

Law n° 35-96 relating to the establishment of a Central Securities
Depository and a General Scheme for account registration of
certain securities

Revised and adopted by Law 43-02, published in the Official
Bulletin No. 5210 of May, 6th 2004

Dahir No. 1-96-246 of 29 Shaban 1417 (January 9th, 1997) On the Enactment of Law 35-96 relating to the establishment Central Depository and a general scheme for account registration of certain securities

PRAISE BE TO GOD ALONE!

(Great Seal of His Majesty Hassan II)

Let it hereby be known – may God elevate and fortify its essence! That our Cherifian Majesty,
Having regard to the Constitution, In particular Article 26 thereof,

HAS DECIDED AS FOLLOWS:

Law No 35-96 relating to the establishment of a Central Securities Depository and a general Scheme for account registration of certain securities adopted by the Chamber of Representatives, is hereby enacted and shall be published in the Official Bulletin further to this Dahir.

Done at Rabat, on 29 Shaban 1417 (January 9th, 1997)

Countersigned by: :

The Minister,

ABDELLATIF FILALI

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* * *

LAW 35-96

Law No 35-96 relating to the establishment Central Securities Depository and a general
scheme for account registration of certain securities

Article 1

For the purpose of this law:

- a) Securities referred to in article 2 of Dahir providing law No 1-93-211 of Rabii II 4, 1414 (September 21, 1993) relating to the Stock Exchange, considered as transferable securities.
- b) The following are considered the equivalent of transferable securities:
 - Negotiable debt securities as provided by Law 35-94 enacted by Dahir 1-95-3 of 24 Shaban 1415 (January 26 th, 1995);
 - Any right that is negotiable or is likely to be, attached to the transferable securities referred to in item a) of the present article.;

- Units in mutual funds referred to in the dahir providing law n° 1-93-211 of the 4 Rabiaa II 1414 (September 21, 1993), relating to collective investment undertakings in transferable securities;;
- Units in debt securitisation funds governed by law n° 10-98 relating to Debt securitisation;
- Units in Risk-Capital investment undertakings as defined by legislation relating to Risk-Capital investment undertakings..

c) The term financial intermediaries means:

- Bank Al-Maghrib;
- General Treasury of the Kingdom;
- The authorised Banks pursuant to legislation by which they are governed;
- Financing Firms pursuant to legislation by which they are governed;
- brokerage firms

Pursuant to legislation by which they are governed;

- stock exchange managing company referred to in the aforesaid Article 7 of The Dahir providing law No. 1-93-211 of 4 Rabi II 1414 (21 September 1993);
- CDG (Deposit and Management Fund));
- Depository referred to in paragraph 3 of Article 29 of the Dahir providing law No. 1-93-213 of 4 Rabi II 1414 (21 September 1993) relating to Collectif Investment Undertakings in Transferable Securities;
- As well as, Organisations having as its subject in the deposit, loan, guarantee or management of funds, which are included in the list approved by the Finance Minister.

d) The term Depository Participant means any institution having opened a current account for securities with the Central Depository created in Title One herebelow;

e) The term " Account- Keeping Institutions" stands for financial intermediaries duly authorised under the provisions of Article 24 below and legal persons issuing any of the securities referred to in subparagraph 1 of Article 19 or in Article 20 of this Law;

f) The term "Securities accounts", or "accounts" in its short form, stands for accounts opened by account keepers on behalf of the securities owners, to record their assets held in the form of the securities referred to in subparagraph 1 of Article 19 or in Article 20 of this Law;

g) The term "securities current accounts", or "current accounts" in its short form, stands for accounts opened with the Central Depository in the name of its Depository Participants , to record the latter's total assets and those of their clients, in each security and form of security;

h) The wording "securities accepted for the Central Depository's operations" stands for securities for which current accounts have been opened with the Central Depository in application of the provisions of Article 19-1 and, where appropriate, Article 20 herebelow.

TITLE ONE

Concerning the Central Securities Depository

Article 2

A public limited company shall be established, to be the sole authority for the custody of the securities accepted for its operations, to facilitate their circulation and simplify their administration on behalf of its Depository Participant. This company is hereafter named the Central Depository.

Article 3

Pursuant to the provisions of this Law and its implementing texts, the Central Depository primarily:

- 1) carries out all custodial actions suited to the nature and the form of the securities entrusted to it;
- 2) manages the securities accounts opened in its Depository Participants ' name. In this connection, it notably

performs the following tasks:

- it carries out the transfers between the current accounts as instructed by its members, either directly or as part of a delivery versus payment procedure and, concomitantly with the delivery of securities, authorises the corresponding cash payments as appropriate. Such payments are made to the cash current accounts opened in the members' name with Bank Al-Maghrib;
 - it implements all procedures to make it easier for its members to exercise their rights attached to the securities and to collect the proceeds generated;
- 3) carries out inspections on the securities accounting by the Account Keeping Institutions and checks, in particular, the accounting reconciliation defined in Article 38 below, under The General Scheme for Account Registration.

It carries out all related activities to facilitate the execution of its tasks and notably the coding of the securities accepted for its operations.

Article 4

The articles of Association of the Central Depository must mention the names or trade names of all the shareholders and the percentage of the share capital held by each. The articles of association of the Central Depository and their amendments are approved by the Finance Minister who must ensure that they comply with the provisions of this Law and its implementing texts.

The appointment of the Chairman of the Board of Directors and, where appropriate, the appointment of the Managing Director(s) of the Central Depository are subject to the Finance Minister's approval.

Article 5

Every Depository Participant of the Board of Directors of the Central Depository or any person having held such office, any person who in whatever capacity is participating, or has participated, in directing or managing it, or who is or has been employed by it, is bound by professional secrecy under the terms and subject to the penalties set down in Article 446 of the Penal Code.

The persons referred to in the previous subparagraph, notably may not – except in the case of procedures set up by the Central Depository and accepted by its Depository Participants or unless the latter have expressly agreed – directly or indirectly disclose information regarding the balance of the current accounts or the securities transactions recorded therein and whose disclosure may entail material or moral damage to the Central Depository's Depository Participant. These persons also cannot disclose to anyone other than the issuers or their agents, any information on the identity of the principals, which came to their knowledge in connection with the procedures, set down in Article 34 of this Law.

However, the provisions of the first two subparagraphs of this Article are not binding upon the legal authority acting in connection with criminal proceedings, or upon the financial market authority CDVM (Council for the Code of Ethics in Securities Markets) when it acts in keeping with the provisions of Article 24 of Dahir establishing law No. 1-93-212 of 4 Rabi II 1414 (21 September 1993) relating to CDVM and the information required of publicly traded legal entities.

Article 6

The Finance Minister may, as it deems fit or at CDVM's request, ask the Central Depository to have external auditors appraise its procedures and the technical means implemented by it for the execution of its tasks. A copy is sent to CDVM.

Article 7

A government commissioner appointed by the Finance Minister is assigned to the Central Depository. He or she is in charge of supervising that this entity complies with the stipulations of its by-laws and of the General Regulations set down in Article 8 below.

The government commissioner is called to attend all the meetings of the Board of Directors of the Central Depository or the committees that stem from it. He or she evaluates the compliance of the decisions of the Board of Directors or the Supervisory Board with the provisions of the by-laws and the General Regulations. He or she stays any decision that does not comply with the provisions of the by-laws and the General Regulations. He or she may, within seven days of a discussion of the Board of Directors or the Supervisory Board of the Central Depository or of the committees that stem from it, initiate another discussion if he or she deems that a decision does not comply with the provisions of the by-laws and the General Regulations mentioned above. The government commissioner receives a copy of the meeting agendas, minutes, reports and files that are intended for board members.

Article 8

The General Rules established by the The Central Security Depository that must be approved by decree of the Minister of Finance on the advice of the Code of Ethics in securities markets and published in the Official Bulletin.

The General Regulations lay down the rules concerning the working of the Central Depository and the obligations of its members. In particular:

- the procedures of acceptance for the Central Depository's operations;
- the procedures for Central Depository membership;
- the arrangements for the deposit and custody of securities;
- the procedures for the circulation of securities via the members' current accounts;
- the rules governing the transactions in securities decided by the issuer entities;
- the pricing terms for the services provided by the Central Depository to its members.

Additionally and within the context of the provisions of Title II of this Law, the General Regulations notably specify:

- the contents of the file appended to the authorisation request detailed in subparagraph 3 of Article 24 below;
- the rules governing the account keeping of security owners' accounts as well as the chart of accounts of the account keeper organisations;
- the procedures for implementing the supervision of account keeper members, as set down in Article 39 below;
- the human resources, equipment and organisational means that all financial intermediaries must employ in order to obtain their authorisation and according to the nature and scope of their activities.

The General Regulations also include a model of the mandate referred to in subparagraph 1 of Article 22 below.

The opening of a current account with the Central Depository binds the member to the provisions of the General Regulations.

Article 8-1

CDVM (Council for the Code of Ethics in Securities Markets) is in charge of monitoring the Central Depository's compliance with the working rules and the account keepers' fulfilment of their obligations, as foreseen in the provisions of this Law and in the General Regulations referred to in Article 8 below.

To that end, the Central Depository and the Account Keeping Institutions are required to submit to CDVM, according to the calendar fixed by it, all documents and information needed for the fulfilment of its task. It defines the list, the format and the transmission deadlines.

In order to detect infringements of the provisions of this Law and the General Regulations mentioned above, CDVM is authorised to appoint a sworn officer, commissioned specifically for that purpose, to conduct investigations on the Central Depository or the Account Keeping Institutions.

It can receive a copy of all reports drawn up by external advisers. It can also finance an audit where appropriate.

CDVM also checks that The Central Security Depository and the account keepers comply with the provisions of the circulars set down in Article 4-2 of the Dahir establishing law No. 1-93-212 of 4 Rabi II 1414 (21 September 1993) mentioned above, which are applicable to them.

Article 8-2

CDVM may issue a warning to The Central Security Depository if the latter does not comply with the stipulations of Articles 3, 34, 36, 38 and 39 of this Law.

Where there has been no response to the warning stipulated in subparagraph 1 of this Article, CDVM may issue an order to the The Central Security Depository to take all measures to remedy the situation within the time frame specified by it.

Where there has been no response to the order stipulated in the second subparagraph of this Article at the expiration of the above deadline, CDVM will send a detailed report to the Finance Minister proposing that it should direct the The Central Security Depository's Board of Directors to suspend one or more of its directors.

Article 8-3

If the customary conditions of safekeeping or circulation of the securities accepted for the Central Depository's operations are jeopardised, CDVM may issue an order to The Central Security Depository to take all measures to remedy the situation within the period specified by it.

Article 8-4

Where there has been no response to the order referred to in the above Article 8-3 at the expiration of the deadline fixed by it, CDVM will apply to the Finance Minister to direct the Central Depository's Board of Directors to suspend one or more of its directors.

Article 8-5

The Central Security Depository The Central Depository is required to publish the balance sheets, profit and loss statement, and the cash flow statement for the previous year, in a Official Bulletin , at the latest by six months from the closing of each reporting period.

Article 8-6

The Central Security Depository is required to pay an annual fee to CDVM. This fee is calculated on the basis of the amount of the securities accepted for The Central Security Depository operations. An order of the Finance Minister fixes its rate and its methods of calculation and payment. The rate fixed cannot exceed one by one hundred thousand.

Article 9

The Central Security Depository may, under the legal or regulatory provisions in force, become a member of foreign institutions having a social purpose that is similar to its own.

It can also accept the membership of these institutions. In this case, by way of derogation from the provisions of the last subparagraph of Article 8 above, the rules governing the relationships, rights and obligations of the The Central Security Depository with respect to these institutions will be fixed by collective agreement, approved by the administrative authorities.

Article 10

The Central Depository's members can only be any of the following:

- financial intermediaries referred to in item c) of the first Article above and that are duly authorised in accordance with the provisions of Article 24 below;
- legal entities issuing any of the securities referred to in subparagraph 1 of Article 19 or in Article 20 below;
- foreign institutions having a similar corporate purpose to that of the Central Depository mentioned above.

Article 11

An owner of a current account with the Central Depository can choose to mandate another current account owner to manage its account in its stead. This choice must be approved by The Central Security Depository the Central Depository beforehand.

Article 12

Transfers between the current accounts opened by it in its members' name carry out the circulation of the securities accepted for The Central Security Depository's operations.

Article 13

Any opposition for lost or stolen securities does not affect their trading, circulation and the exercise of the rights attached to them, if such objection is made after the concerned securities are deposited with The Central Security Depositorythe Central Depository. The Central Depository will provide the issuer with a certificate specifying the date of deposit of the securities concerned; a copy of the certificate is transmitted by the issuer entity to the entity issuing the objection, and – in the case of securities listed on the Stock Exchange – to the Stock Exchange management company.

At the request of the entity issuing the objection, The Central Security Depository will provide the name of institution that deposited the securities for which the objection has been made.

Article 14

Securities current accounts opened in the books of The Central Security Depository cannot be garnished.

Article 15

In order to facilitate the administration of the securities accepted for its operations, The Central Security Depository may deliver certificates to its members stating their rights, and these certificates shall count as presentation of securities entered in the books or of the coupons attached to them.

Article 16

The Central Security Depository may pass on to the account keepers, the expenses incurred due to their failure to abide by the provisions of the General Regulations.

TITLE II

RELATING TO A general Scheme for account registration of certain securities

Article 17

By way of derogation from the provisions of Law 17-95 relative to public limited companies, and in accordance with the provisions of the first chapter under this Title, a general book-entry system, which is mandatory for the securities referred to in subparagraph 1 of Article 19 below and optional for the securities referred to in Article 20 below, is hereby established.

The general system provided for in the previous subparagraph for the securities referred to in subparagraph 1 of Article 19 below entered into force in keeping with the provisions of Chapter II and, where applicable, of Chapter III under this Title.

The entry into force of the general system provided for in subparagraph 1 above for the securities referred to in Article 20 of this Law is in accordance with the conditions laid down in Chapter IV of this Title.

Chapter One

Concerning the general book-entry system

Section One: General provisions

Article 18

The provisions of this chapter are applicable to the securities referred to in subparagraph 1 of Article 19 below, and where appropriate, to the securities referred to in Article 20 below, issued in Morocco and subject to Moroccan law.

These provisions come into force on the first working day of the ninth month from the date on which the order of the Finance Minister approving the General Regulations, stated in subparagraph 1 of Article 8 above, is published in the Official Bulletin.

However, the general Scheme for account registration of certain securities referred to in subparagraph 1 of Article 19 below can come into force prior to the date referred to in the previous subparagraph, in keeping with the conditions laid down in Chapter III of this Title regarding the transitional phase preceding the above mentioned date of entry into force.

Section II - Concerning to the General Scheme for account registration of certain securities

Article 19

Securities listed on the Stock Exchange, securities issued by the Treasury through competitive bidding procedures, shares in open-ended investment companies, units in collective investment funds units in collective investment fund securitisation units or shares in venture capital funds, Marketable debt securities referred to in item b) of Article 1 above, and any other publicly-traded securities issued must be materialised by a book-entry in the name of their owner, either with the issuer in the case of securities in registered form, or with the financial intermediary duly authorised under Article 24 below in the case of securities in bearer form.

The provisions of subparagraph 1 above do not apply to bonds redeemable by number drawing.

Article 19-1

The issuer entities and the management companies of the securities listed in subparagraph 1 of Article 19 of this Law must have those securities accepted for The Central Security Depository operations, according to the terms and procedures set out in General Regulations referred to in Article 8 above.

Article 20

At the request of the issuer entity and subject to The Central Security Depository approval, securities other than those mentioned in subparagraph 1 of Article 19 above may also be brought under the General Scheme for account registration set out in this Chapter.

Article 21

To facilitate the trading and management of their securities portfolio, owners of registered securities can request an authorised financial intermediary to reproduce, in an account "administration account", the book-entries in their account with the issuer entity.

Article 22

The administration of registered securities by an authorised financial intermediary is governed by a private mandate given by the owner of said securities. This mandate must comply with the model appended to the Central Depository's General Regulations, and a copy of the mandate is forwarded by the authorised financial intermediary to the issuer entity.

In order to ensure that the book-entries in an owner's account with an issuer entity matches the entries reproduced in the owner's administration account with an authorised financial intermediary, any instruction from the owner regarding its managed securities must be given by itself or by any person duly authorised by it, to the intermediary it has mandated, and the intermediary must in its turn inform the issuer entity.

Section III - Securities Account Keeping Institutions

Article 23

Legal entities issuing securities that come under General Scheme for Account registration are required, for the securities they issue, to open registered securities accounts in the name of the securities owner.

Article 24

To maintain securities accounts, financial intermediaries must be duly authorised by the order of the Finance Minister, after consultation with The Central Security Depository.

By way of derogation from the provisions of subparagraph 1 of this Article, Bank Al-Maghrib and the General Treasury of the Kingdom are authorised automatically to maintain securities accounts.

The authorisation request referred to in subparagraph 1 above is sent to the Finance Minister. It must be submitted with a file whose contents are fixed by the General Regulations referred to in Article 8 of this Law and must state whether the applicant wishes to grant one or the other of the mandates described in Articles 11 and 27 of this Law, or both.

Article 25

The authorisation referred to in Article 24 above may be granted for all or a part of the securities referred to in subparagraph 1 of Article 19 or in Article 20 below, insofar as the financial intermediary has the human resources, and the material and organisational means required to carry out its duties, and undertakes, to the extent of its authorisation, to open accounts for requesting entities.

The granting or refusal of the authorisation is notified to the applicant within three months of depositing the authorisation request. Reasons must be stated for refusals.

Article 26

The account keepers, issuer entities and authorised financial intermediaries are required to open securities current accounts with the Central Depository. By opening said current accounts, the account keepers become members of the Central Depository.

For each security, the authorised financial intermediaries must open separate current accounts for their own assets and the assets of their clients.

Article 27

An account keeper can mandate a sole agent for the account keeping for the owners of the securities entered in its books. However, an authorised financial intermediary can only mandate another authorised financial intermediary as agent.

The choice of the agent and the scope of the mandate granted must be approved beforehand by the Central Depository. The mandating entity must publish the agent's trade name and address in the legal bulletin.

Article 28

If an account keeper mandates an agent for the account keeping of its current accounts under the provisions of Article 11 above, the agent cannot be different from the one appointed, if any, under the provisions of Article 27 above.

Article 29

The Finance Minister can fix the upper limit for the fees paid to authorised financial intermediaries for the account keeping of the securities accounts opened in their books.

Article 30

In the event of the winding-up of an authorised financial intermediary, the owners of the securities entered in its books will transfer all of their rights to an account held with another authorised financial intermediary or with the issuer entity; the competent judge is informed of this transfer by the liquidator.

In the event of a shortfall General Scheme for account registration, the owners of the securities shall file a report with the creditors' representative to supplement their rights.

Section IV - Provisions applicable to General Scheme for account registration

Article 31

General Scheme for account registration, be they registered or bearer securities are transmitted through an account-to-account transfer.

Article 32

Registered securities can be converted into bearer securities and vice versa by the issuer entities within the deadline fixed in the General Regulations referred to in Article 8 above.

Article 33

General Scheme for account registration that are mandatorily registered securities under the legal or statutory provisions, can be traded at the stock exchange only after they have been placed in the administration account in keeping with the provisions of Article 22 above.

General Scheme for account registration that are not mandatorily in registered form can be traded on the Stock Exchange only in the bearer form.

Article 34

When trading a security that is mandatorily registered:

- the account keeper of the seller's administration account sends its seller principal's identification information to Central Security Depository prior to the delivery of the securities sold;
- the account keeper of the buyer's administration account sends its buyer principal's identification information to the Central Depository upon receiving the securities, within the time limit set by the General Regulations.

Upon receiving the seller principal's identification information, the Central Depository forwards the same to the issuer entity within the time limit set by the General Regulations. The same holds true of the buyer principal's identification information, also forwarded within the time limit set by the General Regulations.

After having updated the account it maintains under the provisions of subparagraph 1 of Article 19 above, the issuer entity sends a certificate of account update to the Central Depository that in turn transmits the information to the account keepers of the administration accounts of the buyer and seller principals. The time frame for the update by the issuer entity and the time limit for the transmission of certificates of account update to the Central Depository and the account keepers of the administration account are fixed by the General Regulations.

Article 35

Book-entry securities can be pledged, with regard to both the issuing entity and to the third party, through a statement dated and signed by the account owner; this statement specifies the amounts due and the amount and nature of the pledged securities.

The pledged securities are transferred to a special account opened in the owner's name and maintained by the issuer entity or by the authorised financial intermediary, as appropriate. A certificate of pledging is delivered to the pledgee.

All securities that substitute or supplement the pledged securities, following the exchange, grouping, division, bonus attribution, subscription for cash or otherwise, are, unless agreed otherwise, included in the pledge calculation basis on the date of the report stated in subparagraph 1 of this Article.

Section V - Provisions applicable to the administration and circulation of book-entry securities

Article 36

Pursuant to the provisions of Article 2 of this Law, for book-entry securities, the Central Depository handles the custody of the securities, their circulation between account keepers and their administration in connection with securities transactions decided upon by the issuer entities. It stands guarantee for the issue amount of these securities under the provisions of Article 39 below.

Article 37

The current accounts of issuer entities record the registered securities assets whose administration has not been handed over to an authorised financial intermediary.

In the current accounts of authorised financial intermediaries, the bearer securities are segregated from the registered securities whose administration has been entrusted to them under the provisions of Articles 21 and 33 above.

Article 38

The Central Depository records in its books, all of the securities that comprise each issue of securities accepted for its operations.

Pending securities that are being allocated and booked to transit accounts, the contra entry for each issue of securities accepted for the Central Depository's operations is shown in its books as a credit entry in the current accounts opened for its members for the security in question.

The credit balance of these current accounts must, at all times and barring ongoing adjustment transactions for which there are supporting accounting documents, be equal to the total of the book-entry securities held with the account keepers in the name of the owners.

Article 39

The Central Depository verifies the accounting reconciliation set out in subparagraphs 2 and 3 of Article 38 above. It also ensures compliance with the rules governing securities account keeping and securities accounting by the account keepers.

To that end, it is authorised to conduct, via any agent specially commissioned for that purpose, on-site and documentary checks on its account keeper members.

The Central Depository informs the account keepers of any inconsistencies detected during the checks referred to in the previous subparagraph. Unless the notified inconsistencies are corrected, the Central Depository may require the member at cause to give the mandates set out in Articles 11 and 27 above or the sole mandate defined in Article 11 above. The Finance Minister is notified.

Article 39-1

A security listed in the Stock Exchange and accepted for the Central Depository's operations may be removed only if said security has been delisted in the Stock Exchange beforehand. In that event, the Central Depository shall immediately inform the Stock Exchange management company and CDVM (Council for the Code of Ethics in Securities Markets).

Chapter II

Relating to the terms of entry into force of the Scheme for account registration

Article 40

The provisions of this chapter apply to the securities referred to in subparagraph 1 of Article 19 of this Law.

Article 41

On the first working day of the ninth month from the date on which the order referred to in subparagraph 1 of Article 8 above is published, the issuer entities must create book-entries of the registered securities shown in their ledgers and close those ledgers.

Article 42

As of the date defined in the previous Article, depositing registered certificates with an authorised financial intermediary is considered to be an administration mandate as set out in Article 22 of this Law.

As of the same date and over a three-month period, the authorised financial intermediaries must enter the securities corresponding to the registered certificates deposited with them in the administration accounts, and forward said certificates to the issuer entities.

Article 43

The owners of registered securities are informed by the issuer entities, by registered mail, about the terms and procedures of the book-entry of their securities at the latest at the end of the sixth month from the date on which the order referred to in subparagraph 1 of Article 8 above is published and, where applicable, upon receiving any request to make an entry in the ledgers of the issuer entities where such requests are received between the end of the sixth month and that of the eighth month from the publishing date of the aforementioned order.

Article 44

On the first working day of the ninth month from the date on which the order referred to in subparagraph 1 of Article 8 above is published, the authorised financial intermediaries must create book-entries of the bearer securities deposited with them in their physical form, and forward said securities to Central Security Depository .

Up to the day preceding the sale stated in Article 47 below, the owners of bearer securities in their physical form that have not yet been deposited with an authorised financial intermediary may remit them to the authorised financial intermediary of their choice for the book-entry of those securities.

The owners of the securities referred to in the preceding subparagraph can also, where appropriate, and within the same time period as that specified in said subparagraph, remit the securities to the issuer entity or its agent, for their book-entry in registered form.

Article 45

As of the first working day of the ninth month from the date on which the order referred to in subparagraph 1 of Article 8 above is published, the owners of bearer securities in their physical form may exercise the rights attached to their securities only after having produced them before an authorised financial intermediary, or where appropriate, before the issuer entity for the book-entry of said securities in keeping with the provisions of subparagraphs 2 or 3 of Article 44 above.

Article 46

The bearer securities that are deposited in their physical form with an account keeper for book-entry after the expiration of the eighth month from the date on which the order referred to in subparagraph 1 of Article 8 above is published, are remitted by it immediately to The Central Security Depository.

The registered securities that are deposited with an authorised financial intermediary after the expiration of the eighth month from the date on which the order referred to in subparagraph 1 of Article 8 above is published, are remitted by it immediately to the issuer entity.

Article 47

Twenty-six months from the date on which the order referred to in subparagraph 1 of Article 8 above is published, the issuer entities proceed to the sale of the rights attached to the bearer securities for which no book-entry has been made in keeping with the provisions of subparagraphs 2 or 3 of Article 44 above. This sale must be completed within two months from the expiration of the twenty six months mentioned above.

This sale is carried out according to a calendar defined jointly by the issuer entity and Central Security Depository. It is held at the Stock Exchange according to the terms and procedures fixed by order of the Finance Minister.

Article 48

The bearer securities in their physical form that were included in the sale referred to in Article 47 above are deemed null as from the date of said sale. The net proceeds of the sale of the corresponding rights are lodged immediately at CDG (Deposit and Management Fund) by the issuer entity and, subject to the legal directives to the State's benefit, it is made available to beneficiaries upon presentation of the securities they are attached to.

Article 49

The issuer entities are required to keep the series of the bearer securities they issued, for a fifteen-year period from the date of the sale of the attached rights, as set out in Article 47 above.

Article 50

A decree determines the date, deadlines and conditions for the destruction of the bearer securities remitted to The Central Security Depository in application of the provisions of Article 44 and those of subparagraph 1 of Article 46 above. The costs of the destruction are borne by the issuer entities.

Chapter III

Concerning the transitional phase preceding the entry into force of the general book-entry system

Article 51

The provisions of this chapter apply to the securities referred to in subparagraph 1 of Article 19 of this Law. They are applicable for a six-month period as from the first working day of the third month following the date on which the order referred to in subparagraph 1 of Article 8 above is published.

Article 52

The owners of the bearer securities in their physical form or of registered certificates can request the book-entry of their securities.

Book-entry is however mandatory prior to trading the securities on the Stock Exchange.

Book-entry complies with the terms and procedures set out in subparagraph 1 of Article 19 above, and where applicable, Article 22 above.

Article 53

Book-entry securities under the provisions of Article 52 above can no longer be represented in their physical form.

Article 54

The owners of securities who request an issuer entity or an authorised financial intermediary to proceed to the book-entry of their securities in their physical form will remit these securities to them or, if said securities have already been deposited with the issuer entity or the authorised financial intermediary concerned, they will notify their request in writing.

The registered and bearer certificates deposited with an authorised financial intermediary under the provisions of the previous subparagraph are remitted by it either to the issuer entities or to The Central Security Depository, as appropriate.

Article 55

Legal entities issuing new securities may request the book-entry of all or a part of those securities according to the terms and procedures set out in subparagraph 1 of Article 19 of this Law, subject to their mentioning it expressly in the information notice stipulated in Article 13 of the Dahir establishing law No. 1-93-212 of 4 Rabi II 1414

(21 September 1993) mentioned above, in the bond issue contracts and in the identification sheet referred to in Article 87 of the Dahir establishing law No. 1-93-213 of 4 Rabi II 1414 (21 September 1993) mentioned above.

Article 56

The Central Security Depository will establish the rules for securities account keeping, a securities chart of accounts, and a document stipulating the account keepers' obligations that are specific to the transitional phase stipulated in this Chapter. The rules, chart of accounts and document are approved by decision of the Finance Minister.

Article 57

The provisions of Articles 21 to 39 above are applicable to the transitional phase stipulated in this Chapter.

Chapter IV

Concerning the terms of entry into force of the General Scheme for account Registration of certain securities

Article 58

The provisions of this chapter apply to the securities referred to Article 20 above.

Article 59

The date of entry into force of General Scheme for account Registration of certain securities General Scheme for account Registration of certain securities referred to in Article 58 above is published in the legal gazette at the initiative of the issuer entity upon its being notified of The Central Security Depository's consent for the book-entry of said securities.

Article 60

At the date fixed by The Central Security Depository for the entry into force of The Central Security Depository for a given security, the issuer entity creates a book-entry of the registered shares shown in its ledgers and closes those ledgers.

Article 61

As of the date defined in the previous Article, depositing registered certificates with an authorised financial intermediary is considered to be an administration mandate as set out in Article 22 of this Law.

As of the same date and over a one-month period, the authorised financial intermediaries must enter the securities corresponding to the registered certificates deposited with them in the administration accounts, and forward said certificates to the issuer entities.

Article 62

The owners of registered securities are notified by the issuer entity about the terms and procedures for the book-entry of their securities at the latest by two months following the date of entry into force of the general book-entry system for the concerned security.

Article 63

At the date fixed by the Central Security Depository for the entry into force of the Scheme for Account Registration for a given security, the authorised financial intermediaries must create book-entries of the bearer securities deposited with them in their physical form, and forward said securities to the Central Depository.

The owners of bearer securities in their physical form that have not yet been deposited with an authorised financial intermediary may remit them to the authorised financial intermediary of their choice for the book-entry of those securities, up to the day preceding the date of sale stipulated in Article 66 above.

The owners of the securities referred to in the preceding subparagraph can also, where appropriate, and within the same time period, remit the securities to the issuer entity or its agent, for their book-entry in registered form.

Article 64

Six months from the date referred to in subparagraph 1 of Article 63 above, the owners of bearer securities in their physical form may exercise the rights attached to their securities only after having remitted them to an authorised financial intermediary or to the issuer entity for the book-entry of said securities.

Article 65

Prior to transactions in any of the securities referred to in this Chapter, occurring after the date fixed by the Central Depository for the entry into force of the general book-entry system for that security, the book-entries must be created for the securities used in the transaction.

Article 66

Twelve months from the date fixed by the Central Security Depository for the entry into force of the general book-entry system for a given security, and within a one-year time period, the issuer entity proceeds to the sale of the rights attached to the bearer securities for which no book-entry has been made.

This sale is carried out according to a calendar defined jointly by the issuer entity and the Central Depository. It complies with the terms and procedures fixed by order of the Finance Minister.

Article 67

The provisions of Articles 48 to 50 of this Law are applicable to the securities referred to in this Chapter.

TITRE III SANCTIONS

Chapter One

DISCIPLINARY SANCTIONS

Article 68

The Finance Minister can issue a warning or reprimand to an authorised financial intermediary that:

- fails to publish the trade name and address referred to in subparagraph 1 of Article 27 of this Law in a legal Bulletin , in accordance with the provisions of said Article;
- fails to respond to the request received from the Central Depository to give the mandates referred to in Articles 11 and 27 of this Law or the sole mandate referred to in Article 11, in keeping with the provisions of subparagraph 3 of Article 39 of this Law.

Article 69

Where there has been no response to the warning or reprimand stipulated in Article 68 above, the Central Depository may put a proposal to the Finance Minister to suspend or withdraw the authorisation of the financial intermediary concerned.

Article 70

The suspension or withdrawal of the authorisation stated in Article 69 above may be pronounced only after the representative of the violating financial intermediary has been duly convened and heard.

Chapter II Criminal sanctions

Article 71

A fine of 10,000 to 50,000 dirhams will be levied on the members of the administrative, executive or management boards of the issuer entities that:

- 1) fail to inform the owners of registered securities of the terms and procedures of the book-entry of their securities within the deadlines stipulated in Article 43 or Article 62 of this Law;
- 2) fail to proceed to the sale of the rights attached to the bearer securities for which no book-entry has been made within the deadlines stipulated in Article 47 or 66 above;
- 3) fail to lodge the net proceeds of the sale of bearer shares at CDG (Deposit and Management Fund), under the provisions of Article 48 above;
- 4) fail to convert the securities as stipulated in Article 32 of this Law within the deadlines fixed in the General Regulations;
- 5) fail to retain the series of the bearer securities that they issued in keeping with the provisions of Article 49 of this Law;
- 6) fail to publish the date of entry into force of the general book-entry system in a legal bulletin, in keeping with the provisions of Article 59 above.

Article 71-1

A fine of 10,000 to 100,000 dirhams will be levied on the members of the administrative, executive or management boards of the issuer entities or management companies that do not comply with the obligation to have their securities accepted for The Central Security Depository's operations in application of the provisions of Article 19-1 of this Law.

Article 72

A fine of 10,000 to 100,000 dirhams will be levied on the members of the administrative, executive or management boards of the authorised financial intermediaries referred to in subparagraph 1 of Article 24 of this Law should they:

- fail to create book-entries of the securities corresponding to the registered certificates deposited with them in the administration accounts, or forward said certificates to the issuer entities within the time limit set in subparagraph 2 of Article 42 above; or
- fail to create book-entries of the bearer securities that are deposited with them in their physical form, or forward said securities to the Central Security Depository within the time limit set in subparagraph 1 of Article 44 or subparagraph 1 of Article 63 of this Law; or

- fail to remit to The Central Security Depository or the issuer entity, as appropriate, the bearer securities in their physical form or registered certificates deposited in their institution for book-entry, in keeping with the provisions of Article 46 above.

Article 72-1

A fine of 10,000 to 50,000 dirhams will be levied on the members of the administrative, executive or management boards of account keepers who fail to settle the expenses charged to them by the Central Depository in application of the provisions of Article 16 above.

Article 73

A fine of 50,000 to 500,000 dirhams will be levied on the members of the administrative, executive or management boards of the authorised financial intermediaries referred to in subparagraph 1 of Article 24 of this Law should they:

- maintain securities accounts without having been duly authorised in keeping with the provisions of subparagraph 1 of Article 24 of this Law;
- not fulfil the undertaking to open securities accounts for requesting entities, as set out in subparagraph 1 of Article 25 above;
- not fulfil the undertaking to open separate current accounts per security in keeping with the provisions of subparagraph 2 of Article 26 above.

Article 74

A fine of 20,000 to 200,000 dirhams will be levied on any person who hinders the inspections of account keeper members stipulated in subparagraph 2 of Article 39 of this Law.

Article 75

Without prejudice to the provisions of Article 50 above, a fine of 20,000 to 500,000 dirhams will be levied on the members of the administrative, executive or management boards of the issuer entities that fail to pay the Central Depository for the costs of destroying the bearer securities remitted to it, in keeping with the provisions of the same Article.

TITLE IV VARIOUS PROVISIONS

Article 76

The provisions of Articles 13 and 14 of Law 35-94 relative to certain marketable debt securities mentioned above have been amended as follows:

Article 13: The book-entry of Marketable debt securities can be made only by "Bank Al-Maghrib, Caisse de Dépôt et de Gestion (CDG), banks licensed in compliance with their governing laws, financing companies licensed in compliance with Article 5 of this Law, and brokerage firms subject to the provisions of the Dahir establishing law No. 1-93-211 of 4 Rabi II 1414 (21 September 1993) related to the Stock Exchange".

Article 14: The sole entities authorised to invest in or trade marketable debt securities, provided that it is not contrary to the legislative, regulatory or statutory provisions applicable specifically to them, are:

- credit institutions subject to the provisions of the Dahir establishing Law No. 1-93-147 of 15 Muharram 1414 (6 July 1993) mentioned above;
- CDG (Caisse de Dépôt et de Gestion);
- brokerage firms subject to the provisions of the Dahir establishing Law No. 1-93-211 of 4 Rabi II 1414 (21 September 1993) related to the Stock Exchange.