

**[English Translation]**

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

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**CHAPTER I: APPROVAL OF THE BROKERS**

**Section 1: Conditions of approval**

**Article 1**

The individuals who wish to carry out brokerage activity must:

- 1 - Have Tunisian nationality,
- 2 – Have their residence in Tunisia,
- 3 - Enjoy their civil and political rights,
- 4 - Be physically and mentally apt to achieve their activities,
- 5 - Have a master's degree or an equivalent diploma,
- 6 - Have at least 5 years' professional experience in the field of Stock Exchange intermediation,
- 7 - Pass a professional aptitude test organized by an organism chosen and controlled by the Financial Market Council,
- 8 - Commit themselves to carry out the activity of negotiation and registration of transferable securities and financial products on the Stock Exchange, apart from the activities set forth in article 56 of the law n° 94-117 of November 14, 1994,
- 9 – Show proof of the existence of human and material means necessary to carry out the brokerage activity as determined by a general decision emanating from the Financial Market Council.

**Article 2**

The activities of counterparty, market making, and guarantee of issuing can be carried out solely by public limited companies specialized in brokerage activity.

**Article 3**

The public limited companies which intend to carry out brokerage activity must:

- 1 - Have Tunisian nationality,

2 - Have as object, apart from the activities set forth in article 56 of the law n° 94-117 of November 14, 1994, the negotiation and the registration of transferable securities and financial products on the Stock Exchange,

3 - Prove the existence of the human and material means necessary to carry out the brokerage activity as determined by a general decision emanating from the Financial Market Council,

4 - Have a minimum released capital of:

- 1 000.000 Dinars, if the company requires approval to carry out the activities of negotiation and registration of transferable securities and financial products, financial counselling, financial canvassing, management of transferable securities portfolios and portage of shares,

- 3 000.000 Dinars, if the company requires approval, in addition to the activities above mentioned, to carry out the activities of counterparty, of market making, the guarantee of issuing or only one of these activities.

Moreover, the chairman, the general director or the president of the board of management of a brokerage firm, must enjoy his civil and political rights, have a master's degree in an economic or financial field or an equivalent diploma and have at least 5 years' professional experience in the field of financial intermediation.

#### **Article 4**

A broker cannot participate directly or indirectly by more than 30% in the capital of a brokerage firm.

Within the meaning of the present article, indirect participation is considered to be the participation on behalf of a subsidiary company, of the spouse and the minor children.

#### **Article 5**

The chairman, the general director, the vice general director, the president or a member of the board of management of a brokerage firm cannot perform at the same time any function in another brokerage firm, in a listed company or in a credit establishment governed by the law n° 2001-65 of July 10, 2001, relating to credit establishments as amended and supplemented by the law n° 2006-19 of May 2, 2006.

A person employed by a broker cannot simultaneously work with another broker, with a listed company or a credit establishment.

## Article 6

An individual cannot be a broker or a manager of a brokerage firm:

- if he has been convicted of forgery, theft, abuse of confidence, fraud, extortion of money or funds, extortion made by authorized judicial agent, issuing a cheque with insufficient funds, concealing of goods obtained using these infringements , for violation of the exchange regulations, or for violation of the laws and regulations relating to the prohibition of the money laundering,
- if he has been convicted for an intentional offense without being rehabilitated,
- if he has been declared bankrupt,
- if he was an administrator or a manager of companies declared bankrupt and the bankruptcy was extended to him personally or if he has been convicted under the terms of articles 288 and 289 of the penal code relating to the bankruptcy.

## Section 2: Procedure of approval

### Article 7

The approval of the brokers includes a preliminary and a final approval delivered by the Financial Market Council. However, to start the operations of negotiation and registration of transferable securities and financial products on the Stock Exchange, the brokers shall obtain authorization of access to the systems of Tunis Stock Exchange and the Company of Deposit, Clearing and Settlement of securities (Tunisian Central Securities Depository) delivered respectively by these companies .

### Article 8

The applicant for the preliminary approval, submits a file for approval to the Financial Market Council by registered mail with acknowledgment of receipt, or deposits this file directly with its headquarters against receipt.

The content of this file is determined by a general decision emanating from the Financial Market Council.

### Article 9

The Financial Market Council studies the file for preliminary approval and makes its decision within no more than three months of its reception. Within this same time limit, the opinion of

the Association of the Brokers is sought and it is considered positive in the absence of response for more than one month.

The Financial Market Council can request any information or complementary document relevant to study the file from the applicant. In this case, the 3 month deadline is suspended until the reception of the information or the document required by the Financial Market Council.

#### **Article 10**

If the Financial Market Council decides favorably, it notifies the applicant of its decision of preliminary approval.

In case of refusal of the file, the Financial Market Council notifies the applicant of its justified decision.

If the Financial Market Council has to limit the approval to some of the activities requested by the applicant, considering in particular the financial and technical means at his disposal and the guarantees presented, it notifies him of its justified decision.

#### **Article 11**

With the preliminary approval, the Financial Market Council informs the applicant of the list of the documents required to obtain final approval.

The above-mentioned list is determined by a general decision emanating from the Financial Market Council.

#### **Article 12**

At the risk of losing the preliminary approval, the applicant must submit within 6 months of notification the file required to obtain final approval by registered mail with acknowledgment of receipt to the Financial Market Council, or deposit it directly with its headquarters against receipt.

However, this period can be extended by the Financial Market Council for a further 3 months at the request of the beneficiary of the preliminary approval, before the expiry of the 6 month deadline.

#### **Article 13**

The Financial Market Council studies the file required to obtain the final approval within no more than 2 months after its reception.

The Financial Market Council can request any information or complementary document from the applicant in order to better study the file. In this case the deadline is suspended until the reception of the information or the documents requested.

Within this same deadline, the Financial Market Council has control of the functionality of the offices as well as the staff and the technical equipment.

#### **Article 14**

If the Financial Market Council decides favorably, it notifies the applicant of final approval.

In the case of refusal of the file, the Financial Market Council notifies the applicant a justified decision.

If the Financial Market Council has to limit the final approval to certain of the activities set forth in the preliminary approval, it notifies the applicant of its justified decision.

#### **Article 15**

The broker's approval is personal, non-transferable and inalienable.

#### **Article 16**

The broker, once licensed, cannot commence his activities until he has provided the Financial Market Council with the documents proving his participation in the capital of Tunis Stock Exchange and in the capital of the Company of Deposit, Clearing and Settlement of securities, the documents proving his contribution to the Market Guarantee Fund, to the Clients Guarantee Fund, and the Brokers' Association. Otherwise, the approval is revoked.

He must, moreover, deposit the models of the documents to be used during the exercise of his activities and destined to third parties for approval with the Financial Market Council.

#### **Article 17**

The broker's final approval is announced through a notice published in the Financial Market Council's Official Bulletin and in the Official Bulletin of Tunis Stock Exchange, at the request of the interested party.

### **Section 3: Modification of approval**

#### **Article 18**

Any draft of extension or restriction of the licensed activities must be presented as a dossier for modification of the approval sent to the Financial Market Council or deposited with its headquarters under the conditions provided for in article 8 above.

#### **Article 19**

The contents of the file sent or deposited as a support to the application for modification of approval are determined by a general decision emanating from the Financial Market Council.

#### **Article 20**

The examination of the application for modification of approval and the decision taken thereof are subject to the conditions provided for in articles 9, 10, 11, 12, 13 and 14 above.

### **Section 4: Cessation of business, suspension and withdrawal of approval**

#### **Article 21**

The broker who wishes to cease his business must inform the Financial Market Council, by any means leaving a hard copy, at least two months before the date of the cessation of business.

This information must specify the reasons and the date planned for cessation of business and the measures to be taken to clear the situation vis-a-vis the clients and the market.

This information must be accompanied by documents proving that the interested party has contributed to the Market Guarantee Fund, the Brokers' Association, the Tunis Stock Exchange, and the Company of Deposit, Clearing and Settlement of securities and has cleared his situation vis-a-vis other brokers.

The broker can only close his effective liquidation after proving to the Financial Market Council that all the operations protecting the interests of the clients and the market have been carried out.

In this case the broker remains under the control of the Financial Market Council until the closure of liquidation.

The Financial Market Council takes the measures necessary to protect the interests of the



clients and the market in accordance with the provisions of article 24 of this decree.

### **Article 22**

After consulting the Brokers' Association, the Financial Market Council can by a justified decision, suspend the approval of a broker in accordance with article 57 of the law n° 94-117 of November 14, 1994, when the interested party no longer meets one of the conditions of the approval. In this case the interested party is heard beforehand by the College of the Financial Market Council.

### **Article 23**

Apart from the cases of withdrawal of approval provided for in article 42 of the law n° 94-117 of November 14, 1994, the Financial Market Council can, after consulting the Brokers' Association, withdraw the approval of a broker in accordance with article 57 of the aforementioned law:

1. When the interested party did not pursue his activity for more than 12 months from the date of obtaining his final approval or when he has ceased his activity for more than 6 months without the prior agreement of the Financial Market Council,
2. When the causes of the approval's suspension persist 6 months after its delivery,
3. When the interested party is still not conforming to one of the rules of prudence after a 4 month period,
4. When an individual broker no longer meets the conditions set forth in the numbers 1, 2, 3, 4, and 9 of the 1<sup>st</sup> article above and when the brokerage company no longer meets the conditions set forth in article 3.

### **Article 24**

In case of total or partial prohibition of activity, in case of suspension or withdrawal of approval, following a disciplinary decision or according to articles 22 and 23 above, and in case of bankruptcy, incapacity, death or dissolution of a broker, the college of the Financial Market Council appoints a broker to deal with the current situation in order to protect the interests of the clients and the market after consulting the Brokers' Association.

The broker thus designated reports to the Financial Market Council in a way determined by the latter.

## Article 25

In case of fusion by absorption between two or several brokers, the approval of the broker(s) absorbed is legally non existent as from the completion of the legal formalities of the operation of absorption.

When the broker transforms his business from being an individual broker to a brokerage company, the approval delivered to the individual broker is legally non existent as from the date of obtaining the final approval by the company.

## Section 5: Professional cards

### Article 26

The list of the activities performed by the personnel placed under the authority of the broker or acting on his behalf which require the detention of a professional card, as well as the conditions of delivery and withdrawal of this card are determined by a general decision emanating from the Financial Market Council.

### Article 27

The professional card is delivered by the Brokers' Association to the broker on behalf of the persons provided for in article 26 above, after he presents under his responsibility the list of the candidates.

### Article 28

The Financial Market Council is notified when the holders of the professional cards cease their activity and when this activity is suspended by the broker for more than one month.

## CHAPTER II: SOME ACTIVITIES OF THE BROKERS

### Section 1: Financial canvassing

#### Article 29

The broker, who carries out an operation of financial canvassing, as defined in the article 1<sup>st</sup> of the law n ° 94-117 of 14 November 1994 related to the reorganization of the financial market, must give or send a note of information on each value proposed to the interested person before there is any engagement on his part.

The note of information, written under the responsibility of the broker, must be communicated beforehand to the Financial Market Council.

The non opposition of the Financial Market Council concerning the dissemination of the note of information cannot be considered as approval of the sincerity of its contents.

#### **Article 30**

The person employed by the broker for the operations of financial canvassing in people's domicile, in their workplaces or in public places must hold a card of financial canvassing to be produced during these operations.

#### **Article 31**

The broker delivers a financial canvassing card to the persons under his authority employed as canvasser conforming to a model deposited at the Financial Market Council.

This card is valid to the 31<sup>st</sup> of December of the year of its delivery; the validity must be clearly indicated.

#### **Article 32**

Before the delivery of the card of financial canvassing to the person intended to perform this activity, the broker must deposit a written declaration with the identity and the address of this person with the Financial Market Council.

#### **Article 33**

When the broker decides to withdraw the financial canvassing card from its holder, either on a request of the Financial Market Council, or on his own initiative, he must notify the person concerned of the decision of withdrawal by registered letter with acknowledgment of receipt.

He must also publish a notice of the decision of withdrawal in the Financial Market Council's Official Bulletin and in the Official Bulletin of Tunis Stock Exchange within three working days commencing from the date of the decision of withdrawal.

The financial canvassing card must be returned by its holder within a time limit of three working days as from the notification of the decision.

#### **Article 34**

The Financial Market Council must be informed immediately of the withdrawal of the financial canvassing card or the refusal of its renewal by the broker.

### Article 35

Any commitment of subscription, acquisition or sale of securities, taken by the persons, following an operation of financial canvassing must be in written form through a contract mentioning in particular the date of its signature. Otherwise, the commitment is considered void.

### Article 36

The person who carries out the operation of financial canvassing shall not receive from the targeted person cash, bills of exchange, bearer cheque or order cheque.

## **Section 1 (a): Financial advisory - the listing sponsor**

### Article 36 (a)

The listing sponsor is a financial counselling company which has as object:

- To counsel the company which seeks to be listed on the Stock Exchange and help it to prepare its dossier,
  
- To guide and assist the company whose securities have been admitted to the Stock Exchange and oversee permanently the respect of its obligations relating to financial disclosure.

The activity of listing sponsor is carried out after being licensed by the Financial Market Council which fixes by a general decision the conditions required to perform this activity.

## **Section 2: Management of transferable securities portfolios**

### **on behalf of others**

### Article 37

The broker approved to carry out the management of transferable securities portfolios provides for this purpose an organically independent department.

The personnel who work in this department cannot perform the functions of negotiation.

### **Article 38**

The broker who manages transferable securities portfolios on behalf of the persons working under his authority and the brokerage firm which manages transferable securities portfolios for its executives, for its subsidiary or for a shareholder holding more than 30% of its capital, must provide an independent department to manage these portfolios other than the department provided for in the preceding article.

### **Article 39**

Any individual or a legal entity can give a mandate to a broker to manage for his own account and on his behalf, a portfolio of transferable securities and financial products within the framework of a written management agreement.

There must be at least two copies of the agreement, signed for approval by the client and accepted by the broker. A copy is obligatorily given to the client, holder of the managed account, the other one is preserved by the broker.

The management agreement is established in the name of the broker and signed by a person authorized to commit him.

The management agreement must indicate specifically:

- The approach adopted to manage the portfolios,
- The nature of the operations proposed by the broker and the limits of his mandate,
- The method of payment of the broker, the payment period of the expenses related to the portfolio management and the expenses resulting from the transactions.

The management agreement also indicates the time and the methods to be used to communicate the information to the client. This information includes a valuation of the portfolio and the results of the past period at least every 3 months.

### **Article 40**

The conclusion of an agreement of management of transferable securities gives place to the opening by the broker of an account of securities and of cash for his client.

The broker is held to provide immediately, any information relating to the managed account at the request of his client.

#### **Article 41**

The broker shall not use the power received or the mandates held for other purposes than those entrusted to him.

#### **Article 42**

The agreement of management of transferable securities portfolio, for limited or unlimited period, can be cancelled at any time by one of the parties, by registered letter with acknowledgment of receipt.

The cancellation made by the broker is valid after the expiry of 5 market-days commencing from the reception of the registered letter by the client.

The cancellation by the client enters into effect from the reception of the registered letter by the broker.

The broker is unable to carry out new operations as from the effective date of the cancellation.

The broker closes the account, draws up a report of the results of his management and an evaluation of the portfolio and provides his client with all the explanations needed.

Without prejudice to the provisions relating to the mandate, the agreement of management of transferable securities portfolio comes to an end legally by the bankruptcy of the broker, the withdrawal of his approval or by the total prohibition of the exercise of the activity of management of transferable securities portfolio.

### **Section 3: The market making**

#### **Article 43**

Market making consists of bringing liquidity to the market of a transferable security in particular by permanently displaying a purchase and selling price of a minimal quantity of securities.

The exercise of this activity by the broker is submitted for the prior approval of the Financial Market Council according to conditions fixed by a general decision emanating from the Financial Market Council.

#### **Article 44**

The broker, who intends to act as a market- maker on one or several transferable securities, shall file an application with the Tunis Stock Exchange including specifically:

- A copy of his approval as a market- maker by the Financial Market Council,
- The name of the value or the transferable securities, on which he is committed to carry out the operations of market making,
- The conditions under which he operates as a market -maker vis-a-vis the market,
- A copy of any contract of market making concluded with an issuer,
- His agreement to communicate to the Tunis Stock Exchange all the conditions relating to the market making agreed with the issuer.

#### **Article 45**

The Tunis Stock Exchange informs the broker of its decision within a one month deadline commencing from the reception of the dossier and the complementary documents.

In the case of a favorable decision, the Tunis Stock Exchange publishes it through a notice in the Stock Exchange Official Bulletin.

In case of refusal, the decision must be justified.

This decision can be appealed before the Financial Market Council.

#### **Article 46**

Any broker approved as a market-maker who wishes to cease operating on a transferable security shall inform the Tunis Stock Exchange.

The Tunis Stock Exchange communicates this information through a notice published in its Official Bulletin.

The broker can only cease operating on the indicated transferable security after 5 market-days commencing from the date of the publication of the abovementioned notice.

#### **Article 47**

Any broker approved as a market-maker who has ceased operating on a particular transferable security cannot operate on the same transferable security again for a 3 month period after the cessation.

#### **Article 48**

The broker discloses his conditions of intervention on each value for which he is a market-maker through an official statement (communiqué) published in the Financial Market Council's Official Bulletin and in the Official Bulletin of Tunis Stock Exchange.

## Section 4: The Counterparty

### Article 48 (a)

The counterparty is a transaction by which a broker buys or sells, voluntarily and for his own account, transferable securities in response to an order issued by one of his clients.

The operations of counterparty are carried out under the conditions fixed by the Stock Exchange General Rules.

## CHAPTER III: THE OBLIGATIONS OF THE BROKERS

### Section 1: General obligations

#### Article 49

The broker must open at least one account for each client, in which he must register his assets in cash and in securities relating to the operations that he concludes for the aforementioned client including those carried out within the framework of an agreement of management of a transferable securities portfolio.

He must give to each client a unique identity whatever the number of the accounts opened with him. This identity must be mentioned in the correspondences and receipts sent to or submitted by the broker to his client.

The broker can reveal the unique identity of his client only to the Financial Market Council.

Concerning the securities that he receives for deposit, the broker is held to comply with the provisions of articles 689 to 697 of the code of commerce.

The broker can only receive or detain funds related to the operations which come within the framework of his activity.

Any payment of an amount higher than the amount provided for in article 69 of the law n° 2003-75 of December 10, 2003 relating to the support of the international efforts against terrorism and the prohibition of the money laundering , must be made by transfer, by cheque or any other means of payment in the broker's name.

#### Article 50

Before the opening of an account in the name of an individual, the broker verifies his identity and his address as well as his capacity to commit.



When the client is a legal entity, the broker checks the validity of the powers of its legal representative or the person mandated by this legal entity.

The broker fills in a form for each client, the details of which are fixed by general decision emanating from the Financial Market Council.

When the broker opens an account in the name of unempowered person, the same information is required from the representative and the represented. Moreover, the representative must give the broker a document proving his right to act as representative.

The information contained on the forms must be kept up-to- date.

#### **Article 50 (a)**

The broker must respect the obligations provided for in the legislative and regulatory texts relating to the prohibition of the money laundering.

#### **Article 51**

The broker must enquire into the financial capacities, the experience, the financial objectives and the expectations of his clients, according to the services offered and must ensure that the clients are informed about the risks attached to the operations which they plan to carry out.

For the operations carried out within the framework of an agreement of management of transferable securities portfolio, and on the basis of the conclusions derived from the information provided by the client and held in a form approved by the Financial Market Council, the broker lists his client in one of the following categories:

- Client cautious in his investments,
- Client accepting a moderate risk in his investments,
- Client accepting a high risk in his investments.

The category of the client must be stated on the form provided for in article 50 above.

Moreover, any operation carried out at the request of a client and contrary to the advice of his broker, must be followed by the mention “operation requested by the client” registered on the document relating to the client's order.

#### **Article 52**

The opening of an account with a broker must give place to a written agreement indicating specifically the conditions of use of this account, the various services offered, the mutual

engagements of the parties and the general conditions applied to the operations proposed to the client within the framework of this account.

### **Article 53**

With the conclusion of an agreement to open an account, the broker submits a list of the different commissions due against the services offered to the client.

The client must be informed by any means leaving a hard copy, of any draft amending the commissions within forty five days at least before its entry into force.

The notice must include a warning to the client that he has a one month deadline commencing from the reception of the notice to oppose the modification.

The absence of opposition from the client by means leaving a hard copy within one month beginning with the reception of the notice is considered acceptance of the modification.

The broker must avoid any practice tending to fix excessively low commissions susceptible to threaten the balance of the activity of the Exchange intermediation and fair competition on the market.

### **Article 54**

The broker shall send to his client within the five working days following the date of the transactions, a notice of execution indicating the number of securities bought or sold, the price according to which the order was executed, the amount of the broker's commission, and all other commissions, taxes and expenses to be paid and the net amount entered to the client's account or extracted from it.

The broker shall send to his client periodically, a statement of his account when the latter presents a balance in cash or in securities. The account's agreement fixes the timing of these statements, which shall be at least quarterly, as well as its contents.

The notice of execution and the statement of the account can be communicated to the client by any means agreed between the two parties under the same conditions provided for in article 61 of this decree.

### **Article 55**

If the client demands the transfer of his account to another broker, the contents of the portfolio must be enumerated in the presence of the two parties and stated in a report drawn up for this purpose.

In the absence of disagreement between the parties the funds in cash are given directly to the client and the securities are transferred to the account opened with the new broker within three market-days.

The broker who transfers the account must notify the Company of Deposit, Clearing and Settlement of securities.

#### **Article 56**

The broker must open a professional account reserved exclusively for his client's money at a bank chosen by him.

#### **Article 57**

The money held by the broker for the account of his clients is considered as "at call deposit".

#### **Article 58**

The brokers shall include on their documents the mention "broker", as well as the reference and the date of their final approval.

#### **Article 59**

The brokers are legally and materially responsible for the good negotiability of the securities they offer on the market.

They are considered as holders of the securities offered for sale and holders of the funds necessary to buy on the market notwithstanding the opposition of any exception.

#### **Article 60**

Within a deadline of 5 market-days commencing from the delivery of the certificate of negotiation or the certificate of registration by the Stock Exchange, the broker seller and the broker buyer must submit to the issuing company or to the organism charged with the shareholders' register, the documents necessary to cancel and register the transfer on the appropriate register.

#### **Article 61**

The Stock Exchange orders can be given by any means leaving a written record or an electronic document, as provided for in article 453 (a) of the code of obligations and contracts.

If the order is transmitted in writing, it must be established in two copies duly time stamped and signed by the client and the broker. One copy is remitted to the client; the other is kept by the broker.

The agreement of the opening of an account must specify the form of the issuing of the orders (written, telephone, Internet or another means to be specified).

The broker must be able to prove:

- That the order was issued by the client,
- The date and the hour of the reception and the transmission of the order.

The conditions of dealing with Stock Exchange orders are fixed by a general decision from the Financial Market Council.

### **Article 62**

The brokers are held to contract an insurance policy against the material risks attached to their activities in particular the loss, robbery and destruction of the funds entrusted to them by the clients.

The first working day of each year, the broker must deposit with the Financial Market Council, the documents proving the payment of the premium with indication of the nature of the risks covered and the extent of the guarantee.

The Financial Market Council, taking into account the importance of the activities carried out by the broker, can require an extension of the guarantee set forth in the insurance policy.

### **Article 63**

The broker must obtain the prior agreement of the Financial Market Council in the following cases:

1. the transfer of his entire activity or only a part of it to a new office,
2. the opening of a branch or an agency,
3. the appointment of a new manager of a brokerage firm,
4. the creation of a subsidiary company of a brokerage firm,
5. any operation of fusion with brokerage firms,
6. any acquisition of a proportion of the capital of a brokerage firm by one or several persons leading to the direct or indirect detention of 40% at least of the voting rights provided that no other shareholder holds a higher proportion.

The broker must inform the Financial Market Council beforehand:

1. of any modification of the structure of the capital of a brokerage firm relating to a proportion equal or higher than 10%,
2. of the change of his company name,

3. of any change relating to the organization and the internal audit.

Silence from the Financial Market Council for one month from the date of the notification is considered as approval of the envisaged change.

#### **Article 64**

The brokers shall keep outside their offices a paper copy of the information saved on their electronic documents.

#### **Article 65**

A broker shall not resort to another broker to carry out the operations of negotiation on his own account.

#### **Article 65 (a)**

The broker must draw up a book of procedures including in particular:

- the description of his organigram, his various functional and operational structures, the description of the offices and the definition of the delegation of powers and responsibilities,
- the procedures describing the process of the various operations including the procedures of information treatment, by identifying the checking of the operations necessary to the stages of authorization, execution and registration as regard the objectives of internal audit,
- the procedures, the accounting organization and the rules of treatment of operations.

The internal organization and the procedures practiced by the broker must guarantee the good application of the rules of managing and information set forth in the legislative and regulatory texts relating to the prohibition of the money laundering.

### **Section 2: Books, registers and financial statements**

#### **Article 66**

The broker must hold a register of received or issued selling and buying orders. This register must indicate:

1. the aim of the order;
2. the designation and characteristics of the transferable security;
3. the number of securities;
4. the indication of the price stipulated by the client;

5. the client's account and his unique identity;
6. the name of the client;
7. the date and the hour of the reception of the order by the broker as well as the date and the hour of its reception by the personnel charged with the negotiation,
8. an indication of whether the order is given by the client or issued by the broker under the terms of an agreement of management of transferable securities portfolio;
9. the order's execution price and the quantity ;
10. the date and the hour of the execution of the order;
11. specify if the order was totally or partially executed or not at all.

#### **Article 67**

The broker must hold a special register reserved for the operations of counterparty, a special register for the operations carried out on behalf of the persons placed under his authority, another register for the operations carried out on behalf of his executives holding more than 30% of his capital and a special register for his participations and ordinary investments.

#### **Article 68**

The registers are held clean without deletion or alteration and are closed daily.

#### **Article 69**

The registers held by the broker can be on electronic documents, provided that the Financial Market Council is informed about the nature and the technical characteristics of the material used, as well as its location.

The Financial Market Council fixes by a general decision the minimum standards required on the electronic registers.

#### **Article 70**

The broker shall keep the registers, the electronic documents and other documents relating to the completed operations for a period of 15 years.

When the broker ceases his business for some reason, he must deposit the aforementioned registers, electronic documents and other documents to be stored for the rest of the period set forth above with the Brokers' Association.

### **Article 71**

Each broker shall in his accounts, separate the participations and the investments of the counterparty from those intended to guarantee the issuing and those held for the market making, the shares detained for the portage and the other participations and investments.

### **Article 72**

The broker must deposit with the Financial Market Council, within three months from the end of the financial year, the financial statements set forth in the legislation currently in force as well as the report of the auditor.

Moreover, within a maximum deadline of ten days after the end of each month, each broker must file with the Financial Market Council, the statements of the following operations:

- The operations carried out on behalf of clients,
- The operations carried out for the account of organisms for collective investment in transferable securities,
- The operations carried out for his own account,
- The operations carried out on behalf of the persons placed under his authority,
- The operations carried out for the account of his executives,
- The operations carried out on behalf of the persons placed under the authority of the Financial Market Council, of Tunis Stock Exchange, and of the Company of Deposit, Clearing and Settlement of securities.
- The amounts paid to Tunis Stock Exchange as commissions on transactions.

These statements must be established according to models fixed by the Financial Market Council.

Moreover the broker must close the statements of balances of the credit accounts and the debit accounts and his liquidity, daily.

## **Section 3: Rules of conduct**

### **Article 73**

Each broker must carry out his activity with honesty and loyalty by respecting the integrity of the market.

He must avoid any behavior aiming to induce others in error.

He must avoid any behavior likely to affect the profession.

The Association of the brokers establishes a pact of honor its members shall adhere therein.

#### **Article 74**

The broker must exercise his activity with the care and the diligence expected from an expert placed in the same circumstances.

He must in particular oversee the best execution of the orders in terms of time and price.

#### **Article 75**

The orders of the clients shall always prevail over the orders issued for the account of the broker, for the account of his executives and persons placed under his authority.

#### **Article 76**

The broker shall try to prevent conflicts of interest, but if inevitable he must deal with them by privileging the interest of the client.

#### **Article 77**

The broker shall not use for his own account non-public information.

He must set up an organization and structures which separate his diverse activities and prohibit the undue circulation of information.

He must set up the means necessary to prevent practices susceptible to perturb the normal functioning of the market or those leading to taking an advantage to the detriment of one or several operators.

#### **Article 78**

The broker must establish Internal Regulation including specifically:

- The conditions under which his executives and the persons placed under his authority can carry out operations on transferable securities for their own account and the possible means by which he is informed of these operations,
- Procedures taken in order to avoid the undue circulation of confidential information,
- Conflicts of interests susceptible to arise and how to solve them.

A copy of this Internal Regulation is deposited with the Financial Market Council.



### **Article 79**

The broker shall not use the securities and the funds of his clients for his own account.

### **Article 80**

The executives of the broker and the persons placed under his authority can only carry out operations for their own account using a securities account opened with this same broker.

### **Article 81**

The persons placed under the authority of a broker who operate on a transferable security cannot carry out operations for their own account on this security.

The persons placed under the authority of a broker shall not act with their personal status as an authorized representative of the clients, except for their minor children, for their spouses and their first degree parents.

### **Article 82**

The broker must inform the Financial Market Council of any disciplinary action taken against a member of his personnel for non-observance of his professional obligations.

The identity of the person penalized and the reasons for the sanction are also communicated to the Financial Market Council.

### **Article 83**

The broker cannot employ in his offices any person convicted of forgery, robbery, abuse of confidence, fraud, extortion of money or funds, extortion made by an authorized judicial agent, issuing a cheque with insufficient funds , concealment of goods obtained using these infringements and for violation of the exchange regulation.

### **Article 84**

The credit establishments which carry out the activity of financial canvassing, the activity of management of the transferable securities portfolios for the account of third parties , the activity of holding the transferable securities accounts , the receiving and transmission of Stock Exchange orders, and their personnel charged with these activities are subject to the provisions of the last paragraph of article 16, and the articles 29,30,31,32,33,34,35,36,37,38,39,40, 41,42,49,50,50 (a), 51, 52, 53, 54, 55, 61, 66, 68, 69, 70, 71, 73, 74, 75, 76, 77, 79 and 80 of this decree.

## **Article 85**

The credit establishments which perform the activities set forth in the preceding article must carry out these activities separately from its other activities, under the control of the Financial Market Council.

It shall appoint a person who will be the interlocutor of the Financial Market Council.

The Financial Market Council, if necessary, submits the noted observations to the competent authorities for action.

## **Section 4: the controller**

### **(The person responsible for control)**

## **Article 86**

The individual broker must designate a person responsible for control who reports directly to him.

In a brokerage firm the person charged with the control reports to the chairman, to the general director, or the president of the board of management.

The person responsible for control oversees the respect of the legislative and regulatory provisions by the persons placed under the authority of the broker or acting on his behalf, in particular the rules of conduct. He is the interlocutor of the Financial Market Council concerning the questions relating to conduct and he is the recipient of measures taken thereon by the Financial Market Council.

### **Article 86 (a)**

The person responsible for control reports his mission within one month from the end of each half year, to the board of directors or the board of management of the company and to the Financial Market Council.

The contents of this report are fixed by a general decision emanating from the Financial Market Council.

### **Article 86 (b)**

The appointment of the person responsible for control must be approved by the Financial Market Council. He must meet the conditions n° 1, 2, 3, 4, 5 and 6 set forth in the first article of this decree. The Financial Market Council takes a decision on the dossier for designation

within 2 months commencing from the date of deposit of the file accompanied by the necessary documents. The silence of the Financial Market Council, after the expiry of this time limit, is considered as approval of this designation.

The Financial Market Council must be informed of the resignation of the person responsible for control or of the decision ending his mission with indication of the reasons.

The broker puts at the disposal of the person responsible for control the human and material means necessary to perform his function.

The person responsible for control employed by a broker loses his status by leaving this broker.

## **Section 5: Rules of prudence**

### **Article 87**

For his participations and investments on transferable securities, for his activity of counterparty, of market making, of guarantee of issuing and portage of shares, the broker must have, permanently, net funds equal to or higher than the funds intended to cover the risks attached to the values which constitute his portfolio.

The estimation of the risks relating to each category of transferable securities and each type of market is calculated according to rates of risk determined by a general decision emanating from the Financial Market Council.

### **Article 88**

When the broker detects an insufficiency in his own net funds in relation to the funds required to cover the risks, he must inform the Financial Market Council on the following working day, he must regularize his situation within the next 48 hours, unless the Financial Market Council extends this deadline.

## **CHAPTER IV: VARIOUS PROVISIONS**

### **Article 89**

The decree of the Minister of the Plan and Finance of January 18, 1990, on the statute of the brokers has been repealed.

However, the brokers functioning at the date of the publication of this decree have a one year deadline to comply with the provisions of articles 3, 4, 5, 86 and 87 of this decree.

**Article 90**

The Minister of Finance and the President of the Financial Market Council are responsible for the execution of the provisions of this decree which will be published in the Official Journal of the Republic of Tunisia.

**Issued on November the 1<sup>st</sup>, 1999.**