

Dahir N° 1-16-151 of 21 Dhu al-Qidah 1437 (25 August 2016) enacting law N° 19-14 on the Stock Exchange, brokerage firms and financial investment advisors.

PRAISE TO GOD ALONE!

(Great Seal of His Majesty the King Mohammed VI)

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

That our Sherifian Majesty;

Having regard to the Constitution, particularly articles 42, and 50.

HAS DECIDED AS FOLLOWS:

Law N° 19-14 on the Stock Exchange, brokerage firms and financial investment advisors is hereby enacted and shall be published in the official gazette, further to the present Dahir, as adopted by the House of Representatives and the House of Counsellors.

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

For countersignature:

The Prime Minister,

Abdel-Ilah Benkiran.

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**Law N° 19-14
on the Stock Exchange, brokerage firms and financial
investment advisors**

TITLE I

DEFINITIONS

Article 1

For the purposes of the enforcement of the present law, the following terms shall have the following meanings:

1. **Financial instruments:** financial instruments as defined by article 2 of law N°44-12 on public offering and on information required for legal entities and bodies making a public offering, excluding derivatives instruments;

2. **Regulated market:** a market for financial instruments instituted by law and managed by a body that facilitates and ensures a regular and transparent functioning of the trading of financial instruments. The rules of this market should particularly determine the requirements for the admission, listing and delisting of financial instruments, the provisions for the organisation and the terms for the suspension of the trading of the said financial instruments, as well as the rules related to recording and publishing the said trading;

3. **Market operator:** a legal entity that performs on a principal and regular basis one or more of the following activities:

- The trading of financial instruments;
- The clearing of financial instruments;
- The settlement of transactions on financial instruments;
- The custody of financial instruments;

4. **Transactions on financial instruments listed on the Stock Exchange:** any transfer of the ownership of the said financial instruments to be registered by an Account-Keeping Institution as defined in e) of article one of Law n° 35-96 relating to the establishment of a Central Securities Depository and a General Scheme for account registration of certain securities;

5. **Direct transfer:** any transfer of the ownership of a financial instrument listed on the Stock Exchange, taking place between spouses, direct ascendants and descendants of the first and second degree, as well as following a succession or a legacy, not involving a counterparty;

6. **Settlement of a transaction:** the simultaneous and correlated cash settlement and the delivery of securities related to this transaction;

7. **Depository Participant:** any participant within the meaning of article one of the aforementioned law N° 35-96;

8. **Aggregation of orders:** operation whereby a brokerage firm adds up several stock-market orders that have the same indications and concern the same financial instrument, received from one or many ordering parties, and introduces into the market only one order involving a quantity equal to the sum of the quantities of all these orders;

9. **Clearing of the orders:** operation whereby a brokerage firm clears the buy and sell orders received for the same financial instrument in order to only introduce into the market the net position resulting from the difference between buy orders and sell orders;

10. **Financial canvassing:** Financial canvassing as defined in 4) of article 2 of the aforementioned law N° 44-12

11. **Ordering party:** any individual or legal entity that issues a buy or sell order of financial instruments;

12. **Members of the administrative, operational and management bodies:**

- for a limited company: members of the board of directors including the chairman, the chief executive officer, and the deputy chief executive officers or members of the management board and members of the supervisory board;
- for a partnership limited by shares: the manager or managers.

13. **Contribution of securities:** operation whereby a holder of a financial instrument grants full ownership of the said instrument to a legal entity or to a body with or without consideration under the terms and conditions determined in the general rules of the Stock Exchange;

14. **Issuer:** any legal entity or any collective investment undertaking as defined by the legislation in force that issues one or more financial instruments referred to in 1) of the present article;

15. **Block trading:** any trading involving a financial instrument transaction amount that equals or exceeds the minimum size of the block;

16. **Securities fungibility:** quality of a category of securities that ensures their interchangeability;

17. **Investment syndicate:** a group of intermediaries selected by the initiator of a financial operation to place the securities of this operation;

18. **Assets:** financial instruments and placements.

TITLE II

THE STOCK EXCHANGE AND THE MANAGING COMPANY

Chapter one

The Stock Exchange

Article 2

The Stock Exchange is a regulated market, governed by the present law and the implementing texts thereof, wherein financial instruments referred to in 1) of article one above are traded publicly.

The Stock Exchange comprises the main market and an alternative market.

The main market comprises at least four segments. The first two segments are intended for the trading of equity securities, whereas the third segment is intended for trading of collective investment undertakings securities as defined by the legislation in force, and the fourth segment is dedicated to the trading of debt securities.

The alternative market comprises at least two segments, with streamlined operating rules, dedicated respectively to the trading of equity securities and debt securities, issued by small or medium-sized companies.

The requirement for the admission, listing, and delisting of the financial instruments referred to in 1) of article one above in the different segments of the main market and the alternative market are set out in the general rules of the Stock Exchange.

Article 3

The managing company referred to in article 4 of the present law may create additional segments for the listing of financial instruments referred to in 1) of article one above. It may also reserve certain segments exclusively to certain investors or issuers. It may also proceed with the modification or the removal of these segments.

The managing companies create one or more new segment(s) namely in view of the following elements:

- The operators' needs for the said segment;
- The development potential of the market of the financial instruments to be traded in the concerned segment.

The managing company may only proceed with the deletion of a segment if the objectives having motivated its creation are not achieved.

The methods for the creation and modification of these segments as well as the conditions for their removal are set out in the general rules of the Stock Exchange provided for in article 5 of the present law.

Chapter II

Management of the Stock Exchange

Article 4

The management of the Stock Exchange is granted to a limited company, pursuant to a specification approved by decision of the Minister of Finance. The said company may manage the Stock Exchange directly, or via a subsidiary functioning under its responsibility and whose main objective is the management of the Stock Exchange.

Any modification to the specification shall also be approved by decision of the Minister of Finance.

In addition to the administrative clauses relating to the concession, the specification also sets out the liabilities relating to the functioning of the Stock Exchange, the registration and the publicity of the transactions as well as its organisational, technical and governance liabilities.

The concessionary company is hereafter named « the managing company »

Article 5

The managing company establishes the general rules of the Stock Exchange pursuant to the provisions of the present law. The said general rules are approved by decree of the Minister of Finance, following consultation of the Moroccan Capital Market Authority «AMMC» and published in the «Official Gazette».

The general rules of the Stock Exchange set namely:

1. the rules relating to the admission to listing of financial instruments, their listing period, and delisting;
2. the rules and procedures relating to the functioning of the main market and of the alternative market;
3. the rules relating to the creation, the modification and the deletion of the segments;
4. the rules and terms relating to the block trading;
5. the terms of the transfer of financial instruments between segments of the same market or from one market to another;
6. the conditions and terms for the listing of financial instruments issued by bodies or legal entities not having their registered office in Morocco;
7. the operations that may be qualified as contributions of securities and the terms for their registration on the Stock Exchange;
8. the applicable rules in terms of trading and the settlement of transactions carried out by brokerage firms;
9. the rules relating to the trading services provided for in article 11 of the present law;
10. the rules relating to the terms of application and implementation of the guarantee as well as the terms for the constitution, management and use of margins provided for in article 29 of the present law;

11. the list of documents that brokerage firms are required to communicate to the managing company;

12. the list of documents that may be requested by the managing company from the issuers of financial instruments;

13. where appropriate, any other information provided for by the present law and by the implementing texts thereof.

Any amendment to the general rules of the Stock Exchange shall be subject to the same procedure envisaged for its approval.

Article 6

Pursuant to the provisions of the present law and the implementing texts thereof, the managing company issues instructions to implement the general rules of the Stock Exchange.

It may also issue notices to disseminate any other general information useful to the market and to the public or announce the implementation of the rules set out in the general rules of the Stock Exchange or in the aforementioned instructions.

The managing company ensures the dissemination and publication of these instructions and its notices according to the terms laid down in the general rules of the Stock Exchange.

Article 7

The Articles of Association of the managing company must provide the names of the first subscribers and the percentage of the capital that each one of them holds.

None of the shareholders of the managing company may have a holding in its capital that exceeds the ceiling set out in the decree issued by the Minister of Finance after consultation with the AMMC.

Any changes to the shareholding structure of the managing company are subject to prior approval by the Minister of Finance.

The Articles of Association of the managing company as well as their amendments are approved by the Minister of Finance, after consultation with the AMMC, which ensures their compliance with the provisions of the present law and the implementing texts thereof.

The shares of the managing company are transferred at the price agreed upon by the parties. When the parties resort to an independent evaluator in order to set the price of the managing company's shares, they shall be selected by the AMMC from the list of evaluators proposed by the parties.

Article 8

The minimum capital requirement for the managing company is set by the Minister of Finance on the advice of the AMMC.

The managing company may also hold a participation in market undertakings or any other company whose activity is connected directly or indirectly to its corporate purpose.

Prior to any acquisition of shareholding, the managing company shall refer to the Minister of Finance who may object, within two months from the date of receipt of the complete application, to this shareholding if it is incompatible with the national strategic economic interests.

The list of documents in the aforementioned dossier is set by a decree issued by the Minister of Finance.

The Minister of Finance may request from the managing company any appropriate justification and any additional information for reviewing the application. The request for the justifications and information mentioned above shall suspend the period prescribed in the third paragraph of this article.

Where no reply was received within the above-mentioned period, the Minister of Finance is presumed to have no objection to such participation.

Article 9

The appointment of members of the administrative, operational and management bodies is subject to approval by the Minister of Finance who can dismiss those members from their duties, on receiving a reasoned report from the Moroccan Capital Market Authority (AMMC), and may provide replacements whilst awaiting the appointment of new members.

Article 10

In case of a serious risk to the security and the orderly functioning of the market, the Minister of Finance may appoint an interim administrator to the managing company to whom the powers of administration, operation, management, and representation are transferred.

The interim administrator is appointed at the request of either the Management Board or the Supervisory Board of the managing company, or the Moroccan Capital Market Authority (AMMC), and this based on a reasoned report.

The appointment act of the interim administrator sets their term of office, the scope of their mission as well as their compensation. The remuneration of the interim administrator shall be borne by the managing company.

Chapter III

Organisation of the Stock Exchange

Article 11

In addition to its obligations relating to the management of the Stock Exchange, as set out in the specification provided for in article 4 of the present law, other duties of the managing company include:

- to decide on the admission to listing of financial instruments and their delisting from the Stock Exchange;
- to ensure that trading activities and settlement of transactions are made through the brokerage firms in compliance with the laws and regulations applicable to these operations.

The managing company is responsible for the regular functioning of Stock Exchange transactions.

It shall, furthermore, inform the AMMC without delay of any discrepancies or irregularities that it has detected while carrying out its duty.

The managing company may offer trading services of financial instruments not listed on the Stock Exchange, under the terms and conditions set out in the general rules of the Stock Exchange.

Article 12

The managing company is authorized to take all appropriate measures to secure the market and intervene with brokerage firms in this respect. It shall immediately inform the AMMC by any appropriate means.

The decisions of the managing company must be duly justified.

Article 13

The Managing company must suspend the listing of one or more financial instrument(s) during a specified period when their prices fluctuate during the respective trading session, upward or downward move, greater than the maximum thresholds set by the AMMC. Within those limits, the managing company may set the levels of intermediary interruption limits under the terms and conditions set out in the general rules of the Stock Exchange.

The Managing company issues, after consulting the AMMC, an instruction on technical conditions of the suspension and resumption of the listing and shall have it published.

Article 14

The managing company, on the request of the AMMC, suspends the listing when the information that is liable to have a significant impact on the market price of the securities must be made public by the issuer in accordance with the provisions of article 15 of the aforementioned law no. 44-12.

As soon as the said information is published in a legal announcements publication and by any other publication medium set by the AMMC, the latter requests the managing company to resume the trading provided that the facts giving rise to the suspension were lifted.

The listing shall also be suspended upon the AMMC request when the concerned issuer is subject to liquidation provided for in Book V of the Commercial Code.

The listing suspension period provided for in the first paragraph of this article shall not exceed ten trading days (10) - provided that the facts giving rise to the suspension were lifted. However, for the issuers who are subject to liquidation, this period does not apply and the suspension shall remain in force until delisting of the security.

Without prejudice to other suspension cases provided for by the legislation in force, the suspension and the resumption of the listing are subject to a well-founded notice issued by the managing company.

In case of suspension or resumption of the listing, the managing company shall inform forthwith the AMMC in accordance with the procedures established by the latter.

Article 15

When the Managing company considers that the behaviour of a brokerage firm is such that it is likely to seriously jeopardise the safety or integrity of the market, it may temporarily suspend its stock market access. It must justify its decisions and immediately notifies the AMMC and the Professional Association of Brokerage Firms referred to below in article 90.

The AMMC decides within two (2) trading days, from the date of the publication by the managing company of the suspension notice of the intervention of the brokerage firm in the market in question, in sustaining or lifting of the said suspension.

Article 16

The managing company may delete, exceptionally and in the cases hereinafter specified, a price quotation and consequently all transactions executed at this price. It may also cancel a trade.

The managing company proceeds with the cancellations provided for in the previous paragraph in the following cases:

- Either upon request of the brokerage firm that has made an error in submitting an order when the application is founded. This cancellation can only occur with the agreement of all brokerage firms acting as counterparties;

- Or, on the initiative of the managing company, in case of a technical incident or an error by the Managing company concerning trading parameters.

Brokerage firms not responsible for the trade cancellation are discharged of any liability towards their clients regarding the possible consequences of the said cancellation.

Methods of cancellation of transactions mentioned above and the medium of their publication are set out in the general rules of the Stock Exchange.

Chapter IV

Listing on the Stock Exchange

Article 17

Financial instruments referred to in 1) of the first article of this law, may be listed on the Stock Exchange.

The organization of the listing is governed by the general rules of the Stock Exchange.

The managing company pronounces the admission of financial instruments to listing on the Stock Exchange in accordance with the rules and modalities set by the general rules of the Stock Exchange.

The Managing company guarantees a transparent, fair, orderly, and efficient trading of financial instruments admitted to listing on the Stock Exchange.

Article 18

Subject to the provisions of the first article of the aforementioned law no. 44-12, the financial instruments referred to in 1) of the first article of this law and issued by organisations or legal entities not having their registered office in Morocco may be admitted to one of the financial market segments referred to in the 2nd paragraph of article 2 above. These financial instruments can be listed in foreign or local currency.

In addition to the conditions set by the general rules of the Stock Exchange, the admission to listing of financial instruments is subject to prior compliance with the conditions below:

- Accession of the supervisory authority of the issuer to an international organisation of financial market regulators. The list of recognised international organisations is set by the AMMC;
- The conclusion of a cooperation and information exchange agreement between the AMMC and financial market regulators of the issuer;
- In case of a dual listing, the fungibility of the financial instruments subject to admission to listing.

Prior to said listing, the concerned issuer must justify to the AMMC the compliance of the conditions referred to in this article.

The terms and conditions of the listing of these financial instruments are set out in the rules of the Stock Exchange.

When these financial instruments are listed in local currency, the annual ceiling of projected issues of the said financial instruments and the ceiling by issue operation are set out in the first week of each year by a decision of the Minister of Finance.

Chapter V

Delisting of Financial instruments

Article 19

Delisting a financial instrument from the Stock Exchange may be decided by the managing company after having informed the AMMC.

Delisting of a financial instrument may also be required from the managing company by the issuer concerned.

The managing company proceeds with the delisting of a financial instrument in terms of the following:

1. Non-compliance with listing requirements on the Stock Exchange;
2. Lack of liquidity of the financial instrument concerned;
3. Non-compliance with the dividend payment resolution adopted by the ordinary general meeting.

Article 20

Delisting of a financial instrument from the Stock Exchange is pronounced by the managing company at the request of the AMMC:

1. when the issuer is not complying with the provisions of the aforementioned law no. 44-12 and texts adopted for its implementation;
2. when the opening judgement of the liquidity procedure has been pronounced against the concerned issuer.

Article 21

Subject to the provisions of articles 19 and 20 above, the managing company proceeds with delisting financial instruments from the Stock Exchange in accordance with the rules, terms, and conditions set out in the general rules of the Stock Exchange.

The managing company must duly motivate any delisting of financial instruments from the Stock Exchange.

Chapter VI*Transactions***Article 22**

Trading in financial instruments listed on the Stock Exchange may only be carried out at the Stock Exchange and by the intervention of authorized brokerage firms pursuant to the provisions of the present law.

When the equity securities of companies, referred to in a) of 1) of article 2 of the aforementioned law no 44-12, are listed on the Stock Exchange, the provisions of the first paragraph above apply to all equity securities of the said companies.

When the said equity securities are admitted to listing on a regulated market outside Morocco, the provisions of the first paragraph above do not apply to transactions on this market.

When the transactions concern mutual fund securities listed on the Stock Exchange, the provisions of the first paragraph above apply only to the portion of listed securities.

Article 23

Client orders must include all necessary indications required for their proper execution.

The said indications must be set out in the general rules of the Stock Exchange.

The client may provide orders by any means allowing to determine their author, authenticity, and traceability, and in general, all means recognised as conclusive by the legislation and regulations in force.

These orders must be voice-recorded by brokerage firms if they are received by telephone

As soon as the orders are received, they must be time-stamped before being submitted conscientiously to the Managing company.

Article 24

Any aggregation or clearing of stock-market orders by brokerage firms is formally prohibited except for orders relating to the same rights and having the same price.

Brokerage firms may receive aggregated stock-market orders when the ordering party is a portfolio managing company.

The terms and conditions of the aggregation and execution of the said orders are set by the AMMC

Chapter VII*Registration and recording of transactions***Article 25**

Transactions relating to the financial instruments recorded on the Stock Exchange are immediately registered by the Managing company.

Registration of the said transactions shall entail the payment by the buyer and the seller of a commission called "registration commission". The level of this commission shall not exceed the limit (s) set by the Minister of Finance on the proposal of the AMMC.

Article 26

Brokerage firms are exempt from paying the commission referred to in article 25 above on trading for own account.

Article 27

Direct transfers, as referred to in 5) of the first article of this law, must be declared, as the case may be, to the concerned depository participant or the brokerage firm by the donor and/or the beneficiary of the transfer.

Procedures and time limits for reporting transactions referred to in paragraph one above are set out in the general rules of the Stock Exchange.

Brokerage firms and depository participants are required, where appropriate, to record these direct transfers in a special register, stating, in particular, the identity of the beneficiary of the transfer and of the person who made the transfer and the concerned financial instruments, as well as their quantity.

Brokerage firms are required to declare direct transfers to the managing company with a period of five working days from the date on which the declaration referred to in the first paragraph is made.

Direct transfers result in registration commission payment referred to in the aforesaid article 25 for the benefit of the managing company by the donor or by the beneficiary of the said transfer with a deduction of 75%.

The reference price to calculate the said commission is set out in the general rules of the Stock Exchange

Direct transfers arising from an inheritance or legacy transactions do not lead to any commission payments neither to the managing company nor to the Central Securities Depository nor to the depository participants.

Chapter VIII*Settlement of the transaction and delivery of securities***Article 28**

The managing company implements mechanisms permitting effective and secure settlement of financial instruments transactions on the Stock Exchange to guarantee their successful completion.

Article 29

The managing company guarantees to the brokerage firms the delivery of securities and the payment in cash owed to them on account of the transactions carried out in accordance with the terms set in its general rules. The delivery of securities and the payment in cash are correlative and simultaneous on the settlement date.

For this purpose, each brokerage firm shall build up margin with the managing company which is earmarked to cover the positions it holds and not yet settled.

The terms and conditions for building up, adjusting and using the said margin as well as the rules for the liquidation of the positions are set out in the general rules of the Stock Exchange.

Article 30

A brokerage firm in a pending position has a time limit to settle the said position. This period is set in the general rules of the Stock Exchange. Any outstanding pending position gives rise to the payment of a penalty for delay, the scale of which is set out in the general rules of the Stock Exchange.

When no adjustment has been made or the time limit referred to above has elapsed and the brokerage firm in a pending position has still not settled the said position, the Managing company has the right to execute buy or sell orders intended to clear the pending positions on behalf of the said brokerage firm.

Article 31

Effective delivery of securities by brokerage firms to ordering parties is made within the time limit set in the general rules of the Stock Exchange.

In the event of a default in the cash settlement or the delivery of securities by the brokerage firm following default by the Account- Keeping Institution of the said securities and/or cash of the ordering party, the Account- Keeping Institution is obliged to pay to the brokerage firm all the expenses and costs incurred by the latter on account of this default.

Chapter IX

Control of the managing company

Article 32

The managing company is not subject to law N° 69-00 on the State financial control of public companies and other organisations.

A commission named the "commission for monitoring the Stock Exchange concession" shall be created and chaired by a representative of the Minister of Finance. It shall consist, in addition to the AMMC, of the managing company and other members. The composition and operating procedures of the said commission are set by order of the Minister of Finance.

The said commission is in charge of monitoring the implementation by the managing company of the main tasks assigned to it in accordance with this law and the specification provided for in article 4 of this law.

Article 33

To ensure the orderly functioning of the Stock Exchange market, the AMMC controls the compliance by the managing company with the operating rules governing the said market, referred to in the provisions of this law and of the general rules of the Stock Exchange.

The AMMC also controls, on behalf of the Minister of Finance, the respect by the managing company of the clauses of the specification provided for in article 4 of this law.

For this purpose, the managing company must submit to the AMMC, at intervals it determines, all the documents and information necessary to fulfil its duties. The AMMC determines the list thereof, holding period, the content and the models, as well as the media and the time limits for the transmission in accordance with the legislation in force.

To investigate and detect any violation of the provisions of this law and its implementing texts relating to the functioning of the Stock Exchange, the AMMC is authorized to carry out, by means of any sworn agent specially commissioned for this purpose, desk and on-the-spot checks of the managing company, in accordance with the provisions of law no. 43-12 on the Moroccan Capital Market Authority.

The AMMC may request any report prepared by external auditors of the managing company. The AMMC may, where appropriate, commission an audit at its expense.

The AMMC also ensures that the managing company complies with the provisions of the circulars provided for in Article 6 of the aforementioned law no.43-12 applicable to it.

Article 34

The AMMC may address a caution, warning or reprimand to the managing company if it fails to comply with the provisions of articles 5, 7, 11, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 28, 29, 33 and 36 of this law.

If the caution, warning or reprimand referred to in the first paragraph of this article has no effect, the AMMC may propose to the Minister of Finance, based on a detailed report, the replacement of the members of the administrative, operational and management bodies of the managing company.

Article 35

When the orderly functioning of the trading in financial instruments is compromised, the AMMC may issue an injunction to the managing company to resolve the situation within a deadline it determines and informs the Minister of Finance.

If the injunction does not have any effect within the due time, the provisions of article 10 and of the 2nd paragraph of article 34 of this law shall apply.

Article 36

The managing company is obliged to publish in a legal announcements publication, no later than six months following the end of each financial year, the summary statements for the past financial year and the report of the statutory auditor(s) on said financial statements.

TITLE III**BROKERAGE FIRMS****Chapter one***Operating conditions***Article 37**

The main and regular activity of brokerage firms is the execution of transactions in financial instruments.

In the context of performing their main activity, brokerage firms may grant advances to an investor to enable them to carry out a transaction relating to one of the financial instruments defined by the legislation in force. The terms and conditions for granting these advances are set by the AMMC.

Brokerage firms may also carry out one or more of the following related activities:

1. reception and transmission of orders on behalf of third parties;
2. distribution of securities issued by legal entities or organizations making a public offering;
3. holding securities accounts and ancillary services, including holding cash accounts corresponding to these securities in accordance with the legislation in force;
4. management of securities portfolios upon appointment;
5. advice and prospection of clients to acquire or dispose of financial instruments as well as advice and assistance in wealth management;
6. assistance of legal entities and bodies making a public offering to prepare information documents intended for the public;
7. liquidity provision for the market of financial instruments listed on the Stock Exchange;
8. management of the companies by-back programs of their own shares, whose shares are listed on the Stock Exchange;
9. financial analysis or any other sort of general recommendation regarding transactions in financial instruments;
10. financial engineering;
11. advice and services provision to businesses, particularly with regard to capital structure, strategy, mergers and demergers, and company takeovers.

Article 38

Only brokerage firms are authorized to execute transactions in financial instruments listed on the Stock Exchange.

Article 39

Any brokerage firm must, before carrying out its activity, obtain prior approval by a decision of the Chairman of the AMMC after consulting the Accreditation Committee established by article 40 below.

In addition to the main activity, the authorization decision also sets a list of related activities that the brokerage firm is authorized to carry out.

The brokerage firm must provide adequate guarantees especially regarding its organization and its technical and financial means as well as the experience and integrity of its managers.

The brokerage firm continuously ensures that the said guarantees are met during the entire period of carrying out its activities. The brokerage firm must at all times prove to the AMMC the existence of these guarantees.

Only companies that are incorporated as limited companies, having their registered office in Morocco and whose main activity is the execution of transactions in financial instruments and, where applicable, carrying out related activities, referred to in the 3rd paragraph of article 37 of this law shall be authorized as brokerage firms.

Article 40

An accreditation committee is created at the AMMC, chaired by the Chairman of the AMMC, to advise on applications for authorization submitted by brokerage firms.

His committee includes in addition to its chairperson;

- two representatives of the Ministry of Finance appointed by the Minister of Finance;
- a representative of the AMMC.

The AMMC draws up the rules of procedure of the Accreditation Committee, which defines the terms of its organization and its functioning rules. These rules of procedure are approved by the said committee.

The secretariat of the accreditation committee shall be insured by the AMMC.

Article 41

The application for authorization must be made to the AMMC by the founding members or the managers of the brokerage firm for purposes of examination. It must be accompanied by a dossier comprising the following items:

- a copy of the draft of the bylaws;
- related intended business activities;
- amount and composition of the share capital and the shares held by shareholders;
- list of founders or managers;
- human and material resources as well as a description of the intended organisational structure for performing its duties as a brokerage firm.

The list of documents required for the examination of the dossier is set by circular of the AMMC.

The filing of the completed dossier accompanying the application for authorization is acknowledged by a receipt duly dated and signed by AMMC.

The AMMC may require authorization applicants to send any document or additional information it deems useful for examining the application for authorization within the time limits it sets. These periods have a suspensory effect on the examination period of the application for authorization.

Approval or refusal of the authorization is communicated by registered letter within two (2) months from the date of filing of the complete dossier accompanying the application for authorization.

Reasons shall be given when an application for authorization is refused.

Article 42

Changes affecting the management of the brokerage firm or the nature of its business activities are subject to a new authorization to be granted according to the same procedure referred to in article 41 of this law.

The authorization is granted within the deadline referred to in article 41 of the present law.

Changes concerning the registered office or the effective place of business of the brokerage firm are subject to the prior agreement of the AMMC, which assesses them in terms of their impact on the organisation of the firm.

Article 43

Projects of demergers and mergers of two or several brokerage firms are subject to a new approval, granted under the same procedure provided for in article 41 of this law.

The authorization is granted insofar as the transaction is not detrimental to the interests of the clients of the brokerage firms concerned.

Article 44

The AMMC establishes and updates the list of Authorized brokerage firms. On its own initiative, the initial list, as well as any revisions are published on its website.

Article 45

Instruments and documents from brokerage firms and intended for third parties, including letters, invoices, announcements, and sundry publications, shall indicate the company name which shall be immediately and legibly followed by references to the decision to grant them an authorization.

Article 46

The capital of brokerage firms must be fully paid-up at incorporation and may not be less than one million dirhams. It may be set at a larger amount by the Minister of Finance on the proposal of the AMMC, depending on the nature of business activities performed by the brokerage firm.

Article 47

Brokerage firms notify their clients of the commissions applied to transactions executed for their account according to the terms set by the AMMC.

Article 48

When a brokerage firm has failed to fulfil the professional standards, the AMMC, having formally demanded explanations from the managers regarding these facts, may send them a reprimand.

Article 49

AMMC may order a brokerage firm, when circumstances justify it, to take, within the deadlines it set, all the measures necessary to restore or strengthen its financial position or to adjust its management methods.

Article 50

If the reprimand or the injunction referred to in articles 48 and 49 above has no effect, and if the situation risks jeopardising the interest of clients or the orderly functioning of the market, the AMMC may suspend the brokerage firm concerned from carrying out one or several of its business activities or appoint an interim administrator who assumes all the powers necessary for the administration, management, and governance of the brokerage firm.

The appointment of an interim administrator may not occur or may cease to take effect from the moment that the brokerage firm becomes insolvent. In this case, the provisions of book V of the Commercial Code relating to recovery and compulsory liquidation are applied in exclusivity.

By special dispensation from article 568 of the Commercial Code, the court appoints a receiver on the proposal of AMMC.

Article 51

The interim administrator referred to in article 50 above may only buy or sell real estate or investment holdings and similar assets with the prior authorization of the AMMC.

They must file a quarterly report to the AMMC concerning the management as well as the development of the situation of the brokerage firm concerned.

They must also file a report to the AMMC within one year of his appointment, specifying the origin, magnitude and nature of the difficulties of the brokerage firm as well as the measures that may ensure its recovery or, failing this, its liquidation.

The AMMC must notify the Minister of Finance of the content of the said reports.

Article 52

The AMMC makes the decision to withdraw authorization either on the request of the brokerage firm or in the following cases:

1. when the brokerage firm does not make use of its authorization within a period of six months;
2. when the brokerage firm no longer meets the conditions by which the authorization had been granted;
3. when the brokerage firm has not performed its main activity for at least six months;

4. in the case of disciplinary action pursuant to the provisions of article 104 of this law.

Any brokerage firm whose authorization is withdrawn is automatically dissolved and goes into liquidation, except for the brokerage firms that choose to carry out the activity of financial investment advisory, pursuant to the provisions of the article 71 of this law.

Article 53

During its liquidation period, a brokerage firm remains under the supervision of the AMMC referred to in Article 56 of this law and may only perform the operations strictly necessary for its liquidation. It may only make reference to its status of brokerage firm by specifying that it is in liquidation.

In the decision taken in pursuance of the provisions of article 52 of this law, the AMMC appoints, as appropriate, a liquidator of the relevant brokerage firm.

The same decision sets the liquidation conditions and deadlines as well as the date at which the brokerage firm must cease all operations in which it is involved.

Article 54

Notification of the withdrawal of authorization of a brokerage firm is carried out in the same way as the granting of authorization and results in the brokerage firm being removed from the list of brokerage firms referred to in article 44 of this law.

Article 55

Notwithstanding the provisions of law No 09-88 relating to accounting obligations for commercial activities, brokerage firms are subject to accounting rules approved by the Minister of Finance on the proposal of the National Accounting Board.

Chapter II

Control of the brokerage firms

Article 56

Brokerage firms are subject to the control of the AMMC in accordance with the provisions of the aforementioned Law No. 43-12.

The AMMC ensures that the brokerage firms comply with the provisions of this law, its implementing texts, the circulars of the AMMC as well as the legislative texts which are applicable to them.

As part of the exercise of its control missions, the AMMC is authorized to have by any sworn and specially commissioned agent for this purpose, the on-site and on-spot checks of brokerage firms in accordance with the provisions of the aforementioned Law No. 43-12.

The AMMC may also request the transmission of all the information and documents required to carry out its missions. It sets the list, the content and the model as well as the means and the deadlines of transmission, in accordance with the legislation in force.

Article 57

Brokerage firms are required to publish in a legal announcements publication, no later than six months after the closure of each financial year, all or part of the summary financial statements of the previous financial year and the report of the statutory auditor(s).

The AMMC sets the list of documents to be published by the brokerage firms and conditions of their publication.

Article 58

The AMMC may, on its own initiative, publish in part or in whole the documents referred to in Article 57 above.

Article 59

Brokerage firms are required to submit to the AMMC, according to the methods and the deadline it sets, a list of shareholders with a direct or indirect holding equal to or greater than 5% of the firm's capital or voting rights.

TITLE IV

FINANCIAL INVESTMENT ADVISORS

Article 60

Within the meaning of this law, the term financial investment advisor means any legal entity having its registered office in Morocco that is mainly and regularly engaged in one or more of the following activities:

1. management consultancy of securities portfolio;
2. advice and assistance in wealth management;
3. advice and assistance on financial management and financial engineering on behalf of organizations or legal entities making public offerings;
4. advising clients for acquisition or disposition of securities;
5. advising on the occasion of public offerings;
6. advising companies in terms of initial public offering (IPO) and their support after going public.

The financial investment advisor may also, as a related activity, engage in the receipt and transmission of orders on behalf of third parties.

Article 61

The financial investment advisor may also, as a related activity, engage in the receipt and transmission of orders on behalf of third parties:

1. Bank Al-Maghrib;
2. the General Treasury of the Kingdom;
3. the Deposit and Management Fund, (CDG).

Shall also not be subject to the provisions of this title, the persons who provide financial investment advisory services as part of a professional activity governed by a law.

Article 62

Only legal entities registered in the AMMC list under the conditions provided for in articles 63 and 64 below may exercise the financial investment advisory activity mainly and regularly.

Article 63

The application for registration shall go to the AMMC. It must be accompanied by a file whose content is set by circular of the AMMC.

Article 64

The AMMC registers the legal entity concerned when it provides the necessary guarantees for the proper conduct of this activity, particularly in terms of integrity among its managers and their skills or experiences in the legal and financial fields.

Without prejudice to the provisions of the preceding paragraph, any financial investment advisor to exercise the reception and transmission of orders shall provide adequate guarantees, particularly with regard to its organization and its technical means.

Registration conditions are laid down in the AMMC circular.

Amendments affecting the control of a financial investment advisor, the nature of activities engaged, as well as the plans for the merger and division of two or more financial investment advisors, must be the subject of the registration renewal which is carried out under the same conditions provided for in the preceding paragraph of this article.

Amendments affecting the location of the headquarters or the actual location of the activity of the financial investment advisor are subject to the prior approval of the AMMC.

Article 65

The AMMC shall decide on the application for registration and it informs the person concerned within two months from the date on which the complete file was submitted accompanying the registration application.

The registration decision sets the activities that the financial investment advisor is authorized to perform.

Any refusal must be justified.

Article 66

The AMMC shall establish and maintain a list of registered financial investment advisors. The list indicates the activity or activities that the financial investment advisor is authorized to practice. At its diligence, the initial list and the amendments of which it is the object are published on its website.

Article 67

Financial investment advisors cannot receive funds or securities in deposit from their clients.

Article 68

Financial investment advisors have to comply with the ethical rules enacted by the AMMC and the rules of good conduct provided for in article 84 of this law.

Article 69

Financial investment advisors registered with the AMMC are under its control. Regarding financial investment advisory activities carried out by credit institutions and insurance and reinsurance companies pursuant to the texts applicable to them, the AMMC has control over these activities within these organisations in coordination respectively with Bank Al-Maghrib and the insurance and social security supervisory authority.

The financial investment advisors must submit to the AMMC documents including list, content, support, and frequency it fixes.

Article 70

The AMMC removes the financial investment advisor from the list provided for in article 66 of this law either at the request of the financial investment advisor or in the following cases:

1. when the financial investment advisor no longer fulfils the conditions on the basis of which the registration was made;
2. when the financial investment advisor no longer carries out his main activity for a minimum period of six months;
3. in case of disciplinary action pursuant to the provisions of article 112 of this law.

The delisting conditions of the financial investment advisor are set by the AMMC circular.

Article 71

- Any brokerage firm that chooses to perform the financial investment advisory activity as defined in article 60 of this law must submit an application for registration with the AMMC. This registration application is accompanied by a file whose content is set by the AMMC.

The AMMC decides on the application within a period not exceeding thirty (30) working days from the submission date of the complete file accompanying the application.

Within this period, the AMMC notifies the applicant brokerage firm of:

- its provisional agreement for registration or;
- its refusal which must be well-founded.

Article 72

The brokerage firm that have obtained the provisional agreement referred to in article 71 above may only carry out the necessary operations for its transformation into a financial investment advisor and the clearance of its commitments as a brokerage firm.

Furthermore, it can only register with the AMMC as a financial investment advisor after having justified to the latter the clearance of the commitments related to its activities as a brokerage firm.

The said clearance must be done within a period not exceeding one year. Otherwise, the provisional agreement provided for in the previous article is no longer valid.

Article 73

The registration of the relevant brokerage firm as a financial investment advisor by the AMMC results in:

- withdrawal of its authorization as a brokerage firm and,
- delisting from the list of brokerage firms referred to in article 44 of this law.

These decisions are notified by the AMMC to the concerned brokerage firm immediately.

TITLE V

INVESTOR PROTECTION

Chapter one

Prohibitions

Article 74

Under threat of sanctions provided by this law, no one may neither be a founder nor member of the administrative, operational and management entities of a brokerage firm, nor directly or by means of an intermediary, control, direct, manage or represent in whatever capacity a brokerage firm, nor possess the authority to sign on behalf of such a company:

1. if he has been irrevocably convicted of a crime or of one of the offenses provided for and prohibited by articles 334 to 391 and 505 to 574 of the penal code;
2. if he has been irrevocably convicted of the violation of foreign exchange legislation or anti-money laundering legislation;
3. if he or the company he managed has been subject, either in Morocco or overseas, to a judgment initiating a reorganization or judicial liquidation procedure, and has not been rehabilitated;
4. if he has been irrevocably convicted under sections 113 and 114 of this law;
5. if he has been condemned by a foreign court and has become *res judicata*, would imply according to Moroccan law a condemnation for one of the criminal acts or offences listed above.

Article 75

Any person, who is a member of the administrative, operational and management entities or is an employee of a brokerage firm, may not be a member of the administrative, operational and management entities of a company whose securities are listed on the Stock Exchange, nor receive remuneration for performing duties for this company.

Chapter II

Provisions governed by prudence

Article 76

Any person who is a member of the administrative, operational and management entities or is an employee of a brokerage firm may only carry out stock market transactions for its own account through the latter, except in cases where the transaction results from initial public offering and the concerned brokerage firm is not a member of the investment syndicate.

Article 77

The transactions referred to in article 76 of this law could not be disclosed under preferential conditions compared to those enjoyed by all customers.

These transactions must be recorded in a register specially opened for this purpose. This register may be maintained in electronic format.

Article 78

In order to preserve their liquidity and solvency, brokerage firms have to comply with the prudential regulations to maintain appropriate ratios including:

1. between shareholders' equity and the level of commitments;
2. between equity and the amount of risk involved in the securities issued by an issuer or by issuers who are part of the same group of companies.

A group of companies means a group made up of a parent company and its subsidiaries as well as the companies in which a parent company and/or its subsidiaries hold shares and which they control within the meaning of article 144 of law N°17-95 relating to limited companies, as amended and completed;

3. Between assets and all or some of the liabilities.

These proportions are set by means of a circular of the AMMC depending on the nature of the activities performed by the brokerage firms.

The AMMC may, on an exceptional basis and for a limited period of time, grant individual exemptions to brokerage firms in accordance with the prudential rules provided for in the first paragraph of the present article and under the conditions it sets by means of a circular.

Article 79

Brokerage firms must proceed with the segregation of assets in own accounts and accounts of clients according to the terms and conditions provided for by the AMMC. Brokerage firms may only use the assets of their clients with their written consent.

Article 80

Brokerage firms are only allowed to act for their own account after they have satisfied the orders of their clients.

Article 81

When executing client orders, partially or in full, in a buy and/or sell transaction, the brokerage firms shall notify ordering parties concerned thereof.

Article 82

Brokerage firms are not authorized to purchase or sell securities as a counterparty for their clients when they themselves manage their investment portfolios and, by definition, have full discretion to initiate transactions for these accounts.

Article 83

Brokerage firms are ultimately responsible for Clients' potential failure to deliver securities and cash settlement relating to purchase and sell orders they represent in the market.

Article 84

The brokerage firms and financial investment advisors must set up measures for the prevention of conflicts of interest, respect for the principles of fairness and transparency, market integrity, and the primacy of the client's interests.

The methods for implementing the provisions of this article are set out by the AMMC.

Article 85

Pursuant to the provisions of article 2 of Law No 43-05 relating to combat money laundering, brokerage firms and financial investment advisors are subject to the provisions of this Law.

Chapter III*Guarantee fund*

Article 86

A guarantee fund is established to compensate clients of brokerage firms in liquidation.

That reimbursement is limited to 200,000 dirhams per client, whether it is an individual or a legal entity.

However, the use of the guarantee fund arising from the failure of a brokerage firm is limited to 30 million dirhams.

When there are insufficient funds to compensate clients for the amount mentioned in the second paragraph of the present article, the said amount will be reduced on a proportionate basis.

Management of the guarantee fund aforementioned is entrusted to the AMMC in accordance with the terms and conditions set by the Minister of Finance.

Article 87

Commitments covered by the guarantee relating to the return of securities and cash deposited with brokerage firms following stock-market transactions or owed by them to undertake stock-market transactions for their clients, as well as securities deposited with brokerage firms for safe-keeping.

Article 88

All brokerage firms are obliged to contribute to the guarantee fund by paying a subscription for an amount expressed as a percentage of the total value of securities and cash amount retained by each brokerage firm. This percentage, as well as the methods of calculation and the terms of payment are set by the Minister of Finance on the proposal of the AMMC.

Article 89

Use of the guarantee fund is subject to acknowledgement by the AMMC that the brokerage firm has gone into liquidation, for whatever reason.

Its use is subject to publication in a legal announcements publication by the managing company, inviting clients of brokerage firms that have gone into liquidation to assert their rights with the guarantee fund on securities registered in their accounts and/or their cash receivables.

Requests for compensation shall be submitted within a period of three (3) months from the date of publication of the above-mentioned notice.

Use of the guarantee fund entails its subrogation as the creditor for the liabilities covered by the guarantee of the brokerage firm, regarding the rights of holders with financial claims, up to the maximum amount covered by the guarantee.

Chapter IV*Professional organisation*

Article 90

All duly Authorized brokerage firms are required to become a member of a professional association called the "Professional Association of Brokerage Firms" (APSB) which is governed by the provisions of the Dahir No 1-58-376 of 3 Jumada I 1378 (15 November 1958) regulating the right of association.

Article 91

All duly registered financial investment advisor is required to become a member of a professional association called "Professional Association of Financial Investment Advisors" (APCIF) which is governed by the provisions of the Dahir No. 1-58-376 of 3 Jumada I 1378 (15 November 1958) regulating the right of association.

The provisions of articles 92 to 96 of the present law are applicable to the professional association of financial investment advisors.

Article 92

The by-law of the Professional Association of Brokerage Firms, as well as any revision relating to it must be approved by an order of the Minister of Finance, on the advice of the AMMC.

Article 93

The Professional Association of Brokerage Firms ensures that its members adhere to the provisions of the present law and its implementing texts.

It must notify the Minister of Finance and the AMMC of any failure within the field of operation of the brokerage firms.

Article 94

For any issue pertaining to the profession, it is the Professional Association of Brokerage Firms and no other group, association or trade union, which acts as the only intermediary between its members and public authorities or any other national or foreign organisation.

Article 95

The Professional Association of Brokerage Firms studies the issues pertaining to brokerage firm profession performance, particularly with regard to improving stock-market practices, establishing common services, introducing new technology and staff training.

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

Article 96

The Moroccan Capital Market Authority or the Minister of Finance may consult the Professional Association of Brokerage Firms on any issue pertaining to the profession. In the same way, the latter may submit proposals in this regard.

Chapter V*Thresholds overstepping*

Article 97

Any individual or legal entity, acting alone or in concert with others, that comes to own more than one-twentieth (1/20), one-tenth (1/10), one-fifth (1/5), one-third (1/3), half (1/2) or two-thirds (2/3) of the capital or voting rights of a listed company, notifies the company as well as the AMMC and the managing company within five (5) working days from the date that one of these shareholding thresholds have been breached, of the total number of shares acquired, as well as the number of giving access to the equity securities and attached voting rights.

In addition, it informs the AMMC and the managing company within the period of five (5) days referred to above of its intentions over the six (6) months following the said breach of thresholds.

Any change of intent during the above-mentioned period of six (6) months shall be reported immediately to the AMMC and the managing company.

The AMMC makes such information accessible to the public.

Article 98

Any individual or legal entity, acting alone or in concert with others, that comes to own more than one-twentieth (1/20), one-tenth (1/10), one-fifth (1/5), one-third (1/3), half (1/2) or two-thirds (2/3) of the capital or voting rights of a company whose shares are listed on the Stock Exchange, wishing to dispose of all or part of their shares or voting rights and who drops below the ownership thresholds is subject to the same obligations referred to in article 97 above.

Article 99

The AMMC Circular sets:

- the methods to calculate the thresholds provided for in article 97 and 98 of this Chapter;
- the methods for notifications of the information provided for in articles 97 and 98 of this Chapter entrusted to it;
- the methods by which the AMMC makes accessible to the public, the information provided for in articles 97 and 98 of this Chapter.

TITLE VI**CAPITAL MARKETS COMMITTEE**

Article 100

A Consultative Committee hereinafter referred to as 'the Capital Markets Committee', chaired by the Minister of Finance, is hereby set up. The committee consists of, in addition to its Chairman, the AMMC and other members. The composition and functioning terms of that committee are set by a decree issued by the Minister of Finance.

The Capital Markets Committee debates all questions necessary for the development of the capital market as well as the development of the business activity of companies in the capital market.

The Capital Markets Committee may set up subsidiary working groups to undertake any studies as it deems necessary or as may be entrusted to it by the Minister of Finance.

It may request the members concerned to provide any study or information relevant it deems useful in accomplishing its mission.

The Secretariat of the Committee shall be provided by the Ministry of Finance.

TITLE VII**SANCTIONS****Chapter one***Disciplinary sanctions and financial penalties*

Article 101

Without prejudice to the disciplinary sanctions and fines referred to in law No 43-12 and the penal sanctions provided in the present law, the AMMC may impose the following sanctions.

Article 102

The AMMC may impose disciplinary sanctions (caution, warning or reprimand) and/or a financial penalty of 50,000 to 200,000 dirhams against any brokerage firm that does not respect the conditions in effect at the time of approval.

Article 103

The AMMC may issue a caution, warning or reprimand to the brokerage firms which:

1. do not respect the provisions of the general rules of the Stock Exchange governing them, and, if any, the instructions referred to in article 6 of the present law;

2. do not time-stamp client and voice-record orders received by telephone, nor handle these orders with care, in violation of the above provisions of article 23;

3. perform aggregation or clearing stock-market orders in violation of the provisions of the first paragraph of article 24 above;

4. do not respect the provisions relating to the registration and recording of transactions referred to respectively in articles 25 and 27 above;

5. do not transmit information documents as set out in the general rules of the Stock Exchange;

6. do not build up margin with the managing company pursuant to the provisions of the second paragraph of article 29 above;

7. do not deliver securities to ordering parties within the time limit set in the general rules of the Stock Exchange, except if failure to deliver is the fault of the ordering party's Account-Keeping Institution;

8. continue to perform their activities without obtaining re-authorization following changes referred to in the first paragraph of article 42 above, or change their registered office or effective place of business without the prior agreement of the AMMC referred to in the third paragraph of the said article 42;

9. do not comply with the provisions of article 45 above;

10. do not respect the terms of communicating with clients referred to in article 47 above;

11. do not comply with the obligations of reporting and publication stipulated respectively by article 56 and 57 above;

12. do not submit the list of shareholders to the AMMC as stated in article 59 above;

13. do not respect the rules of prudence as stated in article 78 above;

14. do not comply with the provisions of articles 80, 81 and 82 above;

15. do not contribute to the guarantee fund pursuant to the provisions of article 88 above.

Article 104

When the brokerage firm has failed to recover from the status that gave rise to the caution, warning or reprimand referred to in articles 102 and 103 of the present law, or that justified its suspension from performing its activity as prescribed in article 105 of the present law, the AMMC may suspend one or more members of the administrative, operational and management bodies or of the supervisory board of the brokerage firm concerned.

In addition, it may either:

1. appoint an interim administrator;
2. prohibit or restrict the brokerage firm from performing certain business activities;
3. rescind the authorization of the brokerage firm.

Article 105

When a brokerage firm has failed to comply with the rules with respect to one or more activities for which it has been Authorized, the AMMC may also suspend performing these activities, under the conditions it set.

Article 106

The sanctions provided for in this chapter are imposed under the procedures and forms provided for in the abovementioned law N° 43-12.

Article 107

The AMMC may impose a financial penalty of up to 1% of the value of the transaction, not exceeding the sum of 200,000 dirhams against:

1- any individual who does not declare within the required period set in the general rules of the Stock Exchange a direct transfer, other than that resulting from an inheritance or legacy pursuant to the provisions of the first paragraph of article 27 of the present law;

2- any participant of the Central Securities Depository, which does not declare within the required period a direct transfer, resulting from an inheritance or legacy pursuant to the provisions of the second paragraph of article 27 of the present law.

Article 108

The AMMC may impose a financial penalty of 5,000 to 200,000 dirhams, against any individual or legal entity that does not declare within the required deadline the upward breach of one of the shareholding thresholds in a listed company or that does not inform the AMMC of their intentions or change of intent pursuant to the provisions of article 97 above.

Article 109

The AMMC may impose a financial penalty of 5,000 to 200,000 dirhams, against any individual or legal entity that does not declare within the required deadline the downward breach of one of the shareholding thresholds in a listed company or that does not inform the AMMC of its intentions or change of intent pursuant to the provisions of article 98 above.

Article 110

The AMMC may impose a financial penalty of 5,000 to 200,000 dirhams, against any person who is a member of the administrative, operational and management entities or is an employee of a brokerage firm which, directly or indirectly, in violation of the provisions of articles 76 or 77 of the present law, undertakes stock-market dealings for his own account by means of another brokerage firm or gives special treatment to these dealings in comparison to client orders.

Article 111

The AMMC may impose a financial penalty of 50,000 to 200,000 dirhams against any person who is a member of the administrative, operational and management entities or is an employee of a brokerage firm, contravenes the provisions of the article 75 of this law, by being a member of the said entities of a company whose securities are listed on the Stock Exchange or by receiving remuneration for performing duties for this company.

Article 112

The AMMC may impose disciplinary (caution, warning or reprimand) and / or financial penalties from 50,000 to 200,000 dirhams against any financial investment advisor that does not respect the conditions prevailing at the time of their registration or that does not comply with the provisions of articles 67, 68 and 69 (2nd paragraph) of this law.

When the warning, the reprimand or the caution provided for in the preceding paragraph of this article remained without effect within the time allowed, by the AMMC, this one can suspend one or more member(s) of the administrative, operational and management entities or the supervisory board of the relevant financial investment advisor.

The AMMC may also:

1. prohibit or restrict the financial advisor from performing certain activities;
2. or, delete the investment advisor from the list provided for in section 66 of this law.

Chapter II*Penal sanctions***Article 113**

Any person who, acting for himself or on behalf of another person, wrongfully uses a trade name, a company name, announcement and, generally any other expression giving the impression that it/he is Authorized as a brokerage firm, or voluntarily misleads the public as to the lawfulness of his business activities, is punishable by a prison sentence of between three months and one year and a fine of 5,000 to 200,000 dirhams, or only one of these penalties.

Article 114

Any person who, acting for himself or on behalf of another natural person or a legal entity, who has not been Authorized as a brokerage firm, performs on a regular basis the activities provided for in article 37 above, is liable to a prison sentence of between six months and three years and a fine of 50,000 to 500,000 dirhams or only one of the two sentences.

Article 115

Any person, who has not registered as a financial investment advisor, performs the activities provided for in article 60 above as a regular occupation, is liable to a prison sentence of between six months and three years and a fine of 50,000 to 200,000 dirhams or only one of these two sentences.

Article 116

In the cases provided for in articles 113, 114 and 115 of this law, the court orders the closure of the institution of the person responsible for the violation committed. It also orders the publication of the sentence in the newspapers it designates, at the expense of the convicted person.

Article 117

With the exception of direct transfers and contributions of securities as defined in article one of the present law, transactions in financial instruments admitted to listing on a regulated market outside of Morocco and transactions on the tranche of mutual fund securities not admitted to listing, any transaction in listed financial instruments carried out outside the Stock Exchange is null and void.

Any transaction in listed financial instruments performed on a regulated market in Morocco other than the Stock Exchange is null and void.

In addition, persons or organisations having performed a transaction referred to in the paragraphs above are jointly punished by a fine equal to the value thereof.

Article 118

Whoever contravenes the prohibitions provided for in article 74 of the present law is liable to a prison sentence of between six months and three years and a fine of 10.000 to 500.000 dirhams or only one of these penalties.

Article 119

Members of the administrative, operational and management entities or the Supervisory board and employees of the managing companies, of the brokerage firms and the financial investment advisors are bound by a strict code of confidentiality concerning all information of which they are aware, of whatever nature, under threat of sanctions referred to in article 446 of the penal code.

Without prejudice to the provisions of the aforementioned Law N°43-12, the AMMC agents, may, without invoking professional secrecy, have access to any document or information held by the persons or organizations subject to the control of the AMMC.

Article 120

Chairmen, directors, members of the management board, managers or chief executive officers of legal entities, as well as individuals refraining from fulfilling the obligations of information to which that person is liable, are punished by a fine of 5,000 to 200,000 dirhams, pursuant to articles 97 and 98, by reason of their shareholdings.

In addition, this person or organization loses the voting right attached to those shares exceeding the fraction which ought to have been declared for the purpose of any shareholders meeting held after the expiry of a two-year timescale from the date of the violation. In the event that those shares are sold following the violation, the transferee restores their voting rights.

TITLE VIII*Various provisions*

Article 121

When the financial instruments, admitted for trading on the Stock Exchange, are subject to judicial sale. This can only be done on the Stock Exchange and through one or more brokerage firms.

The execution of judicial sale referred to in the previous paragraph is realised according to the terms and conditions set in the general rules of the Stock Exchange.

TITLE IX*Provisions relating to public offering on the Stock market*

Article 122

The provisions of articles 18 (second paragraph), 20 (fourth paragraph) 20 bis (second paragraph) 29, 31 (first paragraph) and 37 of the law No 26-03 relating to public offerings on the stock market, enacted by the Dahir law No 1-04-21 on Rabii I 1st 1425 (21 April 2004), as amended and supplemented, are supplemented as follows:

Article 18 (2nd paragraph). – The percentage of voting rights, which forces its holder to carry out a takeover bid, is determined by the administration on a proposal by the AMMC, according to market segment “ in which securities of the concerned company are registered. “ That percentage shall not be inferior to:

- one-third of the voting rights of the concerned company when the securities of that company are listed on the main stock market segment provided for by law No 19-14 relating to the Stock Exchange, to brokerage firms, financial investment advisors;

- one half of the voting right when securities of that one are “listed on one of the alternative market segment provided for in the aforementioned law No 19-14

<< Article 20 (fourth paragraph) Failing that,

..... These rights shall be recovered only after the filing of the information document of a proposed compulsory buy-out bid and obtaining the visa of AMMC pursuant to the provisions of title IV of this law.

«Article 20 bis (second paragraph). - Individuals or legal entities, holding, alone or in concert.....

«..... to the effective delisting, proceed with the filing of the information document of the proposed compulsory buy-out bid and obtain the visa from the AMMC under the conditions provided for in this law.

«Article 29. - The AMMC transfers the main characteristics of the project to the administration.....

« The administration has five (5) working days, from the said transmission to decide on, where appropriate, the non-admissibility of the proposal with regard to the aforementioned interests.

«In case.....

«inform immediately the AMMC.

« If no decision is taken within the above-mentioned five (5) days, the administration shall be deemed not to wish to comment. »

« Article 31 (first paragraph). – The AMMC has a period of fifteen (15) trading days from the publication of the offer notice, to examine the admissibility of the takeover bid»

Article 37 - The AMMC has a period of ten (10) days to approve the current information document(s) from the date of the publication of the notice of the admissibility referred to in the third paragraph of article 34 above. This period is extended, without exceeding five (5) trading days, when the AMMC considers that additional explanations or justifications are mandatory.

« In the case referred to in the third paragraph of the above-mentioned article 34, the AMMC has a period of ten (10) trading days from the date of the deposit of the draft information document by the concerned company. During this period, it is Authorized to request for any additional information necessary for its assessment. The period is suspended. It shall resume running again from the date of receipt of the required elements.

«At the end.....

(the rest remains unchanged.)

Article 123

The provisions of the aforementioned law N°26-03 are supplemented by article 20ter as follows:

« Article 20 bis. - The AMMC may, upon the request of the persons referred to in article 20 bis, grant an exemption from the obligation to file a proposed compulsory buy-out bid in the event of a delisting of the company following its entry into liquidation provided for in Book V of the commercial code resulting from an irretrievably compromised situation. The terms and conditions for filing the exemption request and its grant are set out by the administration on a proposal from the AMMC»

TITLE X

PROVISIONS RELATING TO THE PUBLIC OFFERING AND TO THE INFORMATION REQUIRED FROM LEGAL ENTITIES

AND**ORGANIZATIONS MAKING A PUBLIC OFFERING**

Article 124

The provisions of articles 1 and 2 of law N°44-12 relating to public offerings and to the information required from legal entities and organizations making public offerings, enacted by Dahir N°1-12-55 of 14 Safar 1434 (28 December 2012), are amended and complemented as follows:

«Article one. – Subject to..... by:

«-the admission of a financial instrument as defined in

«Article 2 hereinafter;

«- The issuance or disposal.....

(the rest remains unchanged.)

«Article 2. – The following terms shall mean:

« 1- Financial instruments:

« a).....

« »

«d) the securities issued by mutual funds « en securitization, governed by law N° 33-06 including sukuk certificates;

«e).....

«f) Forward financial instruments, governed by the legislation in force.

«Financial instruments governed by a foreign law and recognized as equivalent by the AMMC are assimilated to the financial instruments provided for in the present article.

« 2 -.....

« »

« 5- Financial intermediaries: brokerage firms, « banks, insurance, and reinsurance companies or any « other company whose primary objective is investment or financial advice, and meeting the criteria set out by the administration, on a proposal from the Moroccan Capital Market Authority (AMMC) »

Article 125

The law aforementioned N° 44-12 is supplemented by article 15 bis as follows:

«Article 15 bis. – By way of derogation from the provisions of «articles 11 to 15 of the present law, the information required from « the issuers of financial instruments admitted to trading « in one of the segments of the alternative market as well as « the terms and conditions of their communication and publication, « are set out by the AMMC.»

TITLE XI

PROVISIONS RELATING TO THE MOROCCAN CAPITAL MARKET AUTHORITY

Article 126

The provisions of articles 3, 4, 8 and 9 of law N° 43-12 relating to the Moroccan Capital Market Authority, enacted by Dahir N° 1-13-21 of 1st Jumada I 1434 (13 March 2013), are amended as follows:

«Article 3. — The AMMC takes charge of.....

«of investors.

<< Within this context, of the capital market, monitors the application..... in the said market and recognizes the equivalence of the financial instruments governed by a foreign law.

«The criteria of the said equivalence are set out by the AMMC.

«The AMMC ensures control.....

(the rest remains unchanged.)

« Article 4. – The AMMC....., namely those relating:

« - to brokerage firms, to financial investment advisors and to the managing company of the Stock Exchange.....

« »

(the rest remains unchanged.)

« Article 8. – The Chairman of the AMMC.....

<< a disciplinary sanction (caution, warning

« »

(the rest remains unchanged.)

«Article 9. – Within the framework of.....

«.....professional.

«The Chairman of the AMMC.....

«to article 33

«above, the withdrawal of the authorization of the brokerage firms or the « delisting from the list, provided for respectively in articles 52 « and 66 of law N° 19-14 on the Stock Exchange, « on brokerage firms and investment advisors « financial, they propose.....

(the rest remains unchanged.)

TITLE XII

PROVISIONS ON THE FIGHT AGAINST

MONEY LAUNDERING

Article 127

The provisions of article 2 of law N° 43-05 on the fight against money laundering enacted, by Dahir N° 1-07-79 of 28 Rabii I 1428 (17 April 2007), as amended and supplemented, are amended and supplemented as follows:

«Article 2.-are subject.....,designated hereunder:

« 1.

«

«8.....

« 9. Brokerage firms and advisors in matters of « financial investment;

« 10.

(the rest remains unchanged.)

TITLE XIII

FINAL AND TRANSITIONAL PROVISIONS

Article 128

Legal entities carrying out, on a principal and regular basis, activities of financial investment advisor have a period of one year to comply with the provisions of the present law, with effect from the date of its entry in force.

Article 129

The present law enters into force from the date of the publication of its implementing texts in the Official Gazette.

With effect from the same date, the Dahir laying down law N° 1-93-211 of 4 Rabii II 1414 (21 September 1993), on the Stock Exchange is repealed, as amended and supplemented. The references to the said Dahir in the legislative and regulatory texts in force are replaced by references to the present law.

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