

Draft circular

APPENDICES BOOK I

KEEPING ACCOUNTS AND INTERMEDIATION

<u>APPENDIX I.1.A FILE TYPE OF LICENSING A BROKERAGE FIRM.....</u>	<u>2</u>
<u>APPENDIX I.1.B LIST OF SPECIFIC PROVISIONS OF THE PROCEDURES</u>	
<u>MANUAL.....</u>	<u>7</u>
<u>APPENDIX I.2.A MODEL OF AFFIDAVIT</u>	<u>.8</u>
<u>APPENDIX I.4.A MODEL TYPE OF STIMULATION AGREEMENT.....</u>	<u>9</u>
<u>APPENDIX I.4.B MODEL TYPE OF ASSISTANCE AGREEMENT</u>	<u>12</u>
<u>APPENDIX I.4.C MODEL-TYPE INFORMATION OF TRANSACTIONS CARRIED</u>	
<u>BY AN ISSUER WHOSE SHARES ARE LISTED AS PART OF A BUYBACK</u>	
<u>PROGRAM IN ORDER TO REGULATE THE MARKET.....</u>	<u>15</u>

APPENDIX I.1.A FILE TYPE OF LICENSING A BROKERAGE FIRM

PRESENTATION NOTE

Applicant

Name :	
Title/Position :	
Phone number :	
Fax number :	
E-mail :	

Attach a signed application for licensing by the applicant addressed to the CEO of the CDVM

2. Person responsible for preparing the file for licensing

Name :	
Title/Position:	
Phone number :	
Fax number :	
E-mail :	

3. Nature of request (check one)

☐ Initial licensing ☐ renewal of licensing

In case of renewal of licensing, specify the reasons, by checking the appropriate box:

☐ Change / extension of the business purpose ☐ Control change
☐ merging of two brokerage firms

4- Identifying the firm

Company name :	
Headquarters :	
Administrative headquarters :	

Is the company incorporated or being set up (check one)?

☐incorporated

☐being set up

In the case of an application for initial licensing:

Indicate the date of registration in trade registry:

Attach general meetings minutes

5. Legal form

Company Legal form:

For a limited company (SA), check the mode of management:

☐ Supervisory Board

☐ Management Board

6. Fiscal year

Date of end of year:

If necessary, specify the duration and the closing date of the first year:

7. Shareholding

Share capital:

Breakdown (complete the table below)

Name or shareholder company name	Function or activity	% of held capital

Identification of shareholders in the case of an initial licensing application, attach to each shareholder:

- Natural persons: copy of Identity card
- Legal entities: Trade registry copy, plus a note outlining the activities of the shareholder, the organizational, financial indicators, etc..

Managers, founders, board of directors, management board, and supervisory board

In the case of an initial licensing application, attach to each manager:

- Detailed resume highlighting professional experience
- Copy of the Identity card
- Copy of the criminal record

In the case of an **initial licensing** application, attach for each founding member of the board of directors, management board or supervisory board:

- Copy of the Identity card
- Copy of the criminal record

For the managers, founders, board members, etc... That are not full time employees, who perform other functions in other entities, they should complete the following table:

Identity o f the manager	Entities where he carries other functions	Nature of the carried functions

ORGANIZATION & RESOURCES

1. Description

Attach a detailed description of the resources in place or to be implemented, as appropriate. For resources to be implemented, specify the timetable for implementation

2. Organization & human resources

In the case of an initial licensing application, submit the following:

resumes of the staff

Position sheet

Replacement Plan

Training Plan

Detailed organization chart indicating the identity, function and reporting lines of employees.

Target Operational organization chart, if any

For outsourced services, complete the following table:

Nature of the service	Identity of the provider	Modalities

- Presentation note of selected supplier (s) and copies of provision contracts.
- Manual Procedures
- Code of Ethics
- General meetings and management board Minutes
- Affidavit to comply with the provisions of Article 57 of the «Dahir» (Royal Decree) establishing Law No. 1-93-211 related to the stock exchange

3. Technical resources

In the case of an initial licensing application, submit the following:

- Describe the equipment (number, characteristics)

- Information System (IS)

Complete the following table:

Information system applications	Version1	Service provider

- Attach the manual information system
- Describe the architecture applicative³, pointing out the features of each application block (detailed description, including inspections specified) as well as their communication modalities;
- Describe the safety / privacy system
- Describe the plan for data backup
- Describe the procedures for classifying and storing information (frequency, shape, location, duration)
- Attach a copy of technical resources maintenance contracts
- Attach a sworn statement to implement the resources announced after obtaining the licensing

4. Business premises

- Indicate whether the company owns the premises or provide a copy of its lease.
- Specify whether or not those premises are shared with other companies.
- Attach the layout of the office

5. Statutory Audit

- Name:
- Address:

¹Specify the year

² Name of the provider or in-house development

³All software packages and web platform used, if necessary.

PLANNED ACTIVITIES

- **List of activities for which licensing is requested**

activity	Requested or not
Transaction execution	
Consulting & canvassing	
counterparty	
Portfolio management	
Custody of securities	
Securities investment in the frame of public offerings	
stimulation	
assistance	

- **Draft Statutes**

In the case of an **initial licensing** application:

Attach a copy of the draft statutes.

Attach a description of the nature of the planned activities.

- **Business plan**

In the case of an **initial licensing** application:

Attach a detailed business plan of the company over a period of five years showing in a clear and objective way the underlying assumptions.

APPENDIX I.1.B LIST OF SPECIFIC PROVISIONS OF THE MANUAL PROCEDURES

1. Brokerage firms

- Establishing business relationships with clients(knowledge, client identification and
- formalizing the relationship with clients);
- The collection of market orders;
- The processing of trading orders from clients;
- Transaction processing staff;
- Monitoring and processing of pending transactions;
- The processing of transactions on the "trading errors" account;
- The client information;
- Monitoring of prudential rules;
- The internal control system;
- The internal vigilance;
- The management of conflicts of interest and the flow of inside information;
- The "back up" and data backup system;
- The filing of documents and statements;
- The processing of complaints.

And if any:

- The processing of Counterparty Transactions;
- The processing of client orders managed under a mandate;
- The processing of stock orders collecting systems;
- The processing of orders under a buyback program;
- The processing of orders under a stimulation agreement;
- The management and monitoring of movements of securities and cash in custody.

2. Account holders

- Opening securities accounts;
- Operations on the stock market operations including turnaround trade
- Subscription and buyback of shares or units of UCITS;
- Over-the-counter transactions in the money market;
- Management of registered securities;
- Securities transactions and, where appropriate, their centralization;

- Bids;
- Pledge of securities;
- Transfer of securities;
- Taxation Administration and billing;
- Accounting securities;
- Follow up of the non-settlement;
- Internal Control;
- Client Information.

And if any:

- When the account holder is an agent for the management of the current account of an issuer or other account holder, he must write the appropriate procedures.

APPENDIX I.2.A AFFIDAVIT MODEL

I, undersigned,..... (Full name of legator), holder of NIC No and the account title.,., Freehold owner of (Name and number of shares), worth at ... the date of this declaration, declares on his honor to donate the securities referred to above, without monetary compensation or some other kind, with (relationship, name and surname of the beneficiary), holder of NIC No. (If an adult)

With all advantages thereto pertaining

The full name of the legator

Date and signature of the legator

BETWEEN THE UNDERSIGNED:

... .., a limited company (or company limited by shares) capital of which is Dirhams, with headquarters located, registered in the Trade Register of under number, represented by as hereinafter referred to as "the issuer "

AND

_____, brokerage firm approved by the Minister of Finance under number _____, established in the form of a---- Capital of which is _____ Dirhams, with headquarters located....., and registered in trade register _____, under No. _____, represented by _____ having the necessary powers for the purpose hereof.

Hereinafter referred to as "brokerage firm"

AND

-

.....
.....
.....
.....

Hereafter referred to as "contributor(s)"

IT WAS AGREED AS FOLLOWS

Preamble

This Agreement is made pursuant to Article I of Circular No. ... on the stimulation listed securities.

The securities of the issuer:

- Are subject to a registration application:

- ☐ First tier ☐ Second tier ☐ Third tier

- Are registered in:

- ☐ First tier ☐ Second tier ☐ Third tier

Article I: Agreement Purpose

This Agreement is to define the conditions under which:

- On the one hand, the contributors provide the brokerage firm with securities and/or cash in order to promote liquidity and stability of listed securities transactions.

- On the other hand, the brokerage firm acts on behalf of the issuer in order to promote trading liquidity and stability of the bond rating.

The brokerage firm operations are only intended to promote liquidity and stability of the transactions of trading securities, in accordance with the operating rules of the market. Under no circumstances, shall the brokerage firm use the cash and securities made available as part of the stimulation business, for any other use.

Article 2: Organization of the stimulation activity within the brokerage firm

2.1 The brokerage firm declares to have the licensing and the necessary resources to carry out the business of market stimulation.

2.2 The brokerage firm agrees to use of the stock of securities and cash made available by the issuer (or providers if any) in purchase/sale for the sole purpose of market stimulation and liquidity of the market, under this Agreement.

2.3 The brokerage firm opens specific accounts on which will be recorded all the transactions it has undertaken on behalf of providers, under this Agreement.

Article 3: Establishment of cash and securities initial stock

The issuer (or the contributors, where applicable) is committed to bring to the brokerage firm, irrevocably, the securities and cash for a period of ... from the effective date of this Agreement. The details of the contributions are as follows:

Contributors	Share contribution	percentage	Cash contribution	percentage

Article 4: Administrative Procedures of securities and cash stock

4.1 The brokerage firm ensures that the ongoing state of its stock of securities and cash allows it to honor the terms of each order placed on the market.

4.2 The stock of securities and / or cash can be powered either by the brokerage firm itself or by the issuer (or providers if applicable).

4.3 When the stock is said to exceed the necessary requirements for the implementation of the stimulation Convention, the issuer (or the contributors if applicable), in consultation with the brokerage firm may decide to proceed with a securities and /or cash recovery.

4.4 When the brokerage firm notices imbalances between the cash balance and the shares balance, which could hinders it from carrying out its operations under the stimulation agreement, the said firm may, as applicable, proceed to operations of purchases or sales of securities in the market to rebalance the available balances. Such operations are not subject to the provisions of Articles 4.1, 4.2 and 4.3 below.

4.5 Purchases and sales are broken down in the following conditions:
... ..

4.6 Capital gains and losses are distributed as follows:
... ..

Article 5: the brokerage firm Obligations

5.1 The brokerage firm is committed to comply with the practical arrangements for carrying out the stimulation set by the managing company and by the CDVM circular.

5.2 The brokerage firm must offer to purchase and sale a minimum amount of securities..... (which cannot be less than that fixed by the Managing Company)

5.3 The said minimum amount shall be made at prices in the range of..... (which cannot be more than that fixed by the Managing Company)

5.4 The brokerage firm must provide a trading frequency of... .. the shares (which cannot be less than that fixed by the Managing Company), in accordance with the practical arrangements set by the managing Company.

5.5 The brokerage firm sends to the issuer (and contributors, if any) on a..... (Specify the frequency that cannot be more than a quarter), a valued portfolio statement and a statement of cash account held on behalf of such persons.

It must also state the realized capital gains and losses during the concerned period. During that period, the brokerage firm must notify without delay the issuer (and contributors, if any) if the capital losses exceed the threshold of..... (Specify the threshold that cannot be more than 10 %.).

5.6 The brokerage firm sends to the issuer (and contributors, if any), on a..... (Indicate the frequency that cannot be longer than a week), the market position, including the following information broken down by day: The opening price, the highest price, the lowest price, the closing price, the volume of shares traded, the quantities purchased and sold as part of the stimulation activity.

Article 6: Information obligation of the issuer

The issuer undertakes to inform the brokerage firm of any fact which would result in compromising the normal execution of this Agreement.

Article 7: Payment of brokerage firm

The terms and methods of payment are:

.....
.....

Article 8: Term of Agreement

This agreement is valid from its effective date, for a period of (At the time of securities registration, the minimum period is at least one year for the second tier and three years for the third tier. The term of agreement is open when the stimulation activity is voluntary).

Article 9: Termination of Agreement

Issuers wishing to list their securities on the second or third tier of the Stock Exchange market

The termination of this Agreement for any reason whatsoever before the expiry of the period referred to in Article 8 mentioned above, may take effect only when the issuer has entered into another agreement with another brokerage firm to ensure the stimulation business.

Article 10: Jurisdiction

[To acquaint with a mutual agreement between the parties hereto]

Done at _____, on _____

The brokerage firm

The issuer

The contributors

Signature preceded by

The handwritten phrase

"Read and approved"

APPENDIX I.4.B MODEL TYPE OF ASSISTANCE AGREEMENT

BETWEEN THE UNDERSIGNED:

- _____, brokerage firm approved by the Minister of Finance under number _____, of Dirhams, which is headquartered in _____, registered in the trade register of under No. _____, represented by _____, having the necessary powers for the purpose hereof.

Hereafter referred to as "the brokerage firm"

AND

... .., A limited company (or company limited by shares) capital of dirhams, with its registered office at
... .., Registered in the trade register of
under number, represented by as ...
... ..

Hereafter referred to as "the issuer"

IT HAS BEEN AGREED AS FOLLOWS

Preamble

This Agreement is entered into pursuant to the provisions of Article 14b of the «Dahir» (Royal Decree) establishing Law No. 1-93-211 related to the stock exchange and is developed in accordance with the standard model adopted by Board of Ethics securities.

The issuer intends to list its shares in the third tier of the stock exchange.

The brokerage firm has the licensing and necessary resources to assist the issuer in the preparation of information materials to the public.

Article I: Before the IPO

1.1 Prospectus

1.1.1 The brokerage firm commits to assist the issuer in preparing the required prospectus as part of the procedure of admitting the said issuer in the securities Stock Exchange. To this end, it performs the procedures necessary to ensure that the prospectus is established according to legal requirements and regulations and, in particular, that the information it contains is complete, true and accurate.

1.1.2 The brokerage firm agrees to perform the due diligence it deems necessary for the accomplishment of its mission. As such, it:

- Reviewing the legal, economic and financial documents relating to the company, including:
 - The Articles of Association, management reports, minutes of general meetings and of the administrative, management and monitoring bodies, auditors reports if available, summary statements and all other supplementary reports prepared by an outside expert, if any;
 - The issuer strategic development draft;
 - Shareholders agreements, if any;
 - The commitment of the majority shareholders to retain the said majority for a period of three (3) years or more after the date of first listing;
 - All contracts and / or commitments that could have a significant impact on the future of the issuer;
 - Attending meetings with the company managers;
 - visit the premises of the issuer and, where appropriate, its production or distribution sites;
 - Attending meetings with outside experts, if any;

[The parties may agree on more detailed practical conditions for the implementation of the diligence referred to in this Article]

1.2 Procedures for financial information disclosure

The brokerage firm commits to assist the issuer in the development of a procedures manual of control, management and disclosure of accounting and financial information.

[The parties may agree on more detailed practical conditions for the implementation of this provision]

Article 2: After the IPO

2.1 Note of financial analysis

The brokerage firm commits to publish a note on the issuer financial analysis at the initial public offering of securities subject to the proposed transaction and at the end of each financial year during the five years following the said IPO.

The financial analysis note must include at least the following areas:

- economic and strategic diagnosis, highlighting the factors that influence the current situation of the issuer, its strengths and weaknesses;
- historical financial analysis;
- a financial analysis forecasting, giving a reasoned opinion of the brokerage firm on the prospects for growth and development of the issuer;
- an assessment of the issuer, highlighting anything that may affect the assessment.

2.2 Financial disclosure

The brokerage firm commits to assist the issuer in the implementation and formalization of a structured financial disclosure strategy. This strategy includes:

- The regular holding of meetings with the financial analysts and the press, particularly after the publication of annual and semiannual accounting and financial statements or the publication of an important information;
- the appointment of a financial disclosure officer, who must be close

to key decision makers in the society and enjoy, preferably, a cross-training, combining the communication and financial techniques.

[The parties may agree on more detailed practical conditions for the implementation of this provision]

Article 3: Information obligation of the issuer

The issuer must inform the brokerage firm of any fact which would result in compromising the normal execution of this Agreement

Article 4: Remuneration of the brokerage firm

Terms and methods of remuneration are as follows:

... ..
... ..

Article 5: Term of Agreement

This agreement is valid for a period of five (5) years; at least, from the date it takes effect.

Article 6: Termination of Agreement

6.1 This agreement shall be terminated automatically if the issuer's securities are no longer listed on the third tier of the stock exchange.

6.2 The termination of this Agreement for any reason whatsoever, cannot take effect until the issuer whose securities are registered in the third tier of the Stock Exchange, has designated another brokerage firm.

Article 7: Jurisdiction

[To be freely acquainted by the parties]

Done at _____, On _____

The brokerage firm

The issuer

Signature

Signature

**APPENDIX I.4.C MODEL-TYPE OF INFORMATION ON TRANSACTIONS BY
AN ISSUER WHOSE SHARES ARE LISTED UNDER A BUYBACK PROGRAM TO REGULATE THE
MARKET**

The issuer: -----

Transaction Date	type	quantity	price	Market(Casablanca stock exchange)	Foreign market(other trading markets)	Initiating brokerage firm