



## **INSIDER TRADING POLICY OF THE REXEL GROUP**

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## **INTRODUCTION**

This policy (hereinafter the "**Policy**") aims to outline the regulations applicable to Occasional Insiders<sup>1</sup> and Managers<sup>2</sup> with respect to the stock market.

The Policy aims to ensure compliance with the regulations and recommendations issued by stock market authorities with respect to the management of risks associated with holding, disseminating, or the potential use of Inside Information.

Rexel reminds those concerned that Occasional Insiders and Managers are individually responsible for complying and ensuring compliance with these regulations within the Rexel Group.

Therefore, Managers and Occasional Insiders must have knowledge of (i) the laws and regulations currently in force regarding insider trading, as well as the administrative or criminal sanctions to which they are exposed if they lack such knowledge, and (ii) the implementation of preventive measures to enable anyone to invest in Rexel Securities while complying with the rules in place to protect the market's integrity.

For additional information on the interpretation, the use, or the application of this Policy, please contact the Legal Department Director, also known as the "**Compliance Officer**," at the following address: [stock\\_market\\_deontology@rexel.com](mailto:stock_market_deontology@rexel.com)

**IMPORTANT: Every Manager or Occasional Insider is responsible for reading and complying with the terms of this Policy and, in particular, for personally ensuring that their investment activities or, generally, their Securities Transactions are carried out in full compliance with the law.**

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<sup>1</sup> It should be noted that Occasional Insiders also include Permanent Insiders (as these terms are defined hereafter in Article 1 of the Policy).

<sup>2</sup> As this term is defined in Article 1 of the Policy.

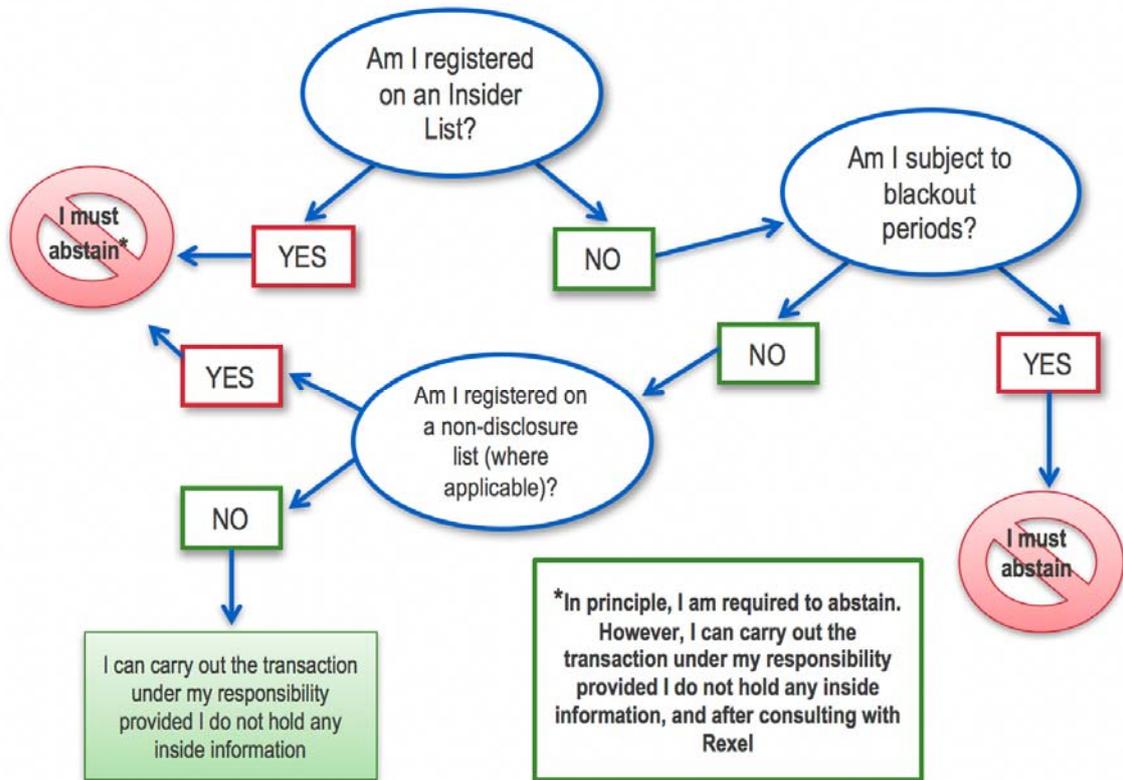


**SUMMARY OF OBLIGATIONS**

**What are my obligations?**

IN SHORT		
	OBLIGATIONS	SPECIFICS
1. I HOLD <u>INSIDE INFORMATION</u>	<b>Abstain from any and all Securities Transactions</b>	Section 2.2 of the Policy Section 2.1 of the Policy
	<b>Refrain from disseminating the information</b> outside the normal course of my work duties	
2. I HAVE <u>ACCESS TO INSIDE INFORMATION</u>	<b>Abstain from carrying out any Securities Transaction(s) during blackout periods</b>	Section 4.2 of the Policy
3. I AM A <u>MANAGER</u>	<b>Abstain from carrying out any Securities Transaction(s) during blackout periods</b>	Section 4.2 of the Policy
	<b>Statement of Securities Transactions</b> (including for persons with whom I am closely associated)	Section 5.1 of the Policy

**Am I eligible to carry out a Securities Transaction?**





## 1. DEFINITIONS

For the purposes of this Charter, the terms listed below will have the following meaning:

<b>AMF</b>	<i>Autorité des marchés financiers</i> (French financial markets regulator).
<b>Managers</b>	Managers (or "persons discharging managerial responsibilities") include Corporate Officers and Senior Executives.
<b>Rexel Group</b>	Rexel and all of its subsidiaries and equity interests included in the Group's scope of consolidation for accounting purposes.
<b>Inside Information</b>	<p>A specific piece of information that has not been released to the public, directly or indirectly concerning Rexel or the Rexel Group, or one or more Rexel Securities and which, if it were to be made public, could have a significant impact on the market price of Rexel Securities, it being specified that:</p> <ul style="list-style-type: none"><li>- information is considered "specific" if it references an existing set of circumstances, or a set of circumstances one could reasonably believe will exist, or an event that has occurred, or that one could reasonably believe will occur, and is sufficiently specific to enable someone to draw a conclusion regarding the potential impact of this set of circumstances or this event on the market price of Rexel Securities. In this respect in the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or that future event, and also the intermediate steps in that process that are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information. An intermediate step in a protracted process shall be deemed Inside Information if it inherently satisfies the set criteria for qualification as Inside Information:</li><li>- information which, if released to the public, could have a significant impact on the market price of the Rexel Securities is information that a reasonable investor could potentially use as part of his/her bases for making investment decisions;</li><li>- information can only be considered "public" if it is accessible to the public or was widely circulated to the public (i) via an official Rexel press release, (ii) via Rexel's website and/or the AMF's website, (iii) via a financial notice published by the press and prepared by persons duly authorized to speak in the name of Rexel, or (iv) via mass media coverage, thereby making the information accessible to the general public, provided this information is accurate and comprehensive.</li></ul>

Information can still be considered Inside Information irrespective of whether it directly or indirectly concerns one or more companies in the Rexel Group other than Rexel itself.



The publication, in the press or any other media, of rumors concerning information Rexel has not officially confirmed as outlined above, does not affect whether such information qualifies as Inside Information.

<b>Insider</b>	Any person who holds Inside Information.
<b>Occasional Insiders</b>	Persons with occasional access to Inside Information.
<b>Permanent Insiders</b>	Persons who, due to the nature of their job functions or title, have permanent access to all Inside Information.
<b>Corporate Officers (Mandataires Sociaux)</b>	(i) the Chairman/Chief Executive Officer, the Chief Executive Officer, or the Deputy Chief Executive Officer(s); and (ii) the members of Rexel's Board of Directors.
<b>Persons subject to blackout periods</b>	Managers and other persons with routine or occasional access to Inside Information who are required to comply with the blackout periods defined in Section 4.2 of the Policy.
<b>Senior Executives</b>	Persons who, on the one hand, have the requisite authority within the Rexel Group to take management decisions concerning Rexel or the Rexel Group's future positioning and strategy and, on the other hand, have routine access to Inside Information pertaining directly or indirectly to Rexel or the Rexel Group.
<b>Market Abuse Regulations (Règlement Abus de Marché)</b>	Regulation (EU) #596/2014 of the European Parliament and of the Council of April 16, 2014 on Market Abuse, as amended.
<b>Rexel Securities</b>	Rexel Securities include all of the following financial instruments:  (A) financial instruments admitted to trading or subject to a pending request for admission on a regulated market or a multilateral trading facility (MTF), or traded on an organized trading facility (OTF), including: <ul style="list-style-type: none"><li>- the shares and all other securities issued or to be issued by the Company and granting access to the share capital of the Company or one of the subsidiaries in the Rexel Group;</li><li>- bonds and all other debt instruments issued by the Company or one of the subsidiaries of the Rexel Group;</li><li>- rights that could potentially be stripped from these various securities and, in particular, preferential subscription or allocation rights; and</li><li>- units or shares held in collective investment schemes.</li></ul> (B) financial instruments for which the market price or value relies on the market price or value of the securities discussed in (A) or that have an impact on said market price or value.



**Securities  
Transactions**

- Any direct or indirect purchase or sale, on one's own behalf or on behalf of a third party, by any means whatsoever, of a Rexel Security (including any commitments to purchase or sell Rexel Securities, or subscriptions or purchases resulting from the exercise of stock options irrespective of whether they also involve the subsequent sale of said subscribed or purchased shares); and
- Any cancellation or modification of an order involving a Rexel Security, provided the order was submitted before the person in question was exposed to the Inside Information.



## **2. OBLIGATIONS ASSOCIATED WITH HOLDING INSIDE INFORMATION**

### **2.1 Obligations Concerning Non-disclosure and the Unlawful Dissemination of Inside Information**

Any person who holds Inside Information must:

- (a) refrain from sharing it with another person, including within the Rexel Group, if sharing this information does not fall within the typical scope of his/her work duties, profession, or functions; and
- (b) preserve the confidentiality of all Inside Information vis-à-vis any person, including within the Rexel Group, whose work duties or assignment does not require knowledge of such information.

### **2.2 Insider Trading Restriction**

Any person who holds Inside Information cannot:

- **use Inside Information** he/she holds to purchase or sell Rexel Securities, or to cancel or modify an order involving a Rexel Security to which said Inside Information pertains, whenever said order was submitted before the person in question received said Inside Information;
- **recommend** that another person carry out a Securities Transaction, or **induce** a person to carry out a Securities Transaction based on Inside Information; and
- **act on the recommendations or inducements** of a third party who holds Inside Information.

Insiders should also consider the risk to which they are exposed if Securities Transactions are carried out by any person holding Inside Information, whenever this person knows or ought to know that the information qualifies as Inside Information and, in particular:

- **friends and family** including, in particular, the persons closely associated with them as discussed in Section 5.1.1 of the Policy,
- and, generally, any and all persons who, due to the nature of their relationship with the Insider in question, could be suspected of using Inside Information he/she received from said Insider.

## **3. MARKET MANIPULATION RESTRICTION**

### **3.2 Dissemination of False or Misleading Information**

All persons must refrain from **disseminating information, or spreading rumors**, whether *via* the media (including the Internet) or any other means, that give or could potentially give **false or misleading representations** concerning the supply of, demand for, or the market price of Rexel Securities.

### **3.3 Manipulation of the Rexel Security's Market Price**

All persons must also refrain from completing any transaction, submitting any order, or behaving in any way that (i) gives or could potentially **give misleading representations** concerning the supply of, demand for, or market price of a Rexel Security or that sets or could potentially **set the market price of the Rexel Security at an abnormal or artificial level** or that (ii) affects the market price of the Rexel Security while relying on **fictitious processes** or any other form of deception or contrivance.



#### **4. OBLIGATIONS CONCERNING BLACKOUT PERIODS**

##### **4.2 Blackout Periods relative to the Publication of Financial Statements**

###### **4.2.1 Persons Concerned**

Without prejudice to the general abstention obligation described in Section 2.2 of this Policy, and in order to better prevent against Insider trading, Managers and other persons with routine or occasional access to Inside Information concerning Rexel or the Rexel Group (hereinafter collectively referred to as "**Persons Subject to Blackout Periods**") cannot complete Securities Transactions at the times defined below (the "**blackout periods**").

The Compliance Officer is required to provide advance notice to persons subject to said blackout periods.

###### **4.2.2 Periods Concerned**

All Persons Subject to Blackout Periods cannot directly or indirectly engage, on their own behalf or on behalf of third parties, in any Securities Transaction for a 30 calendar day period leading up to the publication date of the **annual, interim, or quarterly financial statements** or an **annual or interim financial report**, and ending on the **day after the publication** of the information in question.

The publication of a press release on the annual, interim, or quarterly results constitutes a public announcement of the corresponding financial statements or financial report.

The expected publication dates are set annually. The Compliance Officer is responsible for communicating them.

###### **4.2.3 Scope of the Restriction**

Managers can face sanctions for engaging in Securities Transactions during these blackout periods, even if they do not commit Insider Trading.

Other persons are also prohibited from engaging in Securities Transactions whenever they are subject to a blackout period, it being specified that violating this abstention requirement can be sanctioned in the event of insider trading.

###### **4.2.4 Exceptional Authorization**

Without prejudice to the market abuse restriction (refer to Sections 2 and 3 of this Policy), Rexel can authorize a Person Subject to Blackout Periods to carry out a Securities Transaction during the aforementioned restricted periods:

- a) either on a case-by-case basis due to the existence of exceptional circumstances, such as significant financial hardship requiring the immediate sale of Rexel shares; or
- b) due to the specifics of the trade in question, in the event of transactions carried out in the context or for the purpose of an employee shareholding scheme or savings plan, the completion of formalities or the exercise of rights attached to the Rexel shares, or transactions that do not require any change in the custody of the security in question.

These events are described in Article 9 of Delegated Regulation (EU) 2016/522 of 17 December 2015 provided in Appendix 1.

Said request must provide duly substantiated reasons and be sent to the Compliance Officer *via* email.

The person requesting this exceptional authorization must be prepared to demonstrate that the Securities Transaction in question cannot be carried out at any other time than during the blackout period. Furthermore, in the case discussed in paragraph (a) above, it is necessary to demonstrate that the planned sale is the only reasonable alternative for obtaining the necessary funds.

The Compliance Officer must respond via email within 3 business days. If the Compliance Officer fails to respond by this deadline, the request for exceptional authorization will be deemed rejected.



The Compliance Officer retains copies of all authorization requests received and responses sent, in accordance with the above-described guidelines.

#### **4.3 Specific Provisions Applicable to Free Shares**

In accordance with the terms of Paragraph I of Article L. 225-197-1 of the French Commercial Code, holders of free shares cannot sell them at expiration of their respective holding periods:

- (a) within **10 stock market trading days preceding and three stock market trading days following** the date on which the consolidated financial statements or, failing those, the annual financial statements, are released to the public;
- (b) from the date on which the corporate bodies of Rexel are exposed to Inside Information to the date occurring **10 stock market trading days after the date** on which this information is released to the public;

These rules are without prejudice to any other obligations imposed on beneficiaries of free shares (in particular, the obligation to abstain from trading when holding Inside Information or the requirement to comply with the blackout periods described above in Section 4.2).

#### **4.4 Quiet Periods**

Without prejudice to the non disclosure obligation discussed in Section 2.1 of the Policy, the Rexel Group has implemented a quiet period, corresponding to the 3-week period immediately preceding the publication of its annual, interim, or quarterly results, and during which Rexel, the Rexel Group, Managers, and Occasional Insiders cannot, generally, have any contact with the financial community.



## 5. MANAGER OBLIGATIONS

### 5.1 Manager Transactions Reporting Obligation

#### 5.1.1 Persons Concerned

The following persons are required to report the Securities Transactions they carry out:

- **Managers**; and
- persons **closely associated with Managers** ("**Related Person(s)**"), namely:
  1. the Manager's spouse, provided the couple is not legally separated, or his/her partner in a *pacte civil de solidarité* (French civil union agreement);
  2. children for whom the Manager acts as the legal guardian, or who reside at his/her home either habitually or during certain periods of the year, or for whom he/she has effective and permanent custody;
  3. any other blood relative or relative by marriage who has lived in the Manager's home for at least one (1) year as of the date of the transaction in question;
  4. any legal body or entity (particularly a trust, *fiducie* (form of trust under French law), or partnership) established under French or foreign law:
    - that is headed, administered, or managed by a Manager or an above-discussed Related Person acting in the interest of one such legal body or entity, or
    - that is directly or indirectly controlled by a Manager or an above-discussed Related Person, in the meaning of Article L. 233-3 of the French Commercial Code, or
    - that is created for the benefit of a Manager or an above-discussed Related Person, or
    - from which a Manager or an above-discussed Related Person derives at least more than half of the economic benefits.

#### 5.1.2 Reporting Obligation

Managers and Related Persons are required to report any Security Transaction<sup>3</sup> they have completed to both the AMF and Rexel no later than **3 business days (in other words, Monday through Friday) following the effective date of said Securities Transaction.**

The declaration must be completed online on the AMF's<sup>4</sup> extranet site, by filling out the form available on the site.

These declarations will eventually be released to the public via the AMF's site.

Managers and Related Persons are also required to send their declarations to the Compliance Officer and must also, upon the latter's request, disclose the number and type of Rexel Securities he/she holds, as well as any other relevant information pertaining to the holding of these Rexel Securities (such as, in particular, coupon stripping, commitments to buy or sell, pledging...).

#### 5.1.3 Exceptions to the Reporting Obligation

Insofar as the aggregate value of the transactions does not exceed EUR 20,000 in an ongoing fiscal year, the above-discussed reporting is not necessary<sup>5</sup>. The aggregate value of said transactions is defined as the sum of all transactions carried out by the Manager in question plus all transactions carried out on behalf of that Manager's Related Persons.

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<sup>3</sup> The laws describing the transactions triggering this reporting obligation are provided in Appendix 1.

<sup>4</sup> <https://onde.amf-france.org/RemiseInformationEmetteur/Client/PTRemiseInformationEmetteur.aspx>.

<sup>5</sup> Whenever these transactions involve financial instruments related to Rexel shares, this amount applies to the underlying instrument.



#### **5.1.4 List of Persons Subject to the Reporting Obligation**

Rexel compiles and updates the list of Managers and Related Persons and makes it available to the AMF.

Rexel notifies Managers regarding their obligations (blackout periods and Managers' reporting requirements). In turn, Managers must, in writing, notify those persons closely associated with them regarding their transaction reporting obligations and keep a copy of said notification.

#### **5.2 Registered Custody Obligation**

The Corporate Officers, as well as their spouses and dependents, must hold all of their Rexel Securities in registered form, in addition to any Rexel Securities they may purchase at a later date.<sup>6</sup>

Voting and dividend rights attached to the shares held by any person who has not satisfied the above-described obligations will be suspended until the situation is remedied.

#### **5.3 Hedging Restriction**

Rexel's Chairman/Chief Executive Officer, or Chief Executive Officer and Deputy Chief Executive Officer(s), as well as the members of its Board of Directors who benefit from free shares must refrain from resorting to transactions aimed at hedging the risk to which they are exposed relative to their free shares, until the expiration of the holding period applicable to the shares, as determined by the Board of Directors.

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<sup>6</sup> The list of persons subject to this obligation is detailed in Article L. 225-109 of the French Commercial Code, and includes: the Chairman, Chief Executive Officers, natural persons or legal entities acting as directors or members of the Supervisory Board, and permanent representatives of legal entities performing these duties within Rexel, as well as spouses who are not legally separated.



## **6. PROCEDURES IN PLACE WITHIN REXEL AND THE REXEL GROUP**

### **6.1 Insider List**

#### **6.1.1 Persons Whose Names Appear on the Insider List**

Rexel is required to compile and update a list of persons with access to Inside Information (the "**Insider List**"), and make it available to the AMF.

Each piece of Inside Information must have its own dedicated section that lists the persons with access to that information.

This list also includes a section on Permanent Insiders, as the case may be.

The Insider List specifies:

- the name of every person concerned and **personal information on each of them**: last name, first name, date of birth, home address, telephone numbers;
- their **job function** and/or the **reason why their names appears** on the list;
- the date and time at which that person **obtained access or no longer had access** to the Inside Information; and
- the date on which the **Insider List was created and last updated**.

The Insider List must be sent to the AMF electronically, as soon as possible upon request, in a format that protects the integrity of its contents. This list must be stored for at least 5 years after it is compiled or updated.

#### **6.1.2 Notifying the Persons Whose Names Appear on the Insider List**

The Company notifies Insiders *via* mail to inform them that their name was added to the Insider List, while attaching this Policy to the message, in order to make sure they are aware of their obligations and the sanctions they could face in the event of violation of this Policy.

Insiders must certify, in writing, that they received this message and undertake to comply with its terms.

#### **6.1.3 Significance of Appearing on the Insider List**

Any person whose name appears on the Insider List must refrain from carrying out Securities Transactions. In the event that a person appears on this list without having been exposed to Inside Information, the Compliance Officer's opinion may be sought prior to carrying out a Securities Transaction.

Conversely, a person whose name does not appear on the Insider List could potentially hold Inside Information. In this situation, the Compliance Officer's opinion may also be sought prior to carrying out a Securities Transaction.

These opinions, however, are for advisory purposes only, and the person in question must bear the full responsibility for his/her ultimate decision on whether or not carry out the Securities Transaction.

### **6.2 Non-Disclosure List**

Rexel can decide to compile a list of persons with access to confidential information that could potentially become Inside Information (e.g. a projected takeover).

Persons whose names appear on this list must, until this information is effectively released to the public or, failing said publication, until the date specified by Rexel, undertake not to:

- share this information with unauthorized third parties;
- engage in Securities Transactions, as the case may be.



### **6.3 Market Conduct**

Rexel's Compliance Officer must ensure compliance with the provisions of this Policy, it being specified that ultimately, each Manager or Occasional Insider is individually responsible for complying with applicable regulations.

In the context of his/her assignment, the Compliance Officer is notably responsible for:

- providing advance notice to the Persons Subject to Blackout Periods resulting from the publication of annual, interim and quarterly Rexel financial statements (please refer to Section 2.2 of this Policy);
- receiving and studying requests for exceptional authorization to trade during a blackout period (under the conditions described in Section 2.2 of the Policy);
- receiving declarations from Managers and Related Persons regarding their Securities Transactions (under the conditions defined in Section 3.5 of this Policy);
- compiling an Insider List including, as the case may be, a section on Permanent Insiders;
- notifying Insiders whenever their name is added to the above-mentioned Insider List;
- ensuring that the Insider List is updated, sending it to the relevant authorities upon their request, and storing it for at least five years as from its creation or most recent update;
- compiling and updating the list of Managers and Related Persons, which the Compliance Officer must send to the AMF upon request.

## **7. APPLICABLE SANCTIONS**

In the event of market abuse (insider trading, the unlawful dissemination of Inside Information, or market manipulation), criminal or administrative sanctions are applicable, based on the type of crime:

(i) Crimes (or the attempt to commit these crimes) are subject to **five years in prison and a EUR 100 million fine**, which could be raised to up to **ten times the amount of the benefit derived from the crime**, it being specified that the fine can never be lower than said benefit.

(ii) Insider trading can also result in a fine imposed by the AMF's Enforcement Committee (*Commission des sanctions*), the amount of which could reach **EUR 100 million or ten times the amount of profit generated, if any**.

The total amount of economic sanctions (administrative and criminal) that could be imposed on legal entities could be raised to 15% of total annual revenue or, as the case may be, consolidated revenue.

Lastly, an Insider's failure to comply with his/her aforementioned obligations could trigger disciplinary action taken within the Rexel Group.

The main applicable provisions can be found in Appendix 2.



## **APPENDIX 1 – Main Applicable Provisions**

### **1. Declarations by Managers**

#### **French Monetary and Financial Code**

##### **Article L. 621-18-2 (as amended in accordance with the Law dated 21 June 2016 (*Loi du 21 juin 2016*))**

I. - The individuals referred to in Subparagraphs a) to c) shall, under the conditions set forth in Regulation (EU) # 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (regulation on market abuse), which repeals Directive 2003/6/EC of the European Parliament and of the Council and Directives 2003/124/EC, 2003/125/EC, and 2004/72/EC of the Commission, disclose any transaction(s) mentioned in Article 19 of said Regulation to the *Autorité des Marchés Financiers*, and the AMF shall make said transaction(s) public, whenever such transactions are carried out by:

a) The members of the Board of Directors, the Management Board, the Supervisory Board, or the chief executive officer, the sole chief executive officer, the acting chief executive officer or said person's manager;

b) Any other person who, within the conditions set forth in the AMF's General Regulation, has the authority to, on the one hand, make management decisions for the issuer regarding its positioning and strategy and, on the other, also has routine access to Inside Information that directly or indirectly concerns said issuer;

c) Persons having close personal ties, as defined in a decree issued following consultation with the French Council of State (*Conseil d'Etat*), with the persons referred to in Subparagraphs a) and b).

When they inform the AMF pursuant to the first Paragraph, the Persons referred to in Subparagraphs a) to c) are also required to provide the issuer with a copy of the information sent to the *Autorité des Marchés Financiers*. The AMF's General Regulation define the terms and conditions applicable to reporting said information to the AMF, as well as the conditions under which the General Shareholders' Meeting must be informed of the transactions referred to in this article.

The AMF's General Regulation sets the threshold beyond which a transaction must be disclosed as well as the terms of conditions for applying this threshold.

#### **AMF General Regulation**

##### **Article 223-23**

Pursuant to the terms of the last Paragraph of Article L. 621-18-2 of the French Monetary and Financial Code, there is no obligation to disclose the transactions carried out by any of the persons referenced in the aforementioned Article provided the aggregate value of said transactions does not exceed **EUR 20,000** in the ongoing fiscal year. The aggregate value of said transactions is defined as the sum of all transactions carried out by the persons referenced in Subparagraph a) or b) of Article L. 621-18-2 of the French Monetary and Financial Code, plus all the transactions carried out on behalf of persons referenced in Subparagraph c) of said Article.

#### **Market Abuse Regulations (*Règlement Abus de Marché*)**

##### **Article 19 (as amended pursuant to the Regulation Corrigendum dated 21 October 2016)**

#### **Managers' Transactions**



1. Persons discharging managerial responsibilities, as well as persons closely associated with them, must notify the issuer or the emission allowance market participant and the relevant authority referred to in the second Subparagraph of Paragraph 2:

- a) issuers must notify every transaction conducted on their own behalf relating to the shares or debt instruments of that issuer or to derivatives or other financial instruments linked thereto;
- b) emission allowance market participants must disclose every transaction conducted on their own behalf relating to emission allowances, to auctioned products based thereon or to derivatives relating thereto.

Such notifications must be made promptly and no later than **three business days** after the date of the transaction.

The first Subparagraph applies once the total amount of transactions has reached the threshold set out in Paragraph 8 or 9, as applicable, within a calendar year.

2. For the purposes of Paragraph 1, and without prejudice to the right of Member States to provide for notification obligations other than those referred to in this Article, the persons referenced in Paragraph 1 must report any transactions carried out on their behalf to the relevant authorities.

The rules applicable to notifications, with which persons referred to in Paragraph 1 must comply, are the rules applicable in the Member State in which the issuer or emission allowance market participant is registered. Notifications are to be made within three business days of the transaction date to the relevant authority of that Member State. Whenever the issuer is not registered in a Member State, the notifications must be made to the relevant authority of the home Member State in accordance with point (i) of Article 2(1) of Directive 2004/109/EC or, in the absence thereof, to the relevant authority of the trading venue.

3. The issuer or emission allowance market participant must ensure that the information that is disclosed in accordance with Paragraph 1 is made public promptly and no later than **three business days** after the transaction in a manner which enables fast access to this information on a non-discriminatory basis in accordance with the implementing technical standards referred to in point (a) of Article 17(10).

The issuer or emission allowance market participant shall use such media as may reasonably be relied upon for the effective dissemination of information to the public throughout the Union, and, where applicable, it shall use the officially appointed mechanism referred to in Article 21 of Directive 2004/109/EC.

Alternatively, national law may allow for a relevant authority to release the information to the public.

4. This Article applies to issuers that:

- a) have requested or approved the admission of their financial instruments to trading on a regulated market; or
- b) in the case of an instrument traded exclusively on an MTF or an OTF, have approved trading of their financial instruments on an MTF or an OTF or have requested admission to trading of their financial instruments on an MTF.

5. Issuers and emission allowance market participants must, in writing, notify the person discharging managerial responsibilities of their obligations under the terms of this Article. Issuers and emission allowance market participants draw up a list of all persons discharging managerial responsibilities and persons closely associated with them.



Persons discharging managerial responsibilities must, in writing, notify the persons closely associated with them of their obligations under the terms of this Article and keep a copy of this notification.

6. A notification of transactions referred to in Paragraph 1 must contain the following information:

- a) the name of the person;
- b) the reason for the notification;
- c) the name of the relevant issuer or emission allowance market participant;
- d) a description and the identifier of the financial instrument;
- e) the nature of the transaction(s) (e.g. acquisition or disposal), indicating whether it is linked to the exercise of share option programmes or to the specific examples set out in Paragraph 7;
- f) the date and place of the transaction(s); and
- g) the price and volume of the transaction(s). In the case of a pledge whose terms provide for its value to change, this should be disclosed together with its value at the date of the pledge.

7. For the purposes of Paragraph 1, transactions that must be notified shall also include:

- a) the pledging or lending of financial instruments by or on behalf of a person discharging managerial responsibilities or a person closely associated with such a person, as referred to in Paragraph 1;
- b) transactions undertaken by persons professionally arranging or executing transactions or by another person on behalf of a person discharging managerial responsibilities or a person closely associated with such a person, as referred to in Paragraph 1, including where discretion is exercised;
- c) transactions made under a life insurance policy, defined in accordance with Directive 2009/138/EC of the European Parliament and of the Council ( 1 ), where:
  - i) the policyholder is a person discharging managerial responsibilities or a person closely associated with such a person, as referred to in Paragraph 1,
  - ii) the investment risk is borne by the policyholder, and
  - iii) the policyholder has the power or discretion to make investment decisions regarding specific instruments in that life insurance policy or to execute transactions involving specific instruments in that life insurance policy.

For the purposes of point (a), a pledge, or a similar security interest, of financial instruments in connection with the depositing of the financial instruments in a custody account does not need to be notified, insofar and for as long as such pledge or other security interest **is not intended** to secure a specific credit facility.

Insofar as a policyholder of an insurance contract is required to notify transactions according to this Paragraph, an obligation to notify is not incumbent on the insurance company.

8. Paragraph 1 applies to any transaction amount in excess of the initial aggregate amount of EUR 5,000, over the course of a single calendar year. The threshold of EUR 5,000 is calculated by adding without netting all transactions referred to in Paragraph 1.

9. A relevant authority may decide to increase the threshold set out in Paragraph 8 to EUR 20,000 and shall inform ESMA of its decision and the justification for its decision, with specific reference to market conditions, to adopt the higher threshold prior to its application. ESMA publishes the



list of applicable thresholds on its website in accordance with this Article and the justifications provided by relevant authorities concerning such thresholds.

10. This Article shall also apply to transactions carried out by persons discharging managerial responsibilities within any auction platform, auctioneer and auction monitor involved in the auctions held by virtue of Regulation (EU) # 1031/2010 and to persons closely associated with such persons, insofar as their transactions involve emission allowances, derivatives thereof or auctioned products based thereon. Those persons must notify their transactions to the auction platforms, auctioneers and auction monitor, as applicable, and to the relevant authority whenever the auction platform, auctioneer or auction monitor, as applicable, is registered. The auction platforms, auctioneers, auction monitor or competent authority release the notified information to the public in accordance with the terms of Paragraph 3.

11. Without prejudice to Articles 14 and 15, a person discharging managerial responsibilities for an issuer cannot conduct any transactions on his/her own behalf or on behalf of a third party, whether directly or indirectly, involving the issuers shares, or debt instruments, derivatives, or other financial instruments linked to them, for a closed 30 calendar day period before the announcement of an interim financial report or a year-end report that the issuer is required to release to the public in accordance with:

- a) the rules of the trading venue in which the issuer's shares are traded; or
- b) national law.

12. Without prejudice to Articles 14 and 15, an issuer may allow a person discharging managerial responsibilities within it to trade on its own behalf or on behalf of a third party during a closed period such as the one referred to in Paragraph 11:

- a) either on a case-by-case basis due to the existence of exceptional circumstances, such as significant financial hardship requiring the immediate sale of shares; or
- b) due to the specifics of the trade in question, in the event of transactions carried out in the context or for the purpose of an employee shareholding scheme or savings plan, the completion of formalities or the exercise of rights attached to the shares, or transactions that do not require any change in the custody of the security in question.

13. The Commission is duly authorized to adopt delegated acts in accordance with Article 35 specifying the circumstances under which trading during a closed period may be permitted by the issuer, as referred to in Paragraph 12, including any circumstances that would be considered exceptional and the types of transactions justifying the need for a trading authorization.

14. The Commission is duly authorized to adopt delegated acts in accordance with Article 35, specifying the types of transactions that would trigger the requirement discussed in Paragraph 1.

15. In order to ensure a uniform application of Paragraph 1, ESMA is responsible for developing technical implementation standards for the format and template based on which the information referred to in Paragraph 1 must be notified and released to the public.

ESMA must submit those draft technical implementation standards to the Commission by 3 July 2015.

The necessary powers for adopting the technical implementation standards discussed in the first subparagraph are hereby granted to the Commission in accordance with the terms of Article 15 of Regulation (EU) # 1095/2010.

## **Commission Delegated Regulation 2016/522 of 17 December 2015**

### **Article 8**



## Exceptional Circumstances

1. When deciding whether to grant permission to proceed with the immediate sale of its shares during a closed period, an issuer shall make a case-by-case assessment of the written requests it receives from persons discharging managerial responsibilities in accordance with Article 7(2). The issuer shall have the right to allow the immediate sale of shares only when the circumstances for such transactions may be deemed exceptional.

2. Circumstances referred to in paragraph 1 shall be considered to be exceptional when they are extremely urgent, unforeseen and compelling and where their cause is external to the person discharging managerial responsibilities and the person discharging managerial responsibilities has no control over them.

3. When examining whether the circumstances described in the written request referred to in Article 7(2) are exceptional, the issuer shall take into account, among other indicators, whether and the extent to which the person discharging managerial responsibilities:

a) is subject to any legally enforceable financial commitment or claim at the time he or she submits the request;

b) has to fulfill or is in a situation he or she entered into before the beginning of the closed period that requires the payment of a sum to a third party, including tax liability, and cannot reasonably satisfy a financial commitment or claim by means other than the immediate sale of shares.

## Article 9

### Characteristics of Trading During a Closed Period

The issuer shall have the right to allow the person discharging managerial responsibilities for the issuer to trade on its own behalf or on behalf of a third party during a closed period, particularly in circumstances where said person discharging managerial responsibilities:

a) had been awarded or granted financial instruments under an employee scheme, provided the following conditions are met:

i) the employee scheme and its terms have been previously approved by the issuer in accordance with national law and the terms and conditions of the employee scheme specify the timing of the award or the grant and the amount of financial instruments awarded or granted, or the basis on which such an amount is calculated, provided there is no room for discretion;

ii) the person discharging managerial responsibilities cannot use any discretion on whether to accept the awarded or granted financial instruments;

b) had been awarded or granted financial instruments under an employee scheme that takes place during the closed period, provided a pre-planned and organized approach is followed regarding the conditions, the frequency, the timing of the award, the group of authorized persons to whom the financial instruments are granted, and the amount of financial instruments to be granted, and that the award or grant of financial instruments takes place under a defined framework under which no inside information can influence the award or grant of financial instruments;

c) exercises options or warrants or converts convertible bonds assigned to him/her under an employee scheme, whenever the expiration date of such options, warrants or convertible bonds



falls during a closed period, as well as sales of the shares acquired pursuant to such exercise or conversion, provided all of the following conditions are met:

- i) the person discharging managerial responsibilities notifies the issuer of its choice to exercise or convert at least four months before the expiration date;
  - ii) the decision of the person discharging managerial responsibilities is irrevocable;
  - iii) the person discharging managerial responsibilities has received the authorization from the issuer prior to proceeding;
- d) acquires the issuer's financial instruments under an employee saving scheme, provided all of the following conditions are met:
- i) the person discharging managerial responsibilities has entered into the scheme before the closed period, except when it cannot enter into the scheme at another time due to the initial date of employment;
  - ii) the person discharging managerial responsibilities does not alter the conditions of his/her participation in the scheme or cancel his/her participation in the scheme during the closed period;
  - iii) purchases are clearly executed under the terms and conditions of the scheme and the person discharging managerial responsibilities has neither the right nor the legal authority to alter them during the closed period, or are planned in the context of the scheme to take place at a set date that falls during the closed period;
- e) transfers or receives, directly or indirectly, financial instruments, provided the financial instruments are transferred between two accounts of the person discharging managerial responsibilities and that such a transfer does not result in a change in price of said financial instruments;
- f) completes the formalities or exercises the rights attached to the issuer's shares, and the final date of this transaction, pursuant to the issuer's by-laws or internal rules, falls during the closed period, provided the person discharging managerial responsibilities provides an explanation for why this transaction could not have taken place at a different time, and the issuer is satisfied with the explanation given.

#### **Article 10 of Regulation (EU) 2016/522 of the Commission** **Notifiable Transactions**

[...]

2. Transactions subject to a reporting obligation include the following:

- a) acquisition, disposal, short sale, subscription or exchange;
- b) acceptance or exercise of a stock option, including a stock option granted to managers or employees as part of their remuneration package, and the disposal of shares stemming from the exercise of a stock option;
- c) entering into or exercising equity swaps;
- d) transactions in or related to derivatives, including cash-settled transactions;
- e) entering into a contract for difference on a financial instrument of the concerned issuer or on emission allowances or auction products based thereon;
- f) acquisition, disposal or exercise of rights, including put and call options, and warrants;
- g) subscription to a capital increase or debt instrument issuance;
- h) transactions in derivatives and financial instruments linked to a debt instrument of the concerned issuer, including credit default swaps;



- i) transactions dependent on the occurrence of specific conditions and the effective execution of the transactions;
- j) automatic or non-automatic conversion of a financial instrument into another financial instrument, including the exchange of convertible bonds to shares;
- k) gifts and donations made or received, and inheritance received;
- l) transactions executed in index-related products, baskets and derivatives, insofar as required under Article 19 of Regulation (EU) # 596/2014;
- m) transactions executed in shares or units of investment funds, including alternative investment funds (AIFs) referred to in Article 1 of Directive 2011/61/EU of the European Parliament and of the Council, insofar as required under Article 19 of Regulation (EU) # 596/2014;
- n) transactions executed by the manager of an AIF in which the person discharging managerial responsibilities or a person closely associated with such a person has invested, insofar as required under Article 19 of Regulation (EU) # 596/2014;
- o) transactions executed by a third party under an individual portfolio or asset management mandate on behalf or for the benefit of a person discharging managerial responsibilities or a person closely associated with such a person;
- p) borrowing or lending the issuer's shares, debt instruments, derivatives, or other financial instruments linked thereto.



## **2. Insider List**

### **Market Abuse Regulations (*Règlement Abus de Marché*)**

#### **Article 18 Insider List**

1. Issuers or any person acting in their name or on their behalf are required to:
  - a) draw up a list of all persons who have access to inside information and who are working for them under the terms of an employment contract, or otherwise performing tasks through which they have access to inside information, such as advisers, accountants or credit rating agencies (hereinafter the "insider list");
  - b) promptly update the insider list in accordance with paragraph 4; and
  - c) send the insider list to the relevant authority as soon as possible upon its request.

2. Issuers or any person acting in their name or on their behalf must take all reasonable steps to ensure that persons on the insider list acknowledge, in writing, the corresponding legal and regulatory commitments involved and are aware of the sanctions applicable to insider dealing and the unlawful dissemination of inside information.

Whenever another person acting in the name or on behalf of the issuer undertakes the task of drawing up and updating the insider list, the issuer remains fully responsible for complying with this Article. The issuer shall always retain a right of access to the insider list.

3. The insider list specifies, at the very least:
  - a) the identity of any person having access to inside information;
  - b) the reason for including that person on the insider list;
  - c) the date and time at which that person obtained access to inside information; and
  - d) the date on which the insider list was drawn up.
4. Issuers or any person acting in their name or on their behalf must promptly update the insider list, including the date of the update, under the following circumstances:
  - a) a change in the reason for including a person already on the insider list;
  - b) a new person has access to inside information and, as a result, needs to be added to the insider list; and
  - c) a person ceases to have access to inside information.

Each update shall specify the date and time at which the change triggering the update occurred.

5. Issuers or any person acting in their name or on their behalf must keep a copy of the insider list for at least five years after it is drawn up or updated.
6. Issuers, the financial instruments of which are admitted to trading on an SME growth market, are exempt from drawing up an insider list, provided that the following conditions are met:
  - a) the issuer takes all reasonable steps to ensure that any person with access to inside information acknowledges the legal and regulatory commitments involved and is aware of the sanctions applicable to insider trading and the unlawful disclosure of inside information; and
  - b) the issuer is able to provide the relevant authority, upon request, with an insider list.



7. This Article applies to issuers who have requested or approved the admission of their financial instruments to trading on a regulated market in a Member State or, in the case of an instrument traded exclusively on an MTF or an OTF, have approved trading of their financial instruments on an MTF or an OTF or have requested that their financial instruments be admitted to trading on an MTF in a Member State.

8. Paragraphs 1 to 5 of this Article also apply to:

a) emission allowance market participants, in relation to inside information on emission allowances concerning the physical measures taken by those emission allowance market participants;

b) any auction platform, auctioneer and auction monitor in relation to auctions of emission allowances or other auctioned products based thereon that are held pursuant to Regulation (EU) # 1031/2010.

9. In order to ensure uniform conditions of application of this Article, the ESMA shall develop draft technical implementation standards to determine the precise format of insider lists and the format for updating insider lists referred to in this Article.

ESMA must submit the draft technical implementation standards to the Commission no later than 3 July 2016.

The necessary powers for adopting the technical implementation standards discussed in the first subparagraph are hereby granted to the Commission in accordance with the terms of Article 15 of Regulation (EU) # 1095/2010.

## **Commission Implementing Regulation**

### **Article 2**

#### **Format for Compiling and Updating the Insider List**

1. Issuers, emission allowance market participants, auction platforms, auctioneers and auction monitor, or any person acting in their name or on their behalf, must ensure that their insider list is organized into separate sections corresponding to different types of inside information.

New sections are added to the insider list as new inside information is identified, as defined in Article 7 of Regulation (EU) # 596/2014.

Each section of the insider list shall only include the contact details of individuals having access to the type of inside information corresponding to that section.

2. The persons referred to in Paragraph 1 may add an additional section to their insider list, containing the contact details of individuals who have permanent access to all inside information (hereinafter "Permanent Insiders").

The contact details of Permanent Insiders included in the additional section referred to in the first Subparagraph are not included in the other sections of the insider list referred to in Paragraph 1.

3. The persons referred to in Paragraph 1 draw up and keep the insider list up to date in electronic format in accordance with Template 1 of Appendix I.

Whenever the insider list contains the additional section referred to in Paragraph 2, the persons referred to in Paragraph 1 are required to draw up and keep that section updated in electronic format in accordance with Template 2 of Appendix I.

4. The electronic formats referred to in Paragraph 3 shall, at all times, guarantee:



a) the confidentiality of the information on the list by ensuring that access to said list is restricted to clearly identified persons who are employees of the issuer, of the emission allowance market participant, of the auction platform, of the auctioneer and auction monitor, or any person acting in their name or on their behalf who requires such access due to the nature of their function or position;

b) the accuracy of the information provided on the insider list;

c) access to and the retrieval of previous versions of the insider list.

5. The insider list referred to in Paragraph 3 shall be submitted using the electronic means specified by the relevant authority. The relevant authorities publish on their website the electronic means to be used. These electronic means must ensure that the completeness, integrity and confidentiality of the information are maintained during the transmission.

\* \* \*



### **3. Market Abuse**

#### **3.1 Definitions**

#### **Market Abuse Regulations (*Règlement Abus de Marché*)**

##### **Article 7 Inside Information**

1. For the purposes of this Regulation, "inside information" includes the following types of information:

a) information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, could potentially have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments;

b) in relation to commodity derivatives, information of a precise nature, which has not been made public, relating, directly or indirectly to one or more such derivatives or relating directly to the associated spot commodity contract, and which, if it were made public, could potentially have a significant effect on the prices of such derivatives or related spot commodity contracts, and whenever this is information that is reasonably expected to be disclosed or is required to be disclosed in accordance with legal or regulatory provisions at the Union or national level, based on market rules, contracts, common practice or custom, or on the commodity derivatives markets or spot markets in question;

c) in relation to emission allowances or auctioned products based thereon, information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more such instruments, and which, if it were made public, could potentially have a significant effect on the prices of such instruments or on the prices of related derivative financial instruments;

d) for persons responsible for the execution of orders involving financial instruments, it also means information conveyed by a client and relating to the client's pending orders involving financial instruments, which is of a precise nature, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, could potentially have a significant effect on the prices of those financial instruments, the price of related spot commodity contracts, or on the price of related derivative financial instruments.

2. For the purposes of applying Paragraph 1, information shall be deemed to be of a precise nature if it indicates a set of circumstances that exists or that may reasonably be expected to come into existence, or an event that has occurred or that may reasonably be expected to occur, where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivative financial instrument, the related spot commodity contracts, or the auctioned products based on the emission allowances. In this respect in the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or that future event, and also the intermediate steps in that process that are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information.

3. An intermediate step in a protracted process shall be deemed to be inside information if it alone satisfies the criteria to be qualified as inside information as referred to in this Article.

4. For the purposes of Paragraph 1, information which, if it were made public, could potentially have a significant effect on the prices of financial instruments, derivative financial instruments, related spot commodity contracts, or auctioned products based on emission allowances shall qualify as information a reasonable investor could potentially use as part of the basis for his/her investment decisions.



In the case of participants in the emission allowance market with aggregate emissions or rated thermal input at or below the threshold set in accordance with the second Subparagraph of Article 17(2), information about their physical operations shall be deemed not to have a significant effect on the price of emission allowances, of auctioned products based thereon, or of derivative financial instruments.

5. ESMA issues guidelines to establish a non-exhaustive indicative list of information which is reasonably expected or is required to be disclosed in accordance with legal or regulatory provisions in Union or national law, market rules, contracts, common practice or custom, on the relevant commodity derivatives markets or spot markets as referred to in point (b) of Paragraph 1. ESMA diligently takes into account each of these markets' specificities.

### **Article 8 Insider Dealing**

1. For the purposes of this Regulation, insider dealing arises where a person possesses inside information and uses that information by acquiring or disposing of, on its own behalf or on behalf of a third party, directly or indirectly, financial instruments to which that information relates. The use of inside information for the purpose of cancelling or amending an order involving a financial instrument to which this information pertains, whenever the order was placed before the person concerned possessed the inside information, shall also qualify as insider dealing. In relation to auctions of emission allowances or other auctioned products based thereon that are held pursuant to Regulation (EU) # 1031/2010, the use of inside information will also include submitting, modifying or withdrawing a bid by a person on his/her own behalf or on behalf of a third party.

2. For the purposes of this Regulation, recommending that another person engage in insider dealing, or inciting another person to engage in insider dealing, arises whenever the person possessing inside information:

a) recommends, on the basis of that information, that another person purchase or sell financial instruments to which that information relates, or incites that person to carry said purchase or sale, or

b) recommends, on the basis of that information, that another person cancel or amend an order involving a financial instrument to which that information relates, or incites that person to make such a cancellation or amendment.

3. The use of the recommendations or incitements referred to in Paragraph 2 constitutes insider dealing within the meaning of this Article whenever the person using the recommendation or incitement knows, or should know, that it is based upon inside information.

4. This Article applies to any person who possesses inside information as a result of:

a) being a member of the administrative, management or supervisory bodies of the issuer or emission allowance market participant;

b) owning an equity stake in the capital of the issuer or emission allowance market participant;

c) having access to the information by nature of his/her employment, profession or duties; or

d) being involved in criminal activities.

This Article also applies to any person who possesses inside information under circumstances other than those referred to in the first Subparagraph, whenever that person knows or should know that it is inside information.

5. Whenever the person is a legal entity, this Article shall also apply, in accordance with national law, to the natural persons who participate in the decision to carry out the acquisition, disposal, cancellation or amendment of an order on behalf of the legal entity in question.



## **Article 10**

### **4.1 The Unlawful Disclosure of Inside Information**

1. For the purposes of this Regulation, the unlawful disclosure of inside information arises whenever a person possesses inside information and shares that information with any other person, except when this sharing is deemed normal as a result of someone's employment, profession or work duties.

This Paragraph applies to any natural person or legal entity in the situations or circumstances referred to in Article 8(4).

2. For the purposes of this Regulation, the onward disclosure of recommendations or incitements referred to in Article 8(2) amounts to unlawful disclosure of inside information under the terms of this Article, whenever the person passing on the recommendation or the incitement knows or ought to know that these recommendations or incitements were based on inside information.

## **Article 12**

### **Market Manipulation**

1. For the purposes of this Regulation, market manipulation includes the following activities:

(a) entering into a transaction, placing an order to trade or any other behavior that:

(i) gives, or could potentially give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument, a related spot commodity contract or an auctioned product based on emission allowances; or

(ii) sets, or could potentially set the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances at an abnormal or artificial level;

unless the person entering into a transaction, placing an order to trade or engaging in any other behavior establishes that such transaction, order or behavior was carried out for legitimate reasons, and complies with generally accepted market practice as established in accordance with Article 13;

(b) entering into a transaction, placing an order to trade or any other activity or behavior that affects or could potentially affect the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances, that employs a fictitious process or any other form of deception or contrivance;

(c) disseminating information through the media, including the internet, or by any other means, that gives, or could potentially give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument, a related spot commodity contract or an auctioned product based on emission allowances or sets, or could potentially set, the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances at an abnormal or artificial level, including the dissemination of rumors, whenever the person who disseminated the information knew, or should have known, that the information was false or misleading;

(d) transmitting false or misleading information or providing false or misleading data in relation to a benchmark index, whenever the person who transmitted said information or provided said data knew or should have known that it was false or misleading, or any other behavior that constitutes manipulation of a benchmark's calculation.

2. The following behavior shall, inter alia, be considered as market manipulation:

a) whenever a person, or persons acting in concert, secures a dominant position over the supply of or demand for a financial instrument, related spot commodity contracts or auctioned products based on emission allowances that has, or could potentially have the effect of setting, directly or



indirectly, the purchase or sale prices or creates, or could potentially create other unfair trading conditions;

b) the act of buying or selling of financial instruments, at market open or close, that has or could potentially have the effect of misleading investors acting on the basis of the prices displayed, including at open or close;

c) the act of placing of orders to a trading venue, including any cancellation or modification thereof, by any available means of trading, including by electronic means, such as algorithmic and high-frequency trading strategies, and that has one of the effects referred to in Paragraph 1(a) or (b), by:

i) disrupting or delaying, or increasing the risk of disrupting or delaying the functioning of the trading system of the trading venue;

ii) increasing the difficulty for other persons to identify genuine orders on the trading system of the trading venue or being likely to do so, including by entering orders which result in the overloading or destabilization of the order book; or

iii) creating or being likely to create a false or misleading indication about the supply of, or demand for, or price of, a financial instrument, in particular by entering orders to initiate or exacerbate a trend;

d) the act of taking advantage of occasional or regular access to the traditional or electronic media by voicing an opinion about a financial instrument, related spot commodity contract or an auctioned product based on emission allowances (or indirectly about its issuer) while having previously taken positions on that financial instrument, a related spot commodity contract or an auctioned product based on emission allowances and profiting subsequently from the impact of the opinions voiced on the price of that instrument, related spot commodity contract or an auctioned product based on emission allowances, without having simultaneously disclosed that conflict of interest to the public in a proper and effective way;

e) the act of buying or selling on the secondary market of emission allowances or related derivatives prior to the auction held pursuant to Regulation (EU) # 1031/2010 with the effect of setting the auction clearing price for the auctioned products at an abnormal or artificial level or misleading bidders bidding in the auctions.

3. For the purposes of applying Paragraph 1(a) and (b), and without prejudice to the forms of behavior set out in Paragraph 2, Appendix I provides non-exhaustive indicators relating to the use of a fictitious process or any other form of deception or contrivance, as well as a non-exhaustive indicators related to giving false or misleading signals or to setting the share price at an abnormal or artificial level.

4. Whenever the person referred to in this Article is a legal entity, this Article shall also apply, in accordance with national law, to the natural persons who participate in the decision to carry out activities on behalf of the legal entity concerned.

5. The Commission is duly authorized to adopt delegated acts in accordance with Article 35 specifying the indicators set forth in Appendix I, in order to clarify their elements and to take into account technical developments on the financial markets.

#### **Article 14**

##### **Restriction concerning Insider Dealings and the Unlawful Dissemination of Inside Information**

It is strictly prohibited for a person to:

(a) engage or attempt to engage in insider dealing;



(b) recommend that another person engage in insider dealing or incite another person to engage in insider dealing; or

(c) unlawfully disseminate inside information.

**Article 15**  
**Market Manipulation Restriction**

A person cannot engage in or attempt to engage in market manipulation.



### **3.2 Applicable Sanctions**

#### **Articles L. 465-1 *et seq.* of the French Monetary and Financial Code (criminal sanctions)**

##### **Article L. 465-1**

I. - A. - The Chief Executive Officer, the Chairman, a Management Board member, a manager, a Board of Directors member or a Supervisory Board member of an issuer with inside information, or a person exercising a similar function, a person holding inside information about an issuer in which it holds an equity interest, a person holding inside information as a result of his/her profession or work duties or due to his/her participation in committing a crime or an infraction, or any other person who is fully aware they hold inside information, face five years imprisonment and a EUR 100 million fine, which can be raised to up to 10 times the benefit derived from the crime, and can never be lower than said benefit, for using said inside information by carrying out, on his/her own behalf or on behalf of a third party, either directly or indirectly, one or several transactions, or by cancelling or modifying several orders they passed prior to holding said inside information and involving the financial instruments issued by said issuer or the financial instruments targeted by said inside information.

B. - The simple act of someone holding inside information does not constitute an infraction in the meaning set forth in A, if said person's behavior is legitimate, in the meaning of Article 9 of Regulation (EU) # 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (regulation on market abuse), which repeals Directive 2003/6/EC of the European Parliament and of the Council and Directives 2003/124/EC, 2003/125/EC, and 2004/72/EC of the Commission.

C. - In the meaning of this section, the words "inside information" refer to inside information in the meaning of paragraphs 1 to 4 of Article 7 of the aforementioned Regulation (EU) # 596/2014 of the European Parliament and of the Council of 16 April 2014.

II. - The same punishment applies to any attempts to commit the infraction discussed in Paragraph I of this Article.

##### **Article L. 465-2**

I.- The sanctions discussed in Subparagraph A of Paragraph I of Article L. 465-1 apply to any person referenced in that same Article 465-1 who recommends carrying out one or several transactions involving financial instruments to which the inside information relates or incites a third party to carry out such transactions based on this inside information.

II.- The infraction discussed in Subparagraph A of Paragraph I of Article 465-1 is committed whenever any person uses the recommendation or incitement referenced in Paragraph I of this Article while knowing it is based on inside information.

III.- The infraction discussed in Paragraph I of Article 465-3 is committed whenever any person shares the recommendation or incitement referenced in Paragraph I of this Article while knowing it is based on inside information.

IV.- The same punishment applies to any attempts to commit the infraction discussed in Paragraph I of this Article.

##### **Article L. 465-3**

I.- A person holding inside information about an issuer within which he/she acts as the Chief Executive Officer, the Chairman, a Management Board member, a manager, a Board of Directors member, a Supervisory Board member, or exercises a similar function, or within which he/she holds stake, or a person holding inside information as a result of his/her profession or work duties or due to his/her participation in committing a crime or an infraction, or any other person who is fully aware they hold inside information, faces the sanctions referenced in Subparagraph A of



Paragraph I of Article L. 465-1 for sharing this information with a third party, unless said person can prove that sharing this information was followed the normal course of his/her profession or work duties, including when he/she is taken from a market survey carried out in accordance with the terms of paragraphs 1 to 8 of Article 11 of Regulation (EU) # 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (regulation on market abuse), which repeals Directive 2003/6/EC of the European Parliament and of the Council and Directives 2003/124/EC, 2003/125/EC, and 2004/72/EC of the Commission.

II.- The same punishment applies to any attempts to commit the infraction discussed in Paragraph I of this Article.

#### **Article L. 465-3-1**

I. - A. - The sanctions discussed in Paragraph A of Paragraph I of Article L. 465-1 apply to any person who carries out a transaction, submits an order, or behaves in a way that gives or could potentially give a misleading impression on the supply, the demand, or the market price of a financial instrument, or that sets or could potentially set an abnormal or artificial price for that financial instrument.

B. - Subparagraph A of this Paragraph I does not apply in the event that the transaction or behavior referenced in this Paragraph I has a legitimate purpose and constitutes authorized market practice, in the meaning of Subparagraph 9 of Paragraph 1 of Article 3 of Regulation (EU) # 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (regulation on market abuse), which repeals Directive 2003/6/EC of the European Parliament and of the Council and Directives 2003/124/EC, 2003/125/EC, and 2004/72/EC of the Commission.

II. - The sanctions discussed in Subparagraph A of Paragraph I of Article L. 465-1 also apply to any person who carries out a transaction, submits an order, or behaves in a way that affects the market price of a financial instrument, by using fictitious means or any other form of deception or contrivance.

III. - The same punishment applies to any attempts to commit the infraction discussed in Paragraph I and II of this Article.

#### **Article L. 465-3-2**

I. - The sanctions discussed in Subparagraph A of Paragraph I of Article L. 465-1 apply to any person who, by any means whatsoever, disseminates information that gives a false or misleading impression of the position or the future prospects of an issuer or on the supply, the demand, or the market price of a financial instrument, or that sets or could potentially set an abnormal or artificial price for a financial instrument.

II.- The same punishment applies to any attempts to commit the infraction discussed in Paragraph I of this Article.

#### **Article L. 465-3-3**

I.- The sanctions discussed in Subparagraph A of Paragraph I of Article L. 465-1 apply to any person who:

- 1) Provides or sends false or misleading data or information used to calculate a benchmark index or information that could misrepresent the market price of a financial instrument or asset to which said index is related;
- 2) Behaves in any other way resulting in the manipulation of such an index's calculation.

A benchmark index is any rate, index, or number released to the public or published, that is occasionally or routinely calculated by applying a formula or based on the value of one or several underlying assets or prices, including price estimates, interest rate estimates, or other real or estimated values, or survey data, and in reference to which one could determine the amount to invest in a financial instrument or the value of a financial instrument.



II.- The same punishment applies to any attempts to commit the infraction discussed in Paragraph I of this Article.

#### **Article L. 465-3-4**

I. - This section applies to:

- 1) Financial instruments traded on a regulated market or on a multilateral trading platform, or for which a request for admission to trading on a regulated market or on a multilateral trading platform has been submitted;
- 2) Financial instruments other than those referenced above in Paragraph 1), and the market price or value of which depends on the market price or value of a financial instrument also referenced in Paragraph 1), or the market price or value of which has an impact on the market price or value of a financial instrument referenced in said Paragraph 1);
- 3) The units referenced in Article 229-7 of the French Environmental Code (*Code de l'environnement*).

II. - Articles L. 465-3-1 and L. 465-3-2 of this Code also apply to:

- 1) Spot commodity contracts, in the meaning of Subparagraph 15 of Paragraph 1 of Article 3 Regulation (EU) # 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (regulation on market abuse), which repeals Directive 2003/6/EC of the European Parliament and of the Council and Directives 2003/124/EC, 2003/125/EC, and 2004/72/EC of the Commission, that are not wholesale energy products in the meaning of Paragraph 4 of Article 2 of Regulation (EU) # 1227/2011 of the European Parliament and of the Council of 25 October 2011 on the integrity and transparency of the wholesale energy market, whenever the transaction, the behavior, or the dissemination has or could potentially have an impact on the market price or the value of a financial instrument referenced in Paragraph I of this Article;
- 2) Financial instruments for which the market price or value has an impact on the market price or value of a spot commodity contract, in the meaning of the aforementioned Subparagraph 15 of Paragraph 1 of Article 3 of Regulation (EU) # 596/2014 of the European Parliament and of the Council of 16 April 2014, whenever the transaction, the behavior, or the dissemination has or could potentially have an impact on the market price or the value of the spot commodity contract.

III. I. - This section does not apply to:

- 1) Share buyback transactions carried out by companies to repurchase their own shares, in the meaning of articles L. 225-206 to L. 225-216 of the French Commercial Code, whenever said transactions are carried out in accordance with the terms of paragraphs 1 to 3 of Article 5 of the aforementioned Regulation (EU) # 596/2014 of the European Parliament and of the Council of 16 April 2014;
- 2) Price stabilization transactions, in the meaning of Subparagraph d of Paragraph 2 of Article 3 of said Regulation, involving the financial instruments referenced in Subparagraphs a and b of said Paragraph 2, whenever such transactions are carried out in accordance with paragraphs 4 and 5 of Article 5 of said Regulation;
- 3) Transactions or market behavior referenced in paragraphs 1 to 4 of Article 6 of said Regulation.

#### **Article L. 465-3-5**

I. - In addition to the fine applicable pursuant to the terms and conditions provided for in Article 131-38 of the French Criminal Code, the legal entities found criminally liable, under the conditions provided for in Article 121-2 of the French Criminal Code, for the infractions defined in articles L. 465-1 to L. 465-3-3 of this Code, face the sanctions provided for in Article 131-39 of said Code. This fee can be raised to 15% of total annual revenue in the meaning of Subparagraph III bis of



Article L. 621-15. The terms and conditions provided for in Article 131-38 of said Code apply only to the absolute value of the fine.

The prohibition referenced in Paragraph 2 of Article 131-39 of said Code applies to the actions carried out to exercise, or at the time of exercise of which the infraction was committed.

II. - Even when committed by an organized group of individuals, the infractions provided for in articles L. 465-1 to L. 465-3-3 of this Code are exposed to ten years imprisonment and a EUR 100 million fine, an amount that can be raised to up to ten times the benefit derived from the crime.

#### **Article L. 465-3-6**

I. - The French Republic's Prosecutor with Jurisdiction in Financial Matters cannot take public action to apply the sanctions provided for in this section whenever the Autorité des marchés financiers has already notified complaints for the same acts and with respect to the same person pursuant to Article L. 621-15.

In the context of the application of the sanctions discussed in this section, the Autorité des marchés financiers cannot notify complaints against a person for whom public action has already been taken by the French Republic's Prosecutor with Jurisdiction in Financial Matters, whenever such complaints target the same actions as said public action.

II. - Prior to taking any public action for the application of the sanctions provided for in this section, the French Republic's Prosecutor with Jurisdiction in Financial Matters must inform the AMF of its intention to do so. The AMF is then granted two months to tell the French Republic's Prosecutor with Jurisdiction in Financial Matters whether it plans to notify complaints against the same person for the same acts.

If, by the end of the aforementioned two-month time frame, the AMF fails to share its intentions with the Prosecutor on whether it plans to file complaints, or if it informs the Prosecutor that it does not intend to take any action, the French Republic's Prosecutor with Jurisdiction in Financial Matters can begin taking public action.

If the AMF confirms that it intends to file complaints, the French Republic's Prosecutor with Jurisdiction in Financial Matters has fifteen days to confirm his/her intention to take public action and bring the case before the Public Prosecutor in the Paris Court of Appeals. If the French Prosecutor with Jurisdiction in Financial Matters does not decide to do so, the AMF can begin filing complaints.

III. - Prior to filing any complaints for actions that could potentially constitute one of the crimes referenced in this section, the AMF must inform the French Prosecutor with Jurisdiction in Financial Matters of its intention to do so. The latter is then granted two months to decide whether he/she plans to take public action against the same person for the same actions.

If, by the end of the aforementioned two-month time frame, the French Republic's Prosecutor with Jurisdiction in Financial Matters fails to disclose whether he/she plans to take public action, or if it decides not to take such action, the AMF can begin filing complaints.

If the French Republic's Prosecutor with Jurisdiction in Financial Matters confirms that he/she intends to take public action, the AMF has fifteen days to confirm its intention to begin notifying complaints and bring the case before the Public Prosecutor in the Paris Court of Appeals. If the AMF does not decide to do so, the French Prosecutor with Jurisdiction in Financial Matters can begin taking public action.

IV. - As from the moment he/she is called upon pursuant to paragraphs II or III of this Article, the Public Prosecutor of the Paris Court of Appeals has two months to decide whether or not to authorize the French Republic's Prosecutor with Jurisdiction in Financial Matters to take public action, after having invited the French Republic's Prosecutor with Jurisdiction in Financial Matters



and the AMF to share their observations. If, by the end of the aforementioned two-month time frame, the French Republic's Prosecutor with Jurisdiction in Financial Matters is not granted the authorization to take public action, the AMF can begin notifying complaints.

V. - In the context of the procedures provided for in Paragraph II and III, any decision based on which the AMF waives its right to notify complaints and any decision based on which the French Republic's Prosecutor with Jurisdiction in Financial Matters waives his/her right to take public action is final and cannot be appealed. Said decision will become part of the procedural file. The AMF and the French Republic's Prosecutor with Jurisdiction in Financial Matters' failure to respond within the time frame specified in paragraphs II and III is final and cannot be appealed.

The decision referenced in Paragraph IV and to be taken by the Public Prosecutor of the Paris Court of Appeals is final and cannot be appealed. Said decision will become part of the procedural file.

VI. - The procedures provided for in paragraphs II, III, and IV of this Article suspend the ability to take public action or the AMF's ability to take action based on the facts to which such action relates.

VII. - As an exception to the terms of Article 85 of the French Criminal Procedure Code (*code de procédure pénale*), filing for civil damages in a criminal case (*plainte avec constitution de partie civile*) for actions that could potentially constitute one of the crimes referenced in this section can only be claimed under the condition that the French Republic's Prosecutor with Jurisdiction in Financial Matters has the option of taking legal action pursuant to the terms of this Article, and that the alleged wronged party can provide proof, in the form of a receipt or a registered letter with acknowledgement of receipt, that three months have elapsed since he/she filed the complaint with said magistrate or that three months have elapsed since a copy of his/her complaint, as filed before the judicial police, was sent, in accordance with the same terms and conditions, to the aforementioned magistrate. For the benefit of the victim, the ability to take public action is suspended from the filing of the complaint until the expiration of the French Republic's Prosecutor with Jurisdiction in Financial Matters three-month time frame referenced in the first sentence of this Paragraph VII.

VIII. As an exception to the first Subparagraph of Article 551 of the French Criminal Procedure Code, the citation for the crimes referenced in this section can only be issued at the request of the French Republic's Prosecutor with Jurisdiction in Financial Matters, under the condition that he/she have the option of taking legal action pursuant to the terms of this Article.

IX. - Without prejudice to the terms of Article 6 of the French Criminal Procedure Code, public action for the application of the sanctions provided for in this section will no longer apply, following the procedures discussed in paragraphs II, III, and IV of this Article, once the AMF has notified complaints for the same acts and against the same person pursuant to the terms of Article L. 621-15 of said Code.

X. - Section 8 of Chapter 1, Book II of the French Criminal Procedure Code applies to the crimes referenced in this section.

XI. - A French Council of State (*Conseil d'Etat*) decree specifies the terms and conditions under which this Article applies.



**Article L. 621-15 of the French Monetary and Financial Code (sanction imposed by the AMF)**

I.- The Board reviews the AMF staff's report on the investigation or inspection, or the request submitted by the Chairman of the French Autorité de Contrôle Prudentiel et de Résolution (the "ACPR").

Subject to the terms of Article L. 465-3-6, if the Board decides to initiate sanction proceedings, it must notify the individuals concerned regarding the complaints filed against them. It forwards the statement of complaints to the French Enforcement Commission (*commission des sanctions*), which shall appoint a rapporteur from among its members. The Enforcement Commission cannot hear a case based on acts that took place more than three years prior, provided no action seeking to uncover, declare or punish said acts was carried out during said period.

A member of the Board must be invited to the hearing. He/she attends the hearing in a non-voting capacity. He/she may be assisted or represented by the Autorité des Marchés Financiers' staff. He/she may submit observations in support of the filed complaints and propose a sanction.

The Enforcement Commission may hear any AMF employee.

In urgent cases, the Board may suspend the activities of the persons referred to in Subparagraphs a) and b) of Paragraph II, against whom sanction proceedings are initiated.

If the Board sends the report referred to in the first Paragraph to the Public Prosecutor, it may decide to make that fact public.

II.- Following an adversarial procedure, the Enforcement Commission can impose sanctions on the following natural persons or legal entities:

a) Natural persons or legal entities referred to in Subparagraphs 1 to 8 and 11 to 17 of Paragraph II of Article L. 621-9 for any breach of professional obligations established pursuant to applicable European regulations and the laws, regulations, or conduct of business rules approved by the AMF, without prejudice to the provisions of Article L. 612-39 and L. 612-40;

b) Natural persons placed under the authority of, or acting on behalf of, any of the natural persons or legal entities referred to in Subparagraphs 1 to 8 and 11 to 17 of Paragraph II of Article L. 621-9 for any breach of professional obligations established pursuant to applicable European regulations and the laws, regulations, or conduct of business rules approved by the AMF, without prejudice to the provisions of Article L. 612-39 and L. 612-40;

c) Any legal entities or natural persons who, in France or abroad, has engaged in or attempted to engage in insider dealing or has engaged in price manipulation, the dissemination of false information or any other violation referred to in Subparagraph 1 of Paragraph I of Article L. 621-14, where such acts relate to:

- a financial instrument or an asset referred to in Paragraph II of Article L. 421-1 admitted to trading on a regulated market or on a multilateral trading facility that is subject to the laws and regulations intended to protect investors from insider dealing, price manipulation and the dissemination of false information, or for which an application for admission to trading on such markets has been submitted, under the conditions set forth in the General Regulation of the *Autorité des Marchés Financiers*;

- a financial instrument linked to one or more of the instruments specified in the previous paragraph;

- a business contract pertaining to merchandise and linked to one or more of the instruments specified in the previous paragraphs, under the conditions set by the General Regulation of the *Autorité des Marchés Financiers*;



- a financial instrument admitted to trading and traded on a regulated market or on a multilateral trading platform, or for which a request for admission to trading on such a market has been submitted;

- an index as defined in Article L. 465-2-1;

d) Whoever, in France, has engaged in or attempted to engage in insider dealing or has engaged in price manipulation, the dissemination of false information or any other violation referred to in the last subparagraph of Paragraph I of Article L. 621-14, where such acts relate to:

- a financial instrument or an asset referred to in Paragraph II of Article L. 421-1 admitted to trading on a regulated market of another Member State of the European Union or party to the European Economic Area Agreement or for which a request for admission to trading on such a market has been submitted;

- a financial instrument linked to one or more of the instruments specified in the previous paragraph;

- a business contract pertaining to merchandise and linked to one or more of the instruments specified in the previous paragraphs, under the conditions set by the General Regulation of the *Autorité des Marchés Financiers*;

- a financial instrument admitted to trading and traded on a regulated market or on a multilateral trading platform, or for which a request for admission to trading on such a market has been submitted;

- an index as defined in Article L. 465-2-1;

e) Any legal entities or natural persons who, in France or abroad, disseminates or attempts to disseminate false information or has committed any of the infractions referenced in the first subparagraph of Paragraph II of Article L. 621-14, during:

- a public offering of financial securities as defined in Article L. 411-1;

- an offer of financial securities, as defined in Article L. 411-2, proposed by an investment services provider or an equity investments advisor via a website satisfying the conditions set in the General Regulation of the *Autorité des Marchés Financiers*;

- an offer of "minibons" (French debt securities payable in less than 5 years) referenced in Article L. 223-6.

f) Any legal entities or natural persons who, in the context of an investigation or audit carried out pursuant to the terms of Article L. 621-9, at the investigators' or auditors' request and subject to preserving a legally protected secret in a way that is binding on the *Autorité des marchés financiers*, refuses to grant access to a document, irrespective of the media on which it is delivered, and to provide a copy, refuses to share information or appear when summoned, or refuses to grant access to business offices;

g) Any other legal entities or natural persons, in connection with violations of their obligations under European regulations, yet over which the AMF has jurisdiction;

h) Any legal entities or natural persons who, on French territory or abroad, violated or attempted to violate their obligations with respect to public offerings of company shares described in the fourth subparagraph of Article L. 512-1 or to public offerings of *certificats mutualistes* (French debt instruments reserved for insurance companies) referenced in the first subparagraph of Paragraph II of Article L. 322-26-8 of the French Insurance Code.

III.- The applicable sanctions are:



a) For the legal entities or natural persons referred to in Subparagraphs 1 to 8, 11, 12 and 15 to 17 of Paragraph II of Article L. 621-9, a warning, a reprimand, or a temporary or permanent ban on providing some or all of the services previously provided and removal from the register referred to in Article L. 546-1. In lieu of, or in addition to, said sanctions, the Enforcement Commission may also impose a fine of up to EUR 100 million or ten times the amount of any profit made, provided said profit can be determined. The money shall be paid into the guarantee fund to which the sanctioned entity is affiliated or, failing that, to the *Trésor Public* (French public treasury);

b) For natural persons acting under the authority or on behalf of any of the entities referenced in Subparagraphs 1 to 8, 11 and 17 of Paragraph II of Article L. 621-9, or discharging managerial responsibilities, in the meaning of Article L. 533-25, within one of these entities, a warning, a reprimand, a temporary or permanent suspension of their professional license, a temporary ban from trading on their own behalf, a temporary or permanent ban on conducting some or all of their business activities, or the performance of management duties within one the legal entities referenced in Subparagraphs 1 to 8, 11 and 17 of Paragraph II of Article L. 621-9. In lieu of, or in addition to, said sanctions, the Enforcement Commission may also impose a fine of up to 15 million euros or ten times the amount of any profit made, provided said profit can be determined, in the event of any of the practices referenced in Paragraph II of this Article. The money shall be paid into the guarantee fund to which the entity on whose authority or behalf the sanctioned individual was acting is affiliated; failing that, the money shall be paid to the *Trésor Public*;

c) For legal entities or natural persons other than those referenced in Paragraph II of Article L. 621-9, found guilty of perpetrating the acts described in Subparagraphs c) to h) of Paragraph II, a fine of up to EUR 100 million or ten times the amount of any profit made, provided said profit can be determined. The money is to be paid to the *Trésor Public*.

The fines applied pursuant to the terms of this Paragraph III could be increased by an additional 10% of their amount, to be borne by the sanctioned party and intended to provide financial aid to the victims.

The guarantee fund referred to in Subparagraphs a) and b) may, under the conditions set forth in its internal rules and subject to a maximum amount of EUR 300,000 euros per annum, allocate a portion of the proceeds it receives from the fines imposed by the Enforcement Commission to educational initiatives in the financial field.

III bis.- The amount of the financial penalty referenced in Subparagraphs a) and c) of Paragraph III can be increased to up to 15% of the aggregate annual revenue of the legal entity found guilty of violating its obligations:

1) Set under Regulation (EU) # 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (regulation on market abuse), which repeals Directive 2003/6/EC of the European Parliament and of the Council and Directives 2003/124/EC, 2003/125/EC, and 2004/72/EC of the Commission;

2) Set under Regulation (EU) # 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) # 236/2012;

3) Set under Regulation (EU) # 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products;

4) Set under Regulation (EU) # 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) # 648/2012;

5) Defined under European regulations and this Code or the AMF's General Regulation, undertaken by the management companies and custodians referenced in Subparagraphs 7, 7 bis,



and 12 of Paragraph II of Article L. 621-9, relative to collective investments discussed in Subparagraph 1 of Paragraph 1 of Article L. 214-1;

6) Set forth in Article 233-7 and in Paragraph II of Article L. 233-8 of the French Commercial Code and in Article L. 451-1-2 of the Code hereof.

The aggregate annual revenue referenced in the first Subparagraph of this Paragraph III bis is the figure as it is published in the last available financial statements approved by the General Shareholders' Meeting. Whenever the legal entity is a company or the subsidiary of a company required to prepare consolidated financial statements pursuant to the terms of Article L. 233-16 of the French Commercial Code, the aggregate annual revenue to be taken into account is the aggregate annual revenue as it is published in the last available consolidated financial statements approved by the General Shareholders' Meeting.

III ter.- In implementing the sanctions referenced in Paragraphs III and III bis, the following, in particular, is taken into consideration:

- the seriousness and the duration of the violation;
- the type of act committed by and the degree of implication of the natural person or legal entity in question;
- the situation and financial resources of the natural person or legal entity in question, particularly with respect to his/her/its net worth or assets as well as annual income for a natural person and aggregate annual revenue for a legal entity;
- the size of the gains or benefits received, or losses or costs avoided by the natural person or legal entity in question, insofar as they can be determined;
- the losses suffered by third parties as a result of the violation, insofar as they can be determined;
- the extent of said natural person's cooperation with the AMF, without prejudice to said person's need to return the benefit he/she derived;
- the natural person's prior history of violations;
- any circumstance attributable specifically to the natural person in question, particularly with respect to measures he/she took to correct any observed issues caused by the violation he/she is responsible for committing and, as the case may be, to indemnify any wronged third parties, as well as to safeguard against a future repeated offense.

III quater.- Under the conditions set forth in a decree issued following consultation with the French Council of State (*Conseil d'Etat*), the disqualification of a member of the Enforcement Commission shall be decided at the request of the respondent if there is good reason to question the impartiality of said member.

IV.- The Enforcement Commission rules on the basis of a reasoned decision, in the absence of the rapporteur. No sanction may be imposed unless the respondent or his/her representative has been heard or, failing that, duly summoned.

IV bis.- The Enforcement Commission's hearings are public.

However, without consultation or at the request of the respondent, the Chairman of the delegation hearing the case can restrict public access to the court room during all or part of the proceedings for the sake of public order, national security or if a public hearing would compromise business secrecy or any other legally-protected secret.

V.- The Enforcement Commission's decision is released to the public via the publications, journals or media the Commission selects, in a format commensurate with the offense committed and the



sanction imposed. The cost thereof shall be borne by the natural persons or legal entities sanctioned.

The Enforcement Commission can decide to postpone the publication of a given decision, or to publish said decision anonymously, or not to publish it in any of the following circumstances:

- a) If the publication of said decision could potentially cause significant undue damage to the guilty party and, in particular, in the case of a sanction imposed on a natural person, whenever the publication references personal information;
- b) If the publication of said decision could seriously disrupt the stability of the financial system, as well as the news of an investigation or ongoing inspection.

Decisions pertaining to anyone's violations of obligations provided for under Article L. 233-7 and Paragraph II of Article L. 233-8 of the French Commercial Code, and under Article L. 451-1-2 of this Code, are subject to a mandatory publication.

Whenever the Enforcement Commission takes a decision regarding a sanction that is subject to an appeal, the AMF must immediately publish this information on its website, along with any updates regarding the outcome of this appeal. Any decision that cancels a previous decision imposing a sanction or measure must be published.

Any decision published on the AMF's website will remain available for at least five years as from the date of said publication. Any personal data appearing in the decision published on the AMF's website cannot be stored for more than five years.

VI.- Persons who are condemned to a permanent suspension from exercising all or part of the professional duties or services they offer, or a permanent suspension of their professional license, can, at their request, be reinstated after at least ten years, under the conditions and in accordance with the terms set by a Council of State decree.

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*Important: the legal texts provided in this Appendix are in force as of 30 January 2017.  
Therefore, this Appendix could be updated periodically as the law changes.*