be provided to the managing institution and to any other entity shall be set by regulation.

Article 111-3: (article inserted by law No. 119-12)

Notwithstanding any other provisions provided for in this title, in the case of securitization of State debts, the recovery of such debts shall be carried out in accordance with the relevant legal and regulatory provisions, particularly law no. 15-97 laying down the public debt collection Code.

Chapter XI: Miscellaneous and Transitional Provisions

Section I: Miscellaneous Provisions

Article 112: FPCT are subject to the payment of an annual commission for the benefit of the CDVM. This commission is calculated on the basis of the net assets of the FPCT. Its rate, as well as its calculation and payment methods, are fixed by the administration. Such rate shall not exceed 0.5 per thousand.

Failure to pay within the set time limits shall result in the application of a surcharge set by the administration. The rate of this increase may not exceed 2% per month or fraction of a month of delay calculated on the amount of the commission payable.

Article 113: Any duly authorized FPCT management institution must join a professional association called "Association of Securitization Funds Managers", by the abbreviation "AGFT", governed by the current legislative provisions relating to the right of association.

Article 114: The articles of the association referred to in article 113 above, as well as any amendment thereto, must be approved by the administration after consulting the CDVM.

Article 115: The AGFT monitors and raises awareness among its members on the compliance with the legislative, regulatory and ethical provisions applicable to them.

It must bring any failure of which it is aware in this field to the attention of the administration and the CDVM.

The AGFT is studying issues related to the practice of the profession, particularly the improvement of securitization techniques, the creation of common services and the training of the personnel.

It is authorized to go to court when it believes that the interests of the profession are at stake.

Article 116: For matters of interest to the profession, the AGFT acts as an intermediary between its members and as the public authorities or any national or foreign body, to the exclusion of any other group, association or syndicate.

The AGFT can be consulted by the administration or the CDVM on any issue of pertaining to the profession. It may also submit proposals to them in this field.

Article 116-1: (*article inserted by law no. 119-12*)

In addition to the cases provided for in law No. 34-03 on credit institutions and similar bodies, initiating institutions, depositary institutions and institutions and any credit institution involved in a securitization operation may communicate information covered by professional secrecy to the managing institution, to rating agencies for the purpose of rating securities issued or to be issued by a FPCT, to potential direct or indirect investors or investors in the securitization operation carried out by the FPCT as well as to professional advisors and any regulatory, judicial or arbitral authority to which the persons listed above are subject.

This article shall also apply to persons, and to their professional advisers with whom they negotiate, conclude or execute the following operations:

1- *sale, transfer or lease of eligible assets referred to in article 16 above;*
2- *service provision contracts concluded or to be concluded by the FPCT with a third party;*
3- *when studying or drawing up any type of contract, provided that these organizations belong to the same group as the author of the communication.*

Section II: Enforceability and Transitional Provisions

Article 117: The provisions of this title shall enter into force as of the effective date of the regulatory texts necessary for their application.

Article 118: The provisions of law No 10-98 on the securitization of mortgage loans, enacted by Dahir No 1-99-193 of 13 Jumada I 1420 (25 August 1999), shall be repealed as of the date of the entry into force of this title.

References to the provisions of the aforementioned law No 10-98 are replaced by references to the corresponding provisions of this title.

Article 119: FPCT set up before the date of entry into force of this title shall have a period of one year as of the said date to be in conformity with the provisions of that title.

Article 120: Managing institutions - depositories which, on the date of entry into force of this title, carry on their activity by virtue of an authorization shall be automatically authorized, ipso jure, as managing institutions. They shall have a period of one year from the said date to be in conformity with the provisions of the said title, under penalty of sanctions provided for this purpose.

Article 120-1: (article inserted by law no. 119-12)

Where necessary, any other regulatory texts necessary to the provisions of the articles of this title can be taken.

TITLE II: PROVISIONS AMENDING LAW NO. 35-94 RELATING TO CERTAIN MARKETABLE DEBT SECURITIES.

Article 121: The provisions of articles 4, 7 and 8 (1st paragraph) of law No. 35-94 on certain negotiable debt securities, enacted by Dahir No. 1-95-3 of 24 Chaabane 1415 (26 January 1995), are repealed and replaced as follows:

"Article 4. - Commercial papers are securities issued by legal entities and mutual investment fund on securitization meeting the conditions defined in article 6 below, representing a debt right bearing interest for a fixed and negotiable term under the conditions provided for in this law."

"Article 7. - Only legal entities under Moroccan law and the mutual investment fund on securitization referred to in articles 2, 3 and 6 of this law can issue negotiable debt securities."

"Article 8 (1st paragraph). - Negotiable debt securities are stipulated to the holder. However, the commercial papers issued by the mutual investment fund on securitization can be in registered form."

Article 122: The provisions of articles 5, 6 and 17 (1st paragraph) of law No. 35-94 on certain negotiable debt securities are amended and completed as follows:

"Article 5. - Only finance companies authorized to receive funds from the public for a term of more than one year and complying with a maximum prudential report between the outstanding amount of

the warrants issued and that of their use in the form of customer loans, the said report being by regulatory means can issue warrants of the finance companies referred to in article 3 above."

"Article 6. - Only issuers, other than those referred to in articles 2 and 3 of this law, and belonging to one of the following categories may issue commercial papers:

1) joint stock companies with equity capital, in the form of paid-up capital, reserves and retained earnings, of a level at least equal to five million dirhams;
2) non-financial public institutions with equity capital, in the form of State grants, reserves, and retained earnings, of a level at least equal to five million dirhams;
3) cooperatives subject to the provisions of law 24-83 setting the general status of cooperatives and the missions of the cooperation development Office, enacted by Dahir No. 1-83-226 of 9 Muharram 1405 (5 October 1984) and having equity capital, in the form of paid-up capital, reserves, and retained earnings, at a level at least equal to five million dirhams;
4) Mutual investment fund on securitization, governed by law No. 33-06 on the securitization of debts and amending and supplementing law No. 35-94 on certain negotiable debt securities and law No. 24-01 on the repurchase agreements.

The legal entities referred to in 1), 2) and 3) above must also have at least three years of actual activity and have drawn up at least three balance sheets certified in accordance with entries by their statutory auditor(s) in the case of joint stock companies or cooperatives, or by an accountant registered with the Order of chartered accountants in the case of a public establishment."

"Article 17 (1st paragraph). - As long as negotiable debt securities are in circulation, the information file provided for in article 15 above must be updated annually in a 45 days after the general meeting of shareholders or the body acting as its representative, approving the financial statements for the last financial year. This is the responsibility of the managing institution of the concerned funds."

TITLE III: PROVISIONS AMENDING LAW NO. 24-01 ON THE REPURCHASE OPERATIONS

Article 123: *(article amended and completed according to article 7 of law 119-12)*

The provisions of article 2 of law No. 24-01 on the repurchase agreements, enacted by Dahir No. 1-04-04 of 1 Rabii I 1425 (21 April 2004), are amended as follows:
"Article 2:
The values, securities or notes that may be taken or put under repurchase agreements referred to in article 1 above are as follows:

1° transferable securities listed on the Stock Exchange;
2° negotiable debt securities defined by law No. 35-94 on certain negotiable debt securities;
3° securities issued by the Treasury;
4° private notes;
5° *securities issued by a mutual investment fund on securitization defined by law No. 33-06 on the securitization of debts as amended and completed within the limits set by the regulations.*

However, only credit institutions may take or repurchase private notes.
The repurchase agreement may only cover values, securities or notes which are not liable to be subject to, throughout the period of the repurchase agreement, the payment of income subject to withholding tax."

Article 124: The provisions of this law do not apply to the FPCT set up before the date of its publication. However, the FPCT wishing to comply with the new provisions of this law must adapt to their management regulations.

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OG no. 6184 du 5-09-2013 p. 2283
OG no. 5684 du 20-11-2008 p. 1560