

[English Translation]

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The English translation is made to the best knowledge of the Tunis Stock Exchange and is meant to provide information to those whose mother tongue is not Arabic. Consequently Tunis Stock Exchange will not be held responsible for misinterpretation arising from the English translation or from using the electronic versions of the text (Arabic & English). Interested parties may obtain the up-to-date copies of the original and its amendments from the original sources of those laws, rules and regulations.

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FINANCIAL MARKET REORGANIZATION LAW

Law n° 94-117 of November 14, 1994 on the Reorganization of the Financial Market as amended by the law n° 99-92 of August 17, 1999 concerning the enhancement of the Financial Market and the law n°2005-96 of October 18, 2005 relating to security reinforcement in financial relations.

PART I

PUBLIC SHAREHOLDING

CHAPTER 1

The notion of public shareholding

Article 1

The following shall be considered as public shareholding companies or organisms:

- 1) Companies which are declared as such by their statutes.
- 2) Companies whose securities are admitted to the Stock Exchange official list.
- 3) Banks and insurance companies whatever the number of their shareholders.
- 4) Companies of which the number of shareholders is equal to or more than one hundred.
- 5) Mutual funds the equivalent of the French term: les organismes de placement collectif en valeurs mobilières (OPCVM).
- 6) Companies or organisms other than mutual funds which, for the investment of their securities, resort either to brokers, to any process of publicity, or to canvassing.

Insofar as the present law is concerned, canvassing refers to the activity of the person who usually visits people in their domicile, in their workplaces or in public places in order to proffer the subscription or the acquisition of securities.

Mailing of letters, brochures or any other documents usually used to proffer subscription or acquisition of securities is also considered as canvassing.

CHAPTER 2: Public information

Article 2

Without prejudice to provisions relating to publications required and provided for in the current legislation, any company or organism which issues transferable securities or financial products by calling for public shareholding must first and for each issue, publish a prospectus intended to inform the public about the organization of the company or the organism, its financial situation and the development of its activity, as well as the characteristics and the object of the security or the product issued.

The prospectus is prepared according to models elaborated by the Financial Market Council as provided for in article 23 of the present law.

The draft of the issuing prospectus is submitted for approval to the Financial Market Council. The latter

indicates, if necessary, the statements to be amended and further information to be added; it may also ask for an explanation and justification. If the company does not satisfy the demand, the approval is refused.

The prospectus of issuing must be given or sent to any person whose subscription is sought. It must be filed with the headquarters of the company and with the brokers in charge of the collection of the subscriptions.

The issuers (companies and organisms), at the time of the admission of their securities to the Stock Exchange official list as well as the persons concerned with public offers, in accordance with the conditions provided for in the Stock Exchange General Rules set forth in article 29 of the present law, must prepare and publish prospectuses of admission or prospectuses of offer according to conditions set forth in the above subparagraphs of the present article.

The State and the local public collectivities are not subject to the formalities provided for in the present article.

Article 3

Without prejudice to provisions relating to mutual funds, public shareholding companies shall send on paper or on an electronic document to the Financial Market Council and to the Tunis Stock Exchange provided for in article 63 of the present law, within four months of the close of the company's financial year and fifteen days, at least, before holding the ordinary general meeting the following:

— The agenda and the draft resolutions proposed by the Board of directors or the Board of management,

— Documents and reports variously required by articles 471 and 201 or 235 of the Commercial Companies Code .The annual report on the company management must include the information required by regulation of the Financial Market Council, a documentation of the company results, their foreseeable development , the changes of methods for preparation and presentation of the financial statements if any, as well as elements on the internal audit .

— The auditor(s)' reports for each case referred to in articles 200,269 and 472 of the Commercial Companies Code. These reports must contain a general assessment of the internal audit.

Article 3 A

Public shareholding Companies must publish their annual financial statements in the Financial Market Council's official bulletin and in a Tunisian daily newspaper, with the report of the auditor within the time limit provided for in article 3 of this law.

However, in daily newspapers, companies may publish only the notes on the obligatory financial statements and the most relevant notes subject to obtaining the auditor's written agreement.

Article 3 B

Public shareholding companies must, within four working days subsequent to the date of holding their ordinary general meeting, submit the following file to the Financial Market Council, and to the Tunis Stock Exchange:

- Documents provided for in article 3 of the present law if amended,
- Resolutions approved by the ordinary general meeting,
- The statement of evolution of shareholder's capital including the decision on the accounting result allocation,
- The balance sheet after appropriation of the accounting result,
- The list of shareholders,
- The list of holders of voting right certificates,
- The list of holders of bonds convertible into shares.

Article 3 C

Public shareholding companies must publish in the Financial Market Council's official bulletin and in a Tunisian daily newspaper within thirty days of the ordinary general meeting:

- The resolutions approved by the ordinary general meeting,
- The statement of evolution of shareholder's capital including the decision on the accounting result allocation,
- The balance sheet after appropriation of the accounting result,
- The amended financial statements.

Article 3 D

At least fifteen days before the date of the extraordinary general meeting, public shareholding companies must file with or send to the Financial Market Council and the Tunis Stock Exchange:

- The agenda and the draft resolutions suggested by the Board of directors or the Board of management ;
- The auditors' report, if any;
- The documents provided for the shareholders as a support to the proposed resolutions.

The resolutions are to be submitted to the Financial Market Council and to the Tunis Stock Exchange as soon as they are adopted by the general meeting.

Article 3 E

Notwithstanding his legal obligations, each auditor of a public shareholding company must:

1/ immediately notify the Financial Market Council of any act susceptible to jeopardize the interests of the company or the security holders.

2/ submit at the same time to the Financial Market Council a copy of each report filed with the general meeting.

Article 4

In a concern of ensuring continuous public information and without prejudice to provisions applicable to mutual funds, public shareholding companies are bound to provide to the Financial Market Council and to the Tunis Stock Exchange, all information and documents needed for trading or evaluating their securities under the conditions fixed by the Stock Exchange General Rules.

At the request of the Financial Market Council, the aforementioned companies must make public this information or any additional explanations required by the Financial Market Council through official statements.

CHAPTER 3

Public offers and acquisitions of blocks of securities

Article 5

A public offer is considered to be an offer made by an individual or a legal entity, to purchase, exchange, sell or withdraw a block of securities issued by a public shareholding company, within conditions of completion and prices different from those of the market.

Article 6

Any person or a defined group of persons, intending to acquire a block of securities in a public shareholding company that would give him or the group a part of the voting rights in excess of a proportion fixed by decree either from a group of shareholders or by a public offer of purchase, must present a dossier to the Financial Market Council. The latter takes a decision, considering the interests of the rest of the shareholders, to order the buyer to proceed with an offer of purchase on the rest of the capital (that he does not hold) either in the form of a public offer of purchase or in the form of a general mandate offer “it is a procedure to maintain the fixed price”.

The Financial Market Council can exempt the buyer from proceeding with an offer of purchase on the rest of the shares, if these shares are not at the origin of the classification of the company among public shareholding companies, and if this transaction does not damage the interests of the holders of the securities at the origin of this classification.

Article 7

When a person acting alone, jointly, or by any other means, detains in a public shareholding company, a number of securities sufficient to confer on him a part of voting rights, larger than a proportion fixed by decree, the Financial Market Council can order him either to proceed to an offer of purchase on the rest of the shares (which he does not hold) by a public offer of purchase or by a procedure of maintaining the fixed price provided that the price in both cases is not lower than the minimum provided for in the Stock Exchange General Rules.

The provisions of article 40 of the present law are applied to the person who does not respect the Financial Market Council's decision and the transferable securities thus acquired are deprived of voting rights by decision of the Financial Market Council after hearing the interested party.

CHAPTER 4

Crossing the thresholds of participation and concerted action

Article 8

Any individual or a legal entity, acting alone or jointly, who detains, directly or indirectly, more than one twentieth, one tenth, one fifth, one third, one half or two thirds in the capital of a public shareholding company, is bound to declare the crossing of a threshold or thresholds to that company, to the Financial Market Council and to the Tunis Stock Exchange within five working days from the date of the crossing and to declare the total number of shares and voting rights which he detains therein according to conditions fixed by regulation issued by the Financial Market Council.

This declaration shall also be made within the same deadline and to the same organisms when the participation in the capital or the number of the voting rights becomes inferior to the thresholds provided for in the first subparagraph of the present article.

For the investment companies with variable capital (the equivalent of the French term: les sociétés d'investissement à capital variable SICAV) and for unit trusts (the equivalent of the French term: les fonds communs de placement FPC), the declaration is incumbent on the manager.

The provisions of article 40 of the present law are applicable to the offenders of this article.

Article 9

To determine the thresholds of participation provided for in article 8 of this law, are assimilated to shares and to voting rights detained by the person bound by declaration:

1. Shares or voting rights held on his behalf by other persons;

2. Shares and voting rights held by companies that he controls;
3. Shares and voting rights held by a third party acting jointly with him ;
4. Shares and voting rights that he himself, or one of the persons provided for in sub-paragraphs 1 to 3 above, has the right to acquire on his own initiative by virtue of a prior agreement.

For unit trusts, the thresholds of participation are determined considering the total number of shares held in the same company by all the funds and managed by the same manager.

Article 10

A “concerted action” is an agreement concluded between individuals or legal entities in order to acquire ,exercise or sell voting rights for the purpose of implementing and pursuing a common policy vis -a -vis a public shareholding company.

A “concerted action” is presumed to exist legally:

1. Between a company, the president of its board of directors , its general managers , its executive managers and their respective spouses, their first degree parents and descendants;
2. Between a holding company and the companies that it controls and their respective executives;
3. Companies controlled by the same person or persons.

Insofar as the present law is concerned, a company is defined as a holding company vis-a-vis another company considered to be under its control:

- When it holds, directly or indirectly, more than 50% of voting rights at the general assemblies of the subsidiary company;
- Or when it alone has the majority of the voting rights of the subsidiary company by virtue of an agreement concluded with other shareholders, notwithstanding the nullity set forth in article 94, subparagraph 2 of the Code of commerce;
- or when it determines, through voting rights at its disposal, the decisions at the general meeting of the subsidiary company.

Article 11

In order to calculate the different thresholds of participation, any public shareholding company, within fifteen days at the latest of the general meeting, communicates to its shareholders and to the Financial Market Council the total number of existing voting rights at the date of this meeting. If between two general meetings the number of voting rights varies by a percentage fixed by the Financial Market Council compared to the number previously declared, the company immediately informs its shareholders and the Financial Market Council of the new number of voting rights to be taken into consideration.

Article 12

The person bound by declaration must indicate:

1. The number of shares and of voting rights that he held directly or indirectly before the crossing of a threshold defined above;
2. The number of transferable securities enabling subsequent access to the capital and the number of voting rights attached thereto.
3. Shares and voting rights acquired in crossing the thresholds of participation provided for in the present law;
4. The objectives that he aims to reach during the next 12 months and in particular whether he intends to continue in the acquisition of additional shares and new voting rights to stop such acquisitions, to acquire the control of the company concerned and to ask to be appointed administrator.
5. Whether he is acting alone or jointly with one or several persons.

Article 13

Tunis Stock Exchange diffuses the contents of the declaration specified in the preceding article, on its markets. The issuing company communicates this information to its shareholders at the next general meeting with placing the content of the declaration as a separate point on the meeting agenda.

Article 14

The detention of one twentieth of the shares or voting rights gives the right to request the placing of draft resolutions on the agenda of the company general meetings.

Article 15

Failing to be regularly declared under the conditions provided for in the preceding articles, transferable securities held in crossing the thresholds are deprived of voting rights at any shareholders meeting held during the three years that follow the date of the regularization carried out spontaneously by the interested party or after having been constrained to do so by the Financial Market Council after establishing the above-mentioned crossing.

The Financial Market Council takes the decision of deprivation after hearing the interested party.

Article 16

Provisions contained in the present chapter are not applicable to shareholders of the investment companies with variable capital.

CHAPTER 5

Other common provisions applicable to public shareholding companies

Article 17

Without prejudice to provisions applicable to investment companies with variable capital, the payment of the dividends decided by the ordinary general meeting of a public shareholding company, must take place within a maximum of three months after the decision of the general meeting.

Article 18

When the call for the release of the rest of the capital remains unanswered, public shareholding companies may, after accomplishing all legal, regulatory and statutory formalities to recover the due capital, offer on the Stock Exchange, even in duplicate and without prior legal authorization, the partly-paid shares belonging to the defaulting holder. The execution on the Stock Exchange takes place at the risk and peril of the defaulting holder and under his full responsibility.

The company which calls for the execution on the Stock Exchange must show that it has duly, explicitly and unequivocally called for the liberation of the rest of due capital or a portion of it, and that the shareholder has not responded to this call.

The call for non-liberated capital or portions of it may be communicated to the shareholders through the press or any other means.

The shareholder may be considered at fault only after the expiry of the time limit communicated to him by registered letter with acknowledgment of receipt.

The clauses of approval and preemption contained in the statutes of public shareholding companies are non-opposable to the buyer of the partly-paid shares, according to the provisions of the present article.

CHAPTER 6

Specific Provisions relating to listed companies

Article 19

Listed companies can buy shares which they issued in order to regulate the price of such shares on the market.

For this purpose, the ordinary general meeting must have explicitly authorized the board of directors of the company to buy and resell its own shares on the Stock Exchange. The board of directors fixes specifically the conditions of buying and selling the shares on the market, the maximum number of

shares to acquire and the time limit in which acquisition must be made.

This authorization cannot be granted for a period in excess of three years. The company cannot hold more than 10% of the shares lodged with the Company of Deposit, Clearing and Settlement of securities (the equivalent of the French term la société de dépôt, de compensation et de règlement de titres STICODIVAM) provided for in article 77 of this law.

These shares must be in nominative form and entirely released at the time of the acquisition.

The company must have reserves other than legal reserves, of an amount at least equivalent to the value of the set of the shares to be acquired calculated on the basis of the price justifying the regulation of the market, at the moment of the decision of the general meeting.

The shares bought by the issuing company do not give the right to the dividends which must be deposited in an account of earned surplus, nor the right of subscription in case of capital increase in cash, nor voting rights. They are not taken into consideration in the calculation of the different quorums.

Before proceeding to the execution of the decision of the aforementioned meeting, the company must inform the Financial Market Council of it. At the close of the transaction of regulation, the company submits a detailed report on the transaction and its effects to the Financial Market Council.

Article 20

Listed companies are bound to choose their auditor among the members of the Order of Chartered Accountants of Tunisia.

Article 21

Companies, whose equities securities are listed on the Stock Exchange, are bound to deposit with the Financial Market Council and with the Tunis Stock Exchange or send them, in addition to documents provided for in article 3 of the present law, the indicators of its activity fixed according to sector, by regulation of the Financial Market Council, no later than twenty days after the end of each quarter of the financial year.

The aforementioned companies must proceed to the publication of the quarterly indicators mentioned above in the official bulletin of the Financial Market Council and in a Tunisian daily newspaper.

Article 21A

The companies, whose equity securities, are listed on the Stock Exchange, are bound to deposit with the Financial Market Council and with the Tunis Stock Exchange or send them, on paper or on an electronic document, intermediate financial statements accompanied by the relevant integral auditor's report, no later than two months after the end of the first half of the financial year. The aforementioned companies publish their intermediate financial statements accompanied by the complete text of the auditors' report,

in the official bulletin of the Financial Market Council and in a Tunisian daily newspaper after depositing them with or sending them to the Financial Market Council, within the same deadline.

However, in daily newspapers, the companies may limit themselves to publishing the notes on the obligatory financial statements and the most relevant notes subject to obtaining the written agreement of the auditor.

Article 21 B

Mother companies, whose equity securities are listed on the Stock Exchange and who are themselves subsidiaries of other companies, must establish consolidated financial statements in accordance with the accounting legislation currently in force.

The obligations of deposit and publication provided for in article 3, 3 A, 3 C and 3 D of the present law are applicable to the companies whose equities securities are listed on the Stock Exchange. These companies are bound to establish consolidated financial statements in accordance with the accounting legislation currently in force and with the provisions of the first paragraph of this article.

The aforementioned companies must declare all their relations with persons who belong to the group of companies or who participate in its management.

Article 22

A company whose shares are listed on the Stock Exchange shall be considered as having legally renounced any clause of approval and preemption set forth in its statutes.

PART II

THE FINANCIAL MARKET COUNCIL

CHAPTER 1

Creation and resources of the Financial Market Council

Article 23

The Council hereby established has a civil personality and financial autonomy. Its headquarters is in Tunis, it is called “Financial Market Council”.

The Financial Market Council shall protect savings invested in transferable securities, financial products traded on the Stock Exchange and any other investment leading to public shareholding. It shall further organize and oversee the proper functioning of markets of transferable securities and financial products tradable on the Stock Exchange.

The Financial Market Council ensures the supervision of the investment companies with variable capital. Tunis Stock Exchange, brokers, and the Company of Deposit, Clearing and Settlement of securities defined in article 77 of the present law are submitted to the permanent control of the Financial Market Council.

However, markets for instruments created in relation to banking operations or to short term bills or notes tradable on markets, are not controlled by the Financial Market Council but are under the authority of the Tunisian Central Bank.

Article 24

The Financial Market Council has all the prerogatives necessary to carry out missions entrusted to it by

virtue of laws and regulations currently in force as well as all prerogatives needed to administer the departments created for this purpose.

Article 25

The Financial Market Council is composed of a President and the nine following members:

1. A judge of third degree;
2. A counsellor from the Administrative Court;
3. A counsellor from the Financial Court;
4. A representative from the Ministry of Finance;
5. A representative of the Tunisian Central Bank;
6. A representative of the brokerage profession;
7. Three members chosen for their competence and experience in matters of public shareholding.

The President and the members are appointed by decree.

The President and the members of the Financial Market Council must be Tunisian nationals, enjoy their civil and political rights and fulfill the conditions enumerated in article 20 of the law n° 67-51 of December 7, 1967 regulating the banking profession as amended and supplemented by the subsequent texts.

The President of the Council cannot perform other functions incompatible with the public functions and cannot occupy the position of general manager or administrator of a public limited company.

The President and the members of the Financial Market Council must submit an affidavit listing all transferable securities and financial instruments tradable on the Stock Exchange which they hold at the time of their appointment and those that they will acquire during their mandates to the First President of the Financial Court.

The President and the members are bound to professional secrecy.

The President, the third degree judge, the counsellor of the Administrative Court and one of the members cited in paragraph 7 perform their functions full-time and shall not simultaneously occupy any other functions.

Remuneration to be paid to the president and to the members of the Financial Market Council is fixed by decree.

Article 26

The Financial Market Council's resources come from:

- fees paid by Tunis Stock Exchange calculated on the basis of the volume of transactions carried out on its markets or registered in it;
- fees paid by the Company of Deposit, Clearing and Settlement of securities calculated on the basis of its turnover;

- fees paid by mutual funds calculated on the basis of the securities which they hold;
- commission on new issuing of transferable securities and other financial products generated by public shareholding;
- commission on the approval of the publications required by regulation in case of new issuing, admission on the Stock Exchange and new public offers;
- Income from its own property;
- Income derived from offering services which do not come within its usual missions ;
- Donations and grants from national and foreign entities that the Financial Market Council accepts after approval of the competent authorities;
- Budgetary allocations.

The rates of the fees and commissions as well as the method of their collection are fixed by decree issued by the Minister of Finance.

Article 27

To recover its debts, the Financial Market Council is granted the general privilege recognized by the State. Recovery can be done by payment orders made enforceable by the Minister of Finance.

CHAPTER 2

Attributions of the Financial Market Council

Article 28

The Financial Market Council issues regulations falling within its jurisdiction, the application of which is specified by general decisions, it also issues individual decisions.

Article 29

The Financial Market Council regulations concern:

1/ The organization and the rules of functioning of markets placed under its authority, in particular, the Financial Market Council establishes the Stock Exchange General Rules which fix:

- Rules relating to the organization and functioning of the market and to the suspension of trading;
- Rules relating to the admission, trading and de-listing of transferable securities and financial products;
- Conditions for declaring and carrying out projects to acquire control blocks and blocks of securities as well as making mandatory or optional public offer, the conditions under which they are initiated, accepted, carried out and regulated, the procedures to be followed, and the means of defense and guarantee .

2/ Professional practices rules applicable to:

- Persons offering securities to the public;
- Brokers and persons who, in the course of their professional activity intervene in operations of legal, fiscal or financial control on securities or financial products;
- Persons in charge of individual or collective management of securities or financial products portfolios;
- The Company of deposit, clearing and settlement of securities.

Article 30

The Individual decisions are not regulatory and are issued by the Financial Market Council within the framework of its mission; such decisions relate notably to:

- Granting and withdrawing the brokers' approval as defined in article 55 of the present law and designation of those among them who may carry out the activity of counterparty and those who may act as market makers;
- Imposition of pecuniary and disciplinary penalties within its area of competence;
- The admissibility of public offers.

Article 31

Regulations issued by the Financial Market Council are published in the Official Journal of the Republic of Tunisia after approval of the Minister of Finance. General decisions are published in the official bulletin of the Financial Market Council after being approved by the Minister of Finance.

Official statements summarizing individual decisions are published each time their effects interest third parties.

Article 32

The Financial Market Council ensures that publications required by legislative and regulatory provisions are regularly made by public shareholding companies and organisms as defined in the first article of the present law.

It verifies that information provided or published by the above-mentioned persons is conform to legal and regulatory requirements.

The Financial Market Council must order the above - mentioned persons to publish corrections in case of inaccuracies or omissions in the published documents.

The Financial Market Council discloses its observations made to these persons and the information that it deems necessary to publish.

Article 33

The Financial Market Council may ask auditors, members of the order of chartered accountants of Tunisia, or an auditor registered in a list of judicial experts, to carry out any checks or additional analysis that it may deem necessary on persons mentioned in sub-paragraph 2 of article 29 of the present law. In such case, the Financial Market Council shall defray the costs of such checks and analysis.

Article 34

The Financial Market Council is empowered to receive, from any interested party, petitions and complaints which, by their content, come within its competence and to take action thereon within two months from the date of their reception.

Article 35

The Financial Market Council, under conditions fixed by decree, oversees the enforcement of legislation relating to the acquisition and trading of transferable securities and financial products by foreigners and ensures that such transactions conform to laws and regulations currently in force.

Article 36

To carry out its missions, the Financial Market Council may investigate any individual or legal entity. Investigations are carried out by sworn agents empowered by the Financial Market Council to investigate on its behalf and chosen among civil servants equivalent at least to the category "A" as provided for in the law n° 83-112 of December 12, 1983 issuing the General Statute of personnel of the State, of local public collectivities and of public establishments of an administrative character.

Article 37

To carry out their mission, investigators are authorized to:

1. Visit workplaces during normal working hours;
2. Block securities and documents suspected of falsification or not conforming to the current standards and rules even if such securities and documents are in the custody of their owners. Blocked securities and documents shall be left in the custody of their owners according to conditions specified in articles 97, 98 and 100 of the Code of Penal Procedures;
3. Collect any evidence, gain access on first request, exhibit documents, written proofs or registers needed in their research and observations and make copies thereof;
4. To take into their custody, against receipts, documents and written proofs mentioned in the previous paragraph needed to complete their mission or pursue the investigation;
5. Require from the announcer of information relating to the mission of the Financial Market Council to present any materials, proving allegations and indications, given in the advertisement and the method

chosen to present it. The investigators may also require the announcer, the advertising agency or the publishers of the advertisement to give them the information published.

6. To summon and hear any person who may give them information relating to their mission.

Article 38

The investigators and any other party having access to the file of the case being investigated are bound to professional secrecy. The provisions of article 254 of the Penal Code apply.

Article 39

To ascertain whether any of the infractions defined in article 81 of the present law have been committed and after having carried out investigations in accordance with conditions specified in articles 36, 37 and 38 above, investigators may summon for a hearing the concerned persons or any other person who may provide relevant useful information for the case under investigation. The notification shall be done by registered letter with acknowledgment of receipt.

Minutes of the hearings are drawn up and signed by two investigators appointed by the Financial Market Council who must identify themselves and present their credentials at the beginning of the proceedings.

All minutes must contain the official stamp of the department to which the investigators belong and the declarations of the person heard or his refusal to make any statement.

The person heard may be assisted by a counsel of his choice at this stage of hearing and at the stage of the establishment of the official report. The person heard during the establishment of the official report must sign it. If the official report is established in his absence or if he refuses to sign it, a mention indicating this fact should be added to the minutes.

The minutes must also indicate the date, the place where the proceedings have taken place, the nature of observations or checks carried out and indicate that the person interrogated had been informed of the date and place of the hearing and that notification had been served to him by registered letter with acknowledgment of receipt, except for cases of flagrant offense.

Minutes conforming to the conditions stated above are transmitted by the Financial Market Council to the Public Prosecutor at the Court of First Instance of Tunis accompanied by the requests.

Article 40

The Financial Market Council may order any person to put an end to practices which are contrary to its regulations when such practices:

- Alter the functioning of the market;
- Give an unjustified advantage to interested parties that they would not have obtained under normal

market conditions;

- Violate the principle of equal access to information or equal treatment for all savers or their interests;
- Allow security issuers and savers to take illicit advantages of brokers who behave in a manner contrary to their professional obligations.

The Financial Market Council, at a meeting of its college held for this purpose, may, after respect of the procedures guaranteeing the rights of defense, impose a fine on the authors of these practices, a fine that may not exceed 20 000 dinars to be paid to the Public Treasury. When profits have been made, the fine may be equal to five times these profits, the final amount is determined in the light of the gravity of the offense and of the advantages or profits derived thereof.

The interested parties may be present or represented at the above mentioned meetings.

The Financial Market Council may further order the interested parties to publish, at their own expense, the punitive measures taken against them. It specifies the newspapers where these penalties should appear and grants them 15 days for execution beginning with the date of its order.

Decisions of the Financial Market Council are justified and may be appealed before the Court of Appeal of Tunis.

The payment of the fine to the Public Treasury terminates the public action.

The payment of the fines is done by payment orders established by the President of the Financial Market Council or by his legal representative and made enforceable by the President of the Court of First Instance of Tunis.

Article 41

The Financial Market Council holds disciplinary powers against:

- The Tunis Stock Exchange, its executives and its personnel;
- The Company of Deposit, Clearing and Settlement of securities, its executives and its personnel;
- Brokers, individuals or legal entities, their executives and all personnel under their authority;
- Managers, administrators and depositors of funds and assets of mutual funds and persons working under their authority.

Article 42

Any infraction of laws and regulations and any violation of professional rules and practices applicable to persons identified in article 41 of the present law, leads to a penalty imposed by the College of the Financial Market Council acting as a disciplinary body.

A penalty may be a formal warning, or a formal reprimand, but for persons other than the Tunis Stock Exchange and The Company of Deposit, Clearing and Settlement of securities, the penalty may be the temporary or the permanent prohibition of the entire activity or only a part of it and, if necessary the

withdrawal of the approval.

The person called to appear before the disciplinary council is summoned by registered letter with acknowledgment of receipt at least eight days before the date planned for the holding of the council. He can obtain copies of the file if requested.

No penalty is pronounced without the person involved or his duly appointed representative being given an opportunity to be heard or without having been duly notified to appear. The person involved may be assisted by a counsel of his choice.

The disciplinary Council meets at the request of its president, or at the request of the Government Commissioner (a representative from the Ministry of Finance) appointed to the Tunis Stock Exchange and identified in article 66 of the present law, or by half of the number of its members.

Decisions of the disciplinary council are justified and may be appealed before the Court of Appeal of Tunis.

Article 43

The President of the Court of First Instance of Tunis may, if presented with a justified request made by the President of the Financial Market Council, order the urgent seizure of or, if necessary, the imposition of seals on funds, transferable securities, securities or rights, wherever they are, belonging to persons considered suspects by the President of the Financial Market Council. The President of the Court may order under the same conditions a temporary injunction on professional activity.

The President of the Court of First Instance of Tunis may, if presented with a justified request made by the President of the Financial Market Council, issue an urgent order to the suspected offender to post bond. He then fixes the amount of the sum to be consigned and the time limit of consignment.

In case of indictment of the consignee, articles 90 and 91 of the Code of Penal Procedures are applied to the money posted.

Article 44

The President of the Court of First Instance of Tunis may, if presented with a justified request made by the President of the Financial Market Council, issue an urgent order to any person who is acting contrary to laws and regulations and may violate the rights of owners of transferable securities and financial products offered by public shareholding, to put an end to such actions.

He may also, for the same reasons and under the same conditions, issue an urgent order to such persons to respect the laws and regulations.

The president of the Court of First Instance may impose any precautionary measures to ensure full compliance with his orders.

Article 45

The President of the Court of First Instance of Tunis may, if presented with a justified request made by the President of the Financial Market Council, issue an urgent order dismissing the auditor appointed by the general meeting of public shareholding companies and of mutual funds and to designate another one in accordance with procedures contained in article 83 of the Code of commerce.

In such cases the court-designated auditor remains in function until the designation of another one by the competent authorities.

Article 46

The Financial Market Council may, within the framework of its mission, collaborate with foreign organisms having similar attributions and sign agreements with such entities after approval of the competent Tunisian authorities.

CHAPTER 3

Functioning of the Financial Market Council

Article 47

The president and the members identified in article 25 of the present law constitute the College of the Financial Market Council.

Article 48

The College is the authority entitled to carry out the missions of the Financial Market Council.

It carries out or authorizes all acts and operations relating to its mission.

It approves brokers and designates among them those who are authorized to be market makers and those who may carry out the counterparty.

It pronounces penalties specified in articles 40 and 42 of the present law.

It ensures the control of Tunis Stock Exchange, brokers, The Company of Deposit, Clearing and Settlement of securities, and ensures the supervision of mutual funds.

It adopts regulations relevant to the area of competence of the Council and it establishes, in particular the Stock Exchange General Rules.

It decides on petitions and complaints and gives its opinion to competent judicial authorities on the cases specified in article 86 of the present law.

It approves the prices of subscriptions and repurchasing of Tunis Stock Exchange shares and appoints

experts for their assessment.

It gives its opinion on the statutes of the brokers' association.

It approves the Floor Rules of Tunis Stock Exchange.

It may oppose decisions taken by the Tunis Stock Exchange relating to the trading of financial products and to the admission of transferable securities and financial products to the Stock Exchange official list or their de-listing.

It fixes the percentage of variation of voting rights indicated in article 11 of the present law.

The College studies investigation reports and decides on follow up actions and examines cases that call for the imposition of pecuniary or disciplinary penalties.

The College issues the staff regulations of the Financial Market Council, prepares the budget and decides the acceptance or the refusal of the subsidies or grants proposed by national or foreign organisms after gaining the approval of competent authorities.

The College gives its opinion on questions submitted to it by the Minister of Finance.

Article 49

The College meets at the invitation of the President of the Financial Market Council or at the request of half of its members at least once every two months and whenever deemed necessary.

It deliberates and adopts its decisions by a majority vote of members present. In case of equal votes, the vote of the President prevails.

Decisions of the College are considered legally valid by the presence of the majority of its members.

Article 50

The President chairs the meetings of the College.

In the absence of the President, the chair reverts, in order of priority to the judge of third degree, to the Administrative Court counsellor, or to the Financial Court counsellor.

The President of the Financial Market Council undertakes the organization and the management of the administrative departments of the Financial Market Council; he may be assisted in that task by a secretary general or a director working directly under his authority.

The President represents the Financial Market Council in all civil, administrative and judicial acts and in its relations with third parties.

The President notifies the interested parties of the decisions taken under article 30 of the present law and reports to them the decisions taken in conjunction with articles 40 and 42 of the present law.

The notification is done by telegram, telex, fax, or any other method leaving a hard copy.

He petitions the President of the Court of First Instance of Tunis in accordance with the provisions of

articles 43, 44 and 45 of the present law and informs the Public Prosecutor when the alleged actions have a penal character.

The President issues payment orders made enforceable by the Minister of Finance.

By delegation from the College of the Financial Market Council, the president has authority over the entire personnel of the Financial Market Council; he recruits and dismisses staff members and appoints them to various positions conforming to the Financial Market Council's staff regulations. By delegation from the College of the Financial Market Council, the president determines salaries and fringe benefits for the permanent staff conforming to staff regulations and determines, if necessary, salaries and benefits for outside collaborators.

He authorizes receipts and expenditures.

He may take the responsibility to delegate his signature to an agent working under his authority.

He submits an annual report on the activity of the Financial Market Council to the President of the Republic.

Article 51

By delegation from the College of the Financial Market Council, the president may:

- Initiate investigations, empower investigators and transmit decisions of prosecution;
- Petition the President of the Court of First Instance of Tunis to issue temporary prohibitions on professional activity, to order seizures, to order bond posting and to dismiss auditors;
- Send injunctions to persons implicated in the practices defined in article 40 of the present law;
- Approve prospectuses under conditions provided for in article 2 of the present law and order the publication of corrections as provided for in article 32 of the present law;
- Determine the admissibility of public offers;
- Order Tunis Stock Exchange to suspend the trading on a market or to suspend the trading of a transferable security or a financial product or oppose the suspension when such a decision emanates from Tunis Stock Exchange;
- Establish links of cooperation with foreign organisms defined in article 46 of the present law and follow up the implementation of agreements emanating from such reports.

Article 52

In cases of emergency the President of the Financial Market Council is entitled to take decisions that normally fall under the competence of the College provided that he submits such decisions for approval at the next meeting of the College.

If the College fails to approve a decision, it has no further effect.

Article 53

The administrative and technical structures of the Financial Market Council shall constitute its departments.

These departments provide secretarial services for the Council and carry out day-to-day business. They prepare and research cases, prepare studies and follow up assignments ordered by the President and the College. They keep and maintain the files, registers and documents of the Financial Market Council in addition to other documents legally remitted or addressed to the latter.

All personnel employed by the departments of the Financial Market Council are bound to professional secrecy.

All personnel employed by the departments of the Financial Market Council are subject to the provisions of the law n° 85-78 of August 5, 1985 issuing the General Statute of employees of offices, public establishments with an industrial and commercial nature and of companies whose capital is wholly and directly held by the State or by local public collectivities, except those dealt with in chapter 8 of that law.

CHAPTER 4

Appealing the Financial Market Council's decisions

Article 54

Decisions of the Financial Market Council, other than regulatory decisions, may be appealed before the Court of Appeal of Tunis.

Decisions remain in effect during the appeal process. However, the President of the Court of Appeal of Tunis may defer the execution of a decision under appeal if it is determined that such a decision may have irreversible consequences.

PART III

OPERATORS IN THE MARKET MANAGEMENT

CHAPTER 1

The Brokers

Article 55

Brokers are the only agents to the exclusion of any other persons to trade and to register transferable securities, rights attached thereto and financial products on the Tunis Stock Exchange. They may also carry out activity related to these missions.

The profession of broker is incompatible with any other professional activity and is full-time.

Article 56

Brokers may, under conditions fixed by decree issuing the statute of the brokers, carry out the following activities:

- Financial counselling;
- Financial canvassing;
- The individual management of portfolios;
- Management of portfolios on behalf of mutual funds;
- Investment in transferable securities and financial products;
- Guarantee procedures of security in case of issuing on behalf of private or public companies;
- The counterparty;
- Acting as market makers;
- Offer emergency loans to companies in exchange for a block of its shares which the company buys back at a later date "portage",
- Individual management of portfolios and "portage" may be concluded only under the terms of a written agreement.

Article 57

Brokers are approved by the Financial Market Council after consulting the brokers' association provided for in article 61 of the present law.

The withdrawal of approval or its suspension is decided by the Financial Market Council after consulting the brokers' association.

Brokers must be Tunisian nationals. They may be individuals or specialized companies in the form of a public limited company.

Article 58

Brokers must offer sufficient guarantees concerning their organization, their technical and financial means, the rectitude and experience of their administrators and the measures at their disposal to protect the interests of their clients.

The nature and extent of each guarantee, rules governing the granting, the withdrawal and the suspension of brokers' approval as well as rules needed to control the activity of brokers are fixed by a decree on the broker's statute.

Article 59

Brokers are responsible to their clients for the delivery and payment of what they buy and sell on the

market.

Article 60

Brokers and staff working under their authority are bound to professional secrecy. They must act loyally and impartially and the interests of their clients should at all times prevail over their own.

Article 61

Brokers shall form an association that represents them collectively in order to ensure their rights and protect their common interests, to give its opinion on questions relating to the profession and to make proposals for the development of the financial market. Its statutes are approved by the Minister of Finance after consulting the Financial Market Council.

This association is called the brokers' association and every broker must be member thereof.

Article 62

Brokers must constitute a guarantee fund to protect clients of the market of transferable securities and financial products against non- commercial risks.

The conditions for setting up, organizing and functioning of the fund, the contribution of brokers and other operators as well as the conditions and limits of intervention of the fund are specified by decree of the Minister of Finance.

CHAPTER 2

Tunis Stock Exchange

Article 63

Brokers must form a public limited company having for its mission the management of the transferable securities market. Its headquarters is in Tunis. It is called "Tunis Stock Exchange".

It is governed by regulations adopted by the Financial Market Council and by the provisions of the Code of commerce whenever the present law does not contain stipulations contrary thereto.

The minimum value of its capital is fixed by decree of the Minister of Finance, which is exclusively subscribed, completely released in cash, divided equally, and permanently held by the brokers, except when a special derogation is granted by the Minister of Finance to individual brokers.

When a broker quits the Tunis Stock Exchange for some reason, his shares in the capital are obligatorily bought by the remaining brokers and divided equally among them, except for derogation provided for in subparagraph 3 of the present article.

When a new broker is admitted to the Tunis Stock Exchange, the capital of the company is increased to the amount of its participation, except derogation provided for in the third subparagraph of the present article.

The prices of subscription and the repurchase of shares of the company are approved by decision of the Financial Market Council based on a report submitted by its experts designated for that purpose.

Article 64

The draft statutes of the Tunis Stock Exchange as well as any amendments made later to the final text, must be approved by the Minister of Finance after consulting the Financial Market Council.

Article 65

Administrators of the Tunis Stock Exchange are appointed on the recommendation of the Minister of Finance who may also dismiss them upon receiving a justified report from the Government Commissioner and appoint their substitutes among shareholders until the election of new administrators.

Article 66

A Government Commissioner (a representative from the Ministry of Finance) designated by the Minister of Finance is appointed to the Tunis Stock Exchange with the mission of insuring respect of the legal and regulatory measures and of the provisions provided for in Tunis Stock Exchange statutes.

He is called to attend all the meetings of the bodies of deliberation and management of the Tunis Stock Exchange. All decisions adopted are communicated to him before implementation.

He may suspend the execution of any decision or measure that he deems contrary to law or to regulation and refer the case to the competent authority within three working days.

If at the expiration of this deadline the competent authority fails to cancel the suspension or to extend it for another period, the suspended decision or measure enters into effect.

The Government Commissioner informs the competent authority of any deficiency or default of the operators in the market during the course of their missions.

The Government Commissioner performs his function full time at the Tunis Stock Exchange.

Article 67

Brokers pay an annual fee to the Tunis Stock Exchange for using common services, proportional to the volume of transactions carried out by each one of them. The amount and the mode of payment of the fee are determined by the Tunis Stock Exchange's Board of directors.

The operations traded by brokers on behalf of their clients lead to the payment of commissions by the buyer and the seller to Tunis Stock Exchange. The amount of such commissions cannot exceed the maximum rate fixed by decree of the Minister of Finance.

Brokers acting as market makers or carrying out the activity of counterparty pay the Tunis Stock Exchange a commission proportional to the spread; the rate and the mode of payment of the said commission are fixed by decree of the Minister of Finance.

The operations registered at the Tunis Stock Exchange without trading lead to payment by the seller and the buyer, of a commission to the Stock Exchange, calculated on the basis of a schedule fixed by decree of the Minister of Finance.

Tunis Stock Exchange levies a commission of admission and an annual listing commission on transferable securities and financial products admitted to the Stock Exchange official list, paid by the issuing organisms, the rates and the mode of payment of these commissions are fixed by decree of the Minister of Finance.

Article 68

In addition to missions conferred on it by laws, regulations and its statutes, Tunis Stock Exchange is basically in charge of:

1. Setting up the technical and administrative structures required to set up the market and for carrying out transactions under materially and legally secure conditions and in due diligence;
2. Deciding on the admission and the introduction of transferable securities and financial products to the Stock Exchange official list and their de-listing ,deciding on the trading of financial products on its markets, except when such decisions are opposed by the Financial Market Council;
3. Registering the completed transactions and the prices established on its markets;
4. Suspending the market quotation or the quotation of a particular transferable security or financial product whenever there is a technical risk or a risk relating to financial information or to unusual variations in security prices; and communicating this decision without delay to the Financial Market Council;
5. Publishing all information on transactions and prices, notices and official statements the publication of which is required by laws or regulations;
6. Overseeing that all transactions carried out on the market conform to laws and regulations currently in force;
7. Informing the Financial Market Council of any illegal transactions, practices, documents, actions or facts, as soon as they occur;
8. Establishing Floor Rules and submitting them to the Financial Market Council for approval;
9. Managing the Guarantee Fund set forth in article 62 of the present law;
10. Submitting to the Financial Market Council proposals and opinions on questions falling under its jurisdiction and relating to the development of the market.

Article 69

The Minister of Finance and the Financial Market Council may order the Tunis Stock Exchange to declare a financial product tradable on its markets.

Article 70

Except for cases of succession, all transactions on transferable securities and rights attached thereto issued by public shareholding companies and organisms and financial products declared to be tradable on the Stock Exchange must be carried out on a trading market under the conditions specified in the Stock Exchange General Rules. However, the following transactions are registered without trading under conditions fixed by the Stock Exchange General Rules:

- Between husband and wife , parents and descendants up to the third degree;
- Between two companies one of which holds directly at least 34% of the capital of the other;
- Between a legal entity other than a company and a company when the legal entity holds directly at least 34% of the capital of the company;
- Between two individuals or two legal entities when the transaction is included in an agreement other than a simple sale contract and constitute an essential element of this agreement ;
- Between parties to an agreement of” “portage” when copies of this agreement are deposited simultaneously with the Financial Market Council and with the Tunis Stock Exchange as soon as legal formalities for establishing this agreement are completed;
- Between two shareholders, when the transaction is relating to shares intended to be used as guarantee of management required from the administrators.

Also registered on the Stock Exchange without trading are the transactions pertaining to the restructuring of public companies where the State is the only shareholder or a majority shareholder provided that the competent authority notifies the Stock Exchange of these transactions.

Article 71

Except for cases of succession, all transactions on transferable securities and rights attached thereto issued by private shareholding companies and organisms are registered at the Tunis Stock Exchange by brokers under conditions provided for in the Stock Exchange General Rules.

Insofar as the present law is concerned, such registration is done by inscription, on registers held for this purpose by the Stock Exchange, of transactions carried outside the Tunis Stock Exchange markets, according to conditions of price, payment and guarantee agreed by the contracting parties.

However transferable securities issued by private shareholding companies are traded at the request of the sellers or the buyers concerned by the market advantages under conditions fixed by the Stock

Exchange General Rules.

Article 72

All the transfers resulting from the trading and the registration of transferable securities and financial products are indicated on a certificate of trading or a certificate of registration delivered by the Tunis Stock Exchange to the concerned broker.

Article 73

All transactions carried out in violation of articles 70 and 71 of the present law are null and void.

Article 74

The issuing organisms of transferable securities and financial products as well as organisms acting on their behalf as transfer agents shall, in accordance with the law and regulations, ask for the trading certificate or the registration certificate provided for in article 72 above, before the registration of any property transfer on their registers or on any other equivalent document.

Article 75

Tradable transactions take place:

- Either on an exchange, organized in different markets according to criteria defined by the Stock Exchange General Rules, where transferable securities, financial products and rights attached thereto are admitted for permanent trading.
- Or on markets reserved for trading transferable securities, financial products and rights attached thereto which are not admitted for trading on the Stock Exchange.

The Conditions for the setting up, organizing and functioning of various markets and the admission requirements of transferable securities, financial products and rights attached thereto are fixed by the Stock Exchange General Rules.

Transferable securities issued by the State and by local public collectivities are admitted automatically and permanently for trading on one of the markets of the Stock Exchange upon a request of the Minister of Finance.

Article 76

In case of vacation or deficiency, voluntary or involuntary, that prevents the Tunis Stock Exchange from accomplishing its missions, the Minister of Finance issues the measures to be taken under such circumstances by decree.

CHAPTER 3

The Company of Deposit, Clearing and Settlement of securities (Tunisian Central Securities Depository)

Article 77

Brokers shall set up a Company of Deposit, Clearing and Settlement of securities in the form of a public limited company; its capital may be open for membership to organisms authorized by the Minister of Finance.

The statutes of the Company of Deposit, Clearing and Settlement of securities are approved by the Minister of Finance.

Article 78

The Company of Deposit, Clearing and Settlement of securities may accept transferable securities for deposit by virtue of contracts established for that purpose.

Upon receiving transferable securities for deposit the Company of Deposit, Clearing and Settlement of securities opens separate accounts in the respective names of the issuing company, the owner of the transferable securities and the brokers. The accounts keep track of the number of transferable securities deposited with the aforesaid company and the number of transferable securities in the custody of their owners.

It registers the pledges and oppositions or any other charges on transferable securities and rights attached thereto.

The provisions of articles 689 to 697 of the Code of commerce are applicable to the Company of Deposit, Clearing and Settlement of securities.

The aforementioned company is also in charge of operations relating to settlement and payment of transactions carried out on the Stock Exchange.

Article 79

In addition to transferable securities delivered to their owners, the issuing companies must deposit with the Company of Deposit, Clearing and Settlement of securities, transferable securities admitted to the Stock Exchange official list in the form of a single certificate representing all the admitted securities.

The Owners of transferable securities, whether or not such securities are listed on the Stock Exchange, may give their securities to the Company of Deposit, Clearing and Settlement of securities for safekeeping, or authorize this company to collect such securities from the issuer (Company or organism), to obtain receipts or other documents in replacement of such securities so that this company may have custody of

these securities and documents on behalf of their rightful owners.

In both cases the rightful owners of transferable securities deposited with the Company of Deposit, Clearing and Settlement and those who may subsequently become owners may withdraw the securities and hold them in their own custody.

Article 80

The broker “seller” must deposit the transferable securities that he is offering for sale on the trading markets with the Company of Deposit, Clearing and Settlement of securities or deposit in his account held by this company similar securities and rights attached thereto, before the execution of the sale order on the market.

PART IV INFRACTIONS AND PENALTIES

Article 81

A fine of 1 000 to 10 000 dinars shall be imposed on persons who, in the course of their work or their professional activity become privy to confidential information on the situation or the perspectives of an issuer offering securities to the public or on the perspectives of development of a security or a financial product offered by public shareholding, and use that information personally or through proxy to make one or several transactions before that information is made public through legal and regulatory channels.

If a profit is made, the amount of the fine may be increased up to five times the value of the gain and in all cases the fine shall not be less than the profit made.

The same penalties set forth in the first paragraph of the present article are imposed upon anyone who knowingly disseminates to the public through any means and channel, a misrepresentation on the situation or the perspectives of an issuer offering securities to the public or on the perspectives of development of a transferable security or a financial product offered by public shareholding, when such misrepresentation has an effect on the prices of securities.

The same fines specified in the first paragraph of the present article shall be imposed upon anyone who, directly or through proxy, knowingly manipulates or attempts to manipulate a transferable security or a financial product offered by public shareholding in order to block the normal functioning of the market or to induce others in error.

A fine of 1 500 to 15 000 dinars shall be imposed on anyone who, in the course of his work or his professional activity becomes privy to confidential information on the situation or the perspectives of an issuer offering securities to the public or on the perspectives of development of a transferable security or a financial product offered by public shareholding, divulges and communicates such information to a third party outside the normal framework of his functions.

Article 82

A fine of 500 to 2 000 dinars shall be imposed upon the chairmen, the general managers, the administrators and the brokers, who knowingly issue, propose the subscription or put on sale transferable securities or financial products of a public shareholding company without observing the formalities provided for in article 2 of the present law.

The provisions of article 40 of this law are applicable to chairmen ,general managers , the Presidents of the Board of management and single generals managers who do not respect the obligations provided for in articles 3, 3 (A) , 3 (B), 3 (C), 3(D) ,4, 21, 21 (A) and 21 (B) of the present law.

Article 83

When a transaction takes place , the seller, the buyer , and the drafter of the contract or the equivalent document , who do not respect the provisions of articles 70 and 71 of the present law , are liable to a fine equal to the value of the securities transferred.

A fine of 500 to 2000 dinars shall be imposed on the legal representatives of the companies and upon transfer agents acting on behalf of these companies who register the transfer of rights attached to transferable securities on a transfer register or an equivalent document without observing the provisions of article 74 of the present law.

Legal representatives of a company are bound, in case of non observation of provisions contained in articles 19 and 88 of the present law, to pay a fine equal to the price of shares purchased.

The notification of the infringements, the obligation of payment of fines and their collection are subject to the formalities of fiscal registration.

Article 84

Anyone who knowingly obstructs the work of investigators in the course of their missions shall be sentenced to either imprisonment from sixteen days to six months or a fine of 500 to 2 000 dinars or both.

Article 85

The penalties stipulated in article 84 of the present law may be pronounced against anyone who knowingly obstructs the execution of an order issued by the President of the Court of First Instance according to article 44 of the present law.

Article 86

The competent judicial authorities in charge of adjudicating cases of infractions provided for in article 81 of the present law may at any stage of their proceedings consult the Financial Market Council.

PART V

DIVERSE PROVISIONS

Article 87

Transactions between non resident persons relating to transferable securities and financial products issued by non resident companies registered under Tunisian law are not subjected to the provisions of the present law. However, aforementioned companies must, without costs, declare these transactions to the Tunis Stock Exchange at the latest 15 days after their registration on their registers.

Non resident companies that offer securities to resident shall respect provisions contained in parts I and II of the present law.

Article 88

The subscription and the purchase by the company of its own shares are prohibited.

However, an extraordinary general meeting which decides a reduction of the capital non- justified by losses may authorize the Board of directors, for a determined period, to purchase a number of shares for their cancellation.

In this case, the capital is reduced to the amount of shares actually purchased. The purchased shares must be cancelled within three months of the date of the end of the purchasing operation.

Cancellation is indicated on the back of the bearer security and on transfer registers for nominative securities.

Deposited securities are cancelled by indicating cancellation on the accounts open with the depository and by withdrawing these securities and to apply the above mentioned subparagraph.

The provisions of the present article are not applicable to the investment companies with variable capital.

Article 89

All previous provisions contrary to the present law have been amended and in particular the law n° 89-49 of March 8, 1989 relating to the Financial Market.

However, until the establishing of the Financial Market Council, the Tunis Stock Exchange and the Company of Deposit, Clearing and Settlement of securities, within one year starting from the promulgation of the present law, the Stock Exchange and the Quotation Committee continue to carry out the missions conferred to them by the law n° 89-49 of March 8, 1989 relating to the Financial Market.

Moreover, as the present law comes into force and until the Financial Market Council is set up, the Stock Exchange carries out duties under the competence of the Financial Market Council according to the following conditions:

— The Stock Exchange Board carries out functions attributed to the College of the Financial Market

Council;

— The chairman of the Stock Exchange carries out functions attributed to the President of the Financial Market Council;

— Departments of the Stock Exchange carry out tasks attributed to the departments of the Financial Market Council.

The commissions on the Stock Exchange transactions and other operations as defined in the law n° 89-49 of March 8, 1989 continue to be levied and collected by the Stock Exchange under the same conditions of payment and privilege until subsequent texts relating to various fees and commissions specified by the present law come into force, and until the Financial Market Council and the Tunis Stock Exchange are set up.

Regulations and decisions approved by the Stock Exchange remain applicable until the publication of new regulations and decisions approved by the Financial Market Council and of new Floor Rules adopted by Tunis Stock Exchange.

Article 90

Transferable securities and rights attached thereto permanently listed on the Stock Exchange on the date of publication of the present law, are by right admitted to the market reserved for financial products and transferable securities and rights attached thereto, to be traded on this market permanently and brokers who have been approved and licensed prior to the date of publication of the present law continue by right to carry out functions attributed to them by the law n° 89-49 of March 8, 1989.

However, banks authorized to carry out the activity of brokers shall have one year from the date of publication of the present law to conform to the provisions of article 55 of this law.

Article 91

Shareholders of public shareholding companies, who at the date of publication of the present law, hold a number of shares or voting rights exceeding the thresholds defined in article 8 of the present law are bound to provide the declaration required by that article within six months.

Article 92

The French terms “agents de change”, “comité de la bourse”, “conseil de la Bourse” and “Bourse des valeurs mobilières” used in laws and regulations currently in force shall be replaced by, respectively, the terms “intermediaires en bourse” and “Conseil du Marché Financier” or “Bourse des Valeurs Mobilières de Tunis” according to their attributions as specified in the present law.

The Arabic translation of the terms “transferable securities”, “public shareholding companies” and “private shareholding companies” used in laws currently in force shall be changed to conform to the Arabic

version of the present law.

The expression “admitted to permanent list” shall be replaced by “admitted to the Stock Exchange official list” and the expression “occasional list” shall be replaced by “not admitted to the Stock Exchange official list”.

Article 93

Without prejudice to the provisions of article 89 of the present law, the State-owned institution created by the law n° 89-49 of March 8, 1989 relating to the Financial Market is hereby abolished and its property is transferred to the Financial Market Council.

If the Financial Market Council is dissolved, its property shall revert to the State.

The present law shall be published in the Official Journal of the Republic of Tunisia and implemented as a law of the state.

Issued on the 14th of November, 1994.