

DAHIR NO. 1-95-3 OF 24 SHAABAN 1415 (26 JANUARY 1995)
ENACTING LAW NO. 35-94 ON
SOME MARKETABLE DEBT SECURITIES
(Amended and completed by laws 35-96 and 33-06)

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PRAISE TO GOD ALONE!

(Great Seal of His Majesty Hassan II)

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

That our Sherifian Majesty;

Having regard to the Constitution, notably its article 26 thereof,

HAS DECIDED AS FOLLOWS

Law no. 35-94 on some marketable debt securities, adopted by the House of Representatives on 26 Rajab 1415 (29 December 1994), is hereby enacted and shall be published in the Official Gazette further to this Dahir.

Done in Rabat, on 24 Shaabane 1415 (26 January 1995).

For countersigning:

The prime minister

ABDELLATIF FILALI

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LAW No. 35-94
on some marketable debt securities

Article one: This law aims to set rules governing some securities representing debt securities, issued at the issuer's discretion, referred to as "marketable debt securities" and which include: deposit certificates, bonds of the financing companies and commercial paper.

Article 2: Deposit certificates are securities issued by banks referred to in the 2nd paragraph of article 10 of the Dahir enacting law no.1-93-147 of 15 Muharram 1414 (6 July 6 1993) on exercising the activity of credit institutions and their control, marketable according to the conditions provided for by this law and acknowledging the commitment of their issuers to repay a generated interest amount within a specified time limit.

Article 3: Financing companies bonds are securities issued by the financing companies referred to in the 3rd paragraph of article 10 of the Dahir enacting law no.1-93-147 of 15 Muharram 1414 (6 July 1993) mentioned above, meeting the conditions set out in article 5 below. These bonds represent an interest-bearing debt right for a fixed term and are marketable under the conditions set by this law.

Article 4: Commercial paper are securities issued by legal entities and collective investment funds in securitization meeting the conditions defined in article 6 below, representing a debt right bearing interest for a fixed term and marketable under the conditions provided for in this law.

Article 5: The bonds of financing companies referred to in article 3 above may be issued only by financing companies authorized to receive funds from the public for a term of more than one year and are complying with a maximum prudential relation between the outstanding amount of the bonds issued and that of their use as customer loans, the said relation being fixed by regulation.

Article 6: Commercial paper may be issued only by issuers, other than those referred to in articles 2 and 3 of this law, and belonging to one of the following categories:

- 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 5 million Dirhams;
- 2) - non-financial public institutions with equity capital, in the form of state allocations, reserves and retained earnings, of a level at least equal to five million Dirhams;
- 3) - cooperatives subject to the provisions of law 24-83 establishing the general statutes of cooperatives and the duties of the Cooperation Development Office, enacted by Dahir No. 1-83-226 of 9 Muharram 1405 (October 5, 1984) and having equity capital, in the form of paid-up capital, reserves and retained earnings, of a level at least equal to five million Dirhams.
- 4) - Collective investment funds in securitization, governed by law no. 33-06 on the securitization of receivables and amending and completing law no. 35-94 on some marketable debt securities and law no. 24-01 on repurchase operations.

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 the records of their statutory auditor(s) in case of joint stock companies or cooperatives, or of a chartered accountant registered with the Board of chartered accountant in case of a public institution.

Article 7: Only legal entities under Moroccan law and the securitization collective investment funds in securitization referred to in articles 2, 3 and 6 of this law may issue marketable debt securities.

Article 8: marketable debt securities are stipulated in the bearer form. However, commercial paper issued by the collective investment funds in securitization may be in the registered form.

They are recorded in accounts held by one of the authorized intermediaries provided for in article 13 of this law.

However, marketable debt securities may be physically represented for a period of two years from the date of publication of this law.

Marketable debt securities that are physically represented are transferable by delivery.

Article 9: Marketable debt securities must have a unit amount and a term set by regulation and a fixed maturity. However, the unit amount may not exceed the amount of Treasury bonds issued through competitive bidding.

Marketable debt securities with an initial term of one year or less must have a fixed remuneration rate; those with an initial term of over one year may have a fixed or revisable remuneration. Revision of the remuneration rate on the anniversary date of the issue is carried out in accordance with voluntary arrangements between the parties.

Only securities with an initial term of up to one year may give rise to interest paid in advance. For those with an initial term of more than one year, interest is payable annually.

Article 10: Bonds of financing companies may be guaranteed by one or more credit institutions, which are themselves authorized to issue marketable debt securities and to issue such guarantees.

Article 11: Commercial papers may be guaranteed by one or more credit institutions authorized to issue guarantees or by one or more legal entities themselves authorized to issue commercial papers.

Article 12: Issuers of marketable debt securities, other than the banks referred to in article 2 of this law, must record their securities with banks. This domiciliation may only be carried out when the banks provided for above have ensured that the issuers have complied with the conditions of issue provided for by the provisions of this law and the texts adopted for its application.

Article 13: Only «Bank Al-Maghrib, the Deposit and Management Fund, the banks authorized in accordance with the legislation governing them, the Financing companies referred to in article 5 of this law and Brokerage companies subject to the provisions of the Dahir bearing law no. 1-93-211 of 4 Rabii II 1414 (21 September 1993) on the Stock Exchange may proceed with the account registration of marketable debt securities.

Article 14: Only the following institutions are authorized to place or negotiate marketable debt securities, if the legislative, regulatory or statutory provisions governing them do not conflict with them:

- credit institutions subject to the provisions of the Dahir providing law no. 1-93-147 of 15 Muharram 1414 (6 July 1993) above-mentioned;
- the Deposit and Management Fund;
- And brokerage firms subject to the provisions of the Dahir providing law no. 1-93-211 of 4 Rabii II 1414 (21 September 1993) on the Stock Exchange.

Article 15: Issuers of marketable debt securities are required to prepare an information file relating to their activity, their economic and financial situation and their issuance program.

The content of the information file provided for in the above paragraph is set by regulation.

This file and the updates provided for in article 17 below, are made available to the public at the issuer's registered office and in banks domiciling securities.

Article 16: When marketable debt securities are covered by a guarantee, the information file mentions the guarantee and must include, for the guarantor, the same information as for the issuer.

The information on the guarantor is, however, only required if the guarantor has not already communicated or made available to the Securities Ethics Council instituted by the Dahir providing law no. 1-93-212 of 4 Rabii II 1414 (21 September 1993), an information file as provided for in the first paragraph of article 15 of this law.

Article 17: As long as marketable debt securities are outstanding, the information file provided for in article 15 above must be updated each year within 45 days of the general meeting of shareholders or of the equivalent body, ruling on the accounts of the last financial year. This responsibility lies with the managing institution of the fund concerned.

However, issuers shall immediately update their information file for any changes relating to the ceiling for their securities' outstanding amount, the identity of the guarantor, the terms of the guarantee as well as any new events likely to have an impact on the price movements of securities issued or on the completion of the issuance program.

Article 18: The Securities Ethics Council must ensure compliance with the information requirements set out in articles 15 to 17 of this law.

For this purpose, it approves the information file provided for in article 15 above established by issuers of commercial paper and may at any time require issuers of certificates of deposit or financing companies bonds to provide it with their information file and its updates provided for in article 17 above.

Any information file submitted for the approval of the Securities Ethics Council shall give rise to the payment of a commission whose rate is set by regulation.

The rate of this commission may not exceed one per thousand of the marketable debt securities outstanding amount ceiling scheduled for the year.

Article 19: Issuers of commercial paper must, in order to carry out issuances, have their information file approved by the Securities Ethics Council. To this end, they submit their information file to the Securities Ethics Council at least 45 days before the date scheduled for the first issue.

If an issuer of commercial paper suspends its presence on the market for more than one year, the approval granted by the securities ethics council becomes null and void.

Article 20: When the Securities Ethics Council finds that an issuer has not complied with the information requirements or that the information file and its updates contain errors or deficiencies likely to affect the quality of the information, it orders them to make the necessary adjustments and informs Bank Al-Maghrib.

If the issuer fails to make the necessary adjustments within the required time, the Securities Ethics Council may deny approval or terminate its validity in the case of an issuer of commercial paper, or ask Bank Al-Maghrib to suspend issues in the case of an issuer of certificates of deposit or financing companies bonds.

Article 21: Bank Al-Maghrib ensures the compliance of issuers with the issuing conditions provided for by this law and the texts adopted for its application, and ensures the proper functioning of the market of marketable debt securities.

It may prohibit or suspend any issuer that fails to comply with these conditions from carrying out issues, in which case it shall inform the domiciliary bank.

In order to perform its duties, Bank Al-Maghrib is informed by the issuers of marketable debt securities, at least two weeks before their first issue, of their intention to enter the market, by sending a copy of the information file provided for in article 15 above.

It also receives immediate notification of updates of the said files provided for in article 17 above.

Article 22: Issuers of certificates of deposit communicate to Bank Al-Maghrib the characteristics of each issue and provide it with information on the securities issued, in accordance with the procedures and frequency set by regulation.

The other issuers mentioned in articles 5 and 6 of this law shall provide the information referred to in the preceding paragraph through the intermediary of the banks holding their securities.

Bank Al-Maghrib ensures the publication of the statistical reports relating to these issues.

Article 23: Certificates of deposit and bonds of financing companies may not be redeemed in advance, unless exceptionally authorized by Bank Al-Maghrib after agreement of the parties.

This authorization may only be granted if the holders of these securities have financial difficulties likely to cause the company to cease payments.

These securities may be repurchased by issuers only up to 20% of the outstanding amount of securities issued.

Article 24: By way of exemption from the provisions of article 1195 of the Dahir of 9 Ramadan 1331 (12 August 1913) forming the code of obligations and contracts, as amended and supplemented, the pledging of marketable debt securities registered in accounts shall be carried out, both with regard to the issuing legal person and with regard to third parties, by a declaration dated and signed by the holder. This declaration shall include the name and address of the creditor, the amount of the sum due as well as the amount and nature of the securities pledged.

The pledged securities are transferred to a special account opened in the name of the holder and held by the authorized intermediary. The latter issues a pledge constitution certificate to the pledgee.

Article 25: In the event of bankruptcy or judicial liquidation of an authorized account-keeping intermediary, the holders of marketable debt securities registered in accounts order the transfer of all their rights to an account held by another authorized intermediary. The competent judge is informed of this transfer. In the event of insufficient account registrations, the holders of marketable debt securities shall make a declaration to the creditors' representative for the purpose of supplementing their rights.

Article 26: The information relating to the account registration of marketable debt securities and the mandatory information on marketable debt securities which are the subject of physical representation are defined by regulation.

OG no. 4294 du 15-02-1995 Page 121.

OG no. 4448 du 16-01-1997 Page 42.

OG no. 5684 du 20-11-2008 Page 1575.

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