LAW No. 2001-83 OF JULY 24, 2001

PROMULGATING THE CODE

COLLECTIVE INVESTMENT ORGANIZATIONS[1] .

On behalf of the people,

The Chamber of Deputies having adopted,

The President of the Republic promulgates the following law:

Article 1. –

The texts annexed hereto relating to collective investment undertakings under the title "code of collective investment undertakings" are hereby promulgated.

Article 2. –

The Code of Collective Investment Undertakings repeals and replaces Title II of Law No. 88-92 of August 2, 1988, relating to investment companies, as amended and supplemented by Law No. 92-113 of November 23, 1992, and by Law No. 95-87 of October 30, 1995, and Title I of Law No. 92-107 of November 16, 1992, establishing new financial products for the mobilization of savings, as amended and supplemented by Law No. 94-118 of November 14, 1994.

Article 3. –

Articles 1 and 2 of the aforementioned Law No. 88-92 are repealed and replaced by the following provisions:

Article 1 (new): Investment companies are public limited companies whose mission is to promote investment and the development of the financial market.

Article 2 (new): Investment companies may be created within one of the following two categories:

- fixed capital investment companies.
- venture capital investment companies.

They are governed by the laws and regulations in force, unless otherwise provided for in this Act.

Article 4. –

Investment companies with variable capital approved prior to the enactment of this law shall be granted a period of six months to comply with the provisions of the collective investment undertakings code.

This law shall be published in the Official Journal of the Republic of Tunisia and enforced as a law of the State.

Tunis, July 24, 2001.

[1] Preparatory work
Discussion and adoption by the Chamber of Deputies at its meeting on July 10, 2001.

CODE OF COLLECTIVE INVESTMENT UNDERTAKINGS

[2]

Article 1

The following are considered collective investment undertakings:

- undertakings for collective investment in transferable securities, which include open-ended investment companies and mutual funds;

- mutual debt funds.

TITLE I
UNDERTAKINGS FOR COLLECTIVE INVESTMENT IN TRANSFERABLE SECURITIES

CHAPTER I
Open-ended investment companies

Article 2

Open-ended investment companies are corporations whose sole purpose is to manage a portfolio of securities.

The resources of open-ended investment companies consist of their own funds, to the exclusion of any other resources. They are governed by the legislation in force relating to commercial companies, unless otherwise provided for in this code.

Article 3

The capital of open-ended investment companies may not be less than one million dinars at the time of incorporation.

The amount of capital shall at all times be equal to the net asset value, less the distributable sums defined in Article 27 of this Code.

The minimum amount of capital below which the repurchase of shares authorized by Article 5 of this Code may not be carried out shall not be less than five hundred thousand dinars. The board of directors or the management board of the company shall proceed with its dissolution when its capital remains below one million dinars for a period of ninety days.

Article 4

The shares of open-ended investment companies shall be issued without preferential subscription rights. Such companies are prohibited from creating founder shares or issuing preference shares.

Shares shall only become negotiable after the definitive incorporation of the open-ended investment company.

Article 5

[2] *As supplemented by Law No. 2005-105 of December 19, 2005, relating to the creation of venture capital mutual funds, and amended by Law No. 2008-78 of December 22, 2008, amending the legislation relating to venture capital companiesand venture capital mutual funds and extending their scope of activity, and Decree-Law No. 2011-99 of October 21, 2011, and amended and supplemented by Law No. 2019-4 of May 29, 2019, on improving the investment climate.*

The articles of association of open-ended investment companies must expressly specify that the capital is subject to increase as a result of the issue of new shares and to reduction as a result of the repurchase by the same company of shares taken back from holders who so request.

They must also mention that any shareholder may, at any time, have their shares repurchased by the company at a price set in accordance with the provisions of Article 25 of this code, except in the case provided for in Article 3.

Article 6

The change in capital provided for in Article 5 of this Code may be effected without amending the articles of association and without the need to submit this change to the general meeting of shareholders or to proceed with the publicity required by the legislation in force relating to commercial companies.

Article 7

Investment companies with variable capital may not own any real estate other than that necessary for their operation.

They may not constitute reserves or provisions.

The ordinary general meeting shall meet and deliberate validly regardless of the fraction of the capital represented. Similarly, the extraordinary general meeting shall meet on second call and deliberate validly regardless of the fraction of the capital represented.

A natural person may manage three open-ended investment companies at the same time, in addition to what is permitted by the Commercial Companies Code.

Article 8

Open-ended investment companies must draw up an inventory of their assets within thirty days of the end of each quarter, under the supervision of the depositary provided for in Article 28 of this code.

They are required to publish the composition of their assets in the official bulletin of the Financial Market Council within thirty days of the end of each quarter. The auditor shall certify the accuracy of the inventory prior to publication.

Open-ended investment companies are required to prepare financial statements in accordance with the accounting regulations in force and to publish them in the Official Journal of the Republic of Tunisia at least thirty days before the ordinary general meeting.

They are required to publish them again after the general meeting, in the event that the latter modifies them.

The board of directors or the management board of the open-ended investment company shall appoint the auditor.

Article 9

In all documents issued by the company and intended for third parties, open-ended investment companies are required to follow their name with the words "open-ended investment company," as well as a reference to the law promulgating this code, the number of the Official Journal of the Republic of Tunisia in which it was published, and the approval of the Financial Market Council provided for in Article 32 of this code.

CHAPTER II
Mutual funds investing in securities

Article 10

A mutual fund is a co-ownership of securities.

A mutual fund does not have legal personality. The provisions of the code of real rights relating to joint ownership and the provisions governing joint ventures do not apply to it.

Article 11

In all cases where the legislation relating to commercial companies or securities requires the identity of the holder of the security to be indicated, as well as for all transactions carried out on behalf of the co-owners, the name of the mutual fund may be validly substituted for that of the co-owners.

Article 12

The minimum amount that the mutual fund must raise upon its establishment is set at one hundred thousand dinars.

Article 13

The rights of co-owners are expressed in shares; each share corresponds to an equal fraction of the assets of the mutual fund. The shares of the fund are securities.

Ownership of shares results from registration on a list maintained by the manager of the mutual fund referred to in Article 16 of this Code. This registration gives rise to the issuance of a certificate in the subscriber's name.

Article 14

The mutual fund is established on the joint initiative of the manager and the depositary referred to in Article 28 of this Code, who draw up the internal regulations.

The internal regulations shall determine the duration of the mutual fund and the rights and obligations of the unit holders and the manager. Its mandatory provisions shall be determined by regulation of the Financial Market Council.

Subscription to units of a mutual fund constitutes acceptance of its internal regulations after having read them.

Article 15

The number of units increases through the subscription of new units and decreases through the redemption by the mutual fund of securities of previously subscribed units. However, no new units may be issued once the original value of the outstanding units reaches an amount set by decree[3]. Similarly, previously subscribed shares may not be redeemed if the original value of the outstanding shares falls below fifty thousand dinars. And, when the original value of all outstanding shares remains below one hundred thousand dinars for ninety days, the manager must proceed with the dissolution of the fund.

Article 16

The manager of a mutual fund is either a bank or a stockbroker in the form of a corporation or the management company referred to in Article 31 of this code. The manager manages the fund on behalf of the unitholders, in accordance with

[3] Decree No. 2001-2278 of September 25, 2001, as amended by subsequent texts

with the provisions of this code and as provided for in its internal regulations. In this context, it represents the unitholders in any legal action, both as plaintiff and defendant, as well as in all acts affecting their rights and obligations, and exercises, in particular, the rights attached to the securities included in the fund.

The manager may not borrow on behalf of the mutual fund.

Article 17

Unitholders, their heirs, beneficiaries, and creditors may not cause the distribution of a mutual fund during its existence.

Any provision to the contrary shall be deemed null and void.

Article 18

The manager and the custodian shall be individually or jointly liable, as the case may be, to third parties and to unitholders for any breach of the laws and regulations applicable to the mutual fund, any violation of its internal rules, or any misconduct in relation to its interests.

Article 19

Any final conviction, pursuant to the criminal provisions of this Code, against the officers of the manager of the mutual fund or the custodian shall automatically result in the termination of their functions and the inability to exercise said functions.

The court hearing the liability action provided for in Article 18 of this Code may, at the request of a unit holder, order the dismissal of the managers of the fund or those of the depositary.

Similarly, the depositary may ask the court to dismiss the officers of the fund manager; it must inform the auditor thereof.

In these three cases, the court shall appoint a provisional administrator until new officers are appointed or, if such appointment proves impossible, until liquidation.

Article 20

At the end of each fiscal year, the manager shall draw up an inventory of the various assets of the mutual fund. This inventory shall be submitted to the depositary for certification.

The manager prepares the financial statements of the mutual fund in accordance with the accounting regulations in force. Where applicable, the manager determines the amount of distributable sums provided for in Article 27 of this code and the date of their distribution. The manager prepares a report on the management of the fund during the past financial year.

These documents shall be reviewed by an auditor who shall certify their accuracy and regularity.

The financial statements, the auditor's report, and the manager's report shall be made available to unitholders at the manager's registered office within a maximum of three months from the end of the financial year. A copy of these documents shall be filed with the Financial Market Council. A copy shall also be sent to any unitholder who requests it.

The manager is required to publish the composition of the assets of the mutual fund in the official bulletin of the Financial Market Council within a maximum of three months from the end of the financial year.

The board of directors or the management board of the manager shall appoint the auditor of the mutual fund.

Article 21

The manager shall submit in advance to the Financial Market Council all documents relating to the mutual fund that are intended for publication or distribution.

The Financial Market Council may, where appropriate, order the correction of any documents submitted if they contain inaccuracies. It may also prohibit their publication or distribution.

The Financial Market Council may request that the manager provide it with all documents necessary to carry out its duties.

Article 22

The mutual fund shall be dissolved at the end of the period for which it was established or in the cases provided for in Articles 15 and 33 of this Code.

The conditions of liquidation and the terms and conditions for the distribution of assets are determined by the internal regulations. The manager assumes the duties of liquidator; failing that, the liquidator is appointed by the court.

CHAPTER II bis

Venture capital mutual funds

(Inserted by Law No. 2005-105 of December 19, 2005)

Article 22 bis (new) *(Decree-Law No. 2011-99 of October 21, 2011, Art. 3)*

Venture capital mutual funds are mutual funds investing in securities whose purpose is to participate, on behalf of unit holders and with a view to resale or transfer, in strengthening the investment opportunities and equity capital of companies. Venture capital mutual funds are required, within a period not exceeding two years following the year in which the units were issued, to invest at least 80% of their assets in companies established in Tunisia and not listed on the Tunis Stock Exchange, with the exception of those operating in the residential real estate sector.
Newly issued shares on the alternative market of the Tunis Stock Exchange are also taken into account for the calculation of the employment rate provided for in the first paragraph of this article, up to a limit of 30% of that rate.
When the shares of a company in which a venture capital mutual fund holds an interest are admitted to the main market of the Tunis Stock Exchange, they shall continue to be taken into account for the calculation of the employment rate provided for in the first paragraph of this article for a period not exceeding five years from the date of admission.

Article 22b (new) *(Law No. 2019-47 of May 29, 2019, Art. 16)*

Funds of investment funds are considered to be mutual funds whose assets consist exclusively of subscriptions to units in venture capital mutual funds, subscriptions to units in seed funds, or subscriptions to units in specialized investment funds. Funds of funds make investments on behalf of sophisticated investors.
The fund of funds may comprise one or more sub-funds, each corresponding to a separate part of its assets. The fund of funds' internal regulations must provide for and determine the purpose of each of its sub-funds. Each sub-fund must have a simplified authorization in accordance with the provisions of Article 22 quinquies of the Code of Collective Investment Undertakings. The fund must also keep separate accounts for each sub-fund.
The assets of the sub-funds concerned are subscribed in national currency or convertible currency. Assets subscribed in foreign currency may be in the name of non-resident Tunisian or foreign investors within the meaning of the Foreign Exchange Act or resident investors. In this case, authorization from the Central Bank of Tunisia is mandatory. The decision must be made within 90 days of the date of submission of the application, which must meet all the conditions set out in a circular issued by the Central Bank. Failure by the Central Bank to respond within this period shall be deemed to constitute explicit authorization for approved banks to continue with the necessary procedures on behalf of the investors concerned.
The fund of funds must keep accounts in foreign currency in accordance with the accounting system in force for

sub-funds whose assets are denominated in foreign currency.
The fund of funds may invest the targeted assets in currency-denominated sub-funds in specialized investment funds.
The fund of funds may invest outside Tunisia the equivalent of subscriptions made in foreign currencies.
The provisions of Articles 22 quinquies, 22 octies, and 22 octodecies of the Collective Investment Undertakings Code apply to the fund of funds. The specific provisions governing the fund of funds are set out in its internal regulations.
The fund of funds must act on behalf of the mutual funds mentioned in the first paragraph of this article in accordance with the principle of risk diversification of the amounts subscribed during each subscription period. The internal regulations of the fund of funds must specify the thresholds for its interventions.

Article 22 quater (new) *(Decree-Law No. 2011-99 of October 21, 2011, Art. 3)*

The venture capital mutual funds provided for in Article 22 bis of this Code shall invest by subscribing to or acquiring ordinary shares or priority dividend shares without voting rights, investment certificates and, by way of derogation from the provisions of Article 22 bis of this Code, by acquiring or subscribing to shares.
Investments by venture capital mutual funds must be subject to agreements between the management company and the promoters setting out the terms and conditions and deadlines for the completion of retrocession or transfer transactions.
These agreements shall not stipulate guarantees outside the project or remuneration whose conditions are not linked to the results of the projects.
The venture capital mutual funds provided for in this article may also intervene by subscribing to or acquiring participating securities, bonds convertible into shares and, in general, all other categories treated as equity in accordance with the laws and regulations in force. They may also grant advances in the form of associated current accounts. The limits and conditions of these interventions are set by decree.
Venture capital mutual funds are required, when reselling or transferring the securities that are the subject of their interventions or in the event of the repayment of advances in the form of associated current accounts, to reuse the proceeds from these transactions under the same conditions and within the same time limits as provided for in Article 22 bis of this Code, unless these transactions take place during the pre-liquidation period provided for in Article 22 undecies of this Code.
The proceeds of the retrocession or transfer to be reused shall be equal to the retrocession or transfer price less any capital gains realized, taking into account any capital losses recorded.

Article 22 quinquies *(Added by Decree-Law No. 2011-99 of October 21, 2011, Art. 4)*

The subscription and acquisition of units in venture capital mutual funds benefiting from a simplified procedure are reserved for sophisticated investors, as defined by the regulations in force, as well as for managers, employees, or individuals acting on behalf of the fund management company and the management company itself.
The simplified procedure is set out in a regulation issued by the Financial Market Council.
The establishment and liquidation of such funds are subject to simplified approval by the Financial Market Council.
The depositary must ensure that the subscriber or purchaser is one of the aforementioned investors. It must also ensure that the subscriber or purchaser has effectively declared that they have been informed that the fund is governed by the provisions of this article.

Article 22 sexies *(Added by Decree-Law No. 2011-99 of October 21, 2011, Art. 4)*

Fund unit holders may not request the redemption of their units before the expiry of a period specified in the fund's internal regulations, which may not exceed ten years. At the end of this period, unit holders may demand the liquidation of the fund if redemption requests have not been satisfied within one year of the date on which such requests were filed with the manager.

Article 22 septies *(Added by Decree-Law No. 2011-99 of October 21, 2011, Art. 4)*

The number of shares increases through the subscription of new shares and decreases through the redemption by the venture capital mutual fund of previously subscribed shares.
However, previously subscribed shares may not be redeemed if the original value of the outstanding shares falls to fifty thousand dinars and if the original value of all outstanding shares remains below one hundred thousand dinars for ninety days, the manager must dissolve the fund.

Article 22 octies *(Added by Decree-Law No. 2011-99 of October 21, 2011, Art. 4)*

The manager of a venture capital mutual fund is a management company as defined in Article 31 of this code or Article 20 of Law No. 2005-96 of October 18, 2005, on strengthening the security of financial relations. The manager manages the fund on behalf of the unitholders, in accordance with the provisions of this code and its internal regulations.
In this context, the manager represents the unitholders in any legal proceedings, both as plaintiff and defendant, as well as in all matters affecting their rights and obligations, and exercises, in particular, the rights attached to the securities included in the fund.
The manager may not borrow on behalf of the mutual fund at risk.

(paragraphs 3, 4, and 5 (new), added by Law No. 2019-47 of May 29, 2019, Art. 17)

Notwithstanding any legal provision to the contrary, the manager of specialized investment funds and funds of funds whose entire assets are subscribed in foreign currency may be an offshore management company approved by the Financial Market Council.
The approved offshore management company must, at the time of its creation, have a minimum capital of the equivalent in convertible currency of one (1) million dinars.
The terms and procedures for the approval of offshore management companies, as well as the rules to be followed for the protection of investors' funds and the smooth running of operations, are laid down in regulations issued by the Financial Market Council.

Article 22 nonies *(Added by Decree-Law No. 2011-99 of October 21, 2011, Art. 4)*

The internal regulations of a venture capital mutual fund may provide for one or more fixed-term subscription periods. The management company may only distribute a portion of the assets at the end of the last subscription period and under the conditions set out in Articles 22 undecies and 22 quindecies of this Code.

Article 22 decies *(Added by Decree-Law No. 2011-99 of October 21, 2011, Art. 4)*

The transfer of units in a venture capital mutual fund is possible as soon as they are subscribed. Where the units have not been fully paid up, the subscriber and successive transferees shall be jointly and severally liable for the unpaid amount thereof. If the unit holder fails to pay the sums remaining due on the amount of the units held within the periods set by the management company, the latter shall send him a formal notice by registered letter with acknowledgment of receipt, and if, at the end of a period of one month from the formal notice, this has remained without effect, the management company may proceed, without any judicial authorization, to sell the units.
However, the subscriber or transferee who has transferred their units shall cease to be liable for payments not yet called up by the management company two years after the transfer of the transferred units from one account to another.

Article 22 undecies *(Added by Decree-Law No. 2011-99 of October 21, 2011, Art. 4)*

A venture capital mutual fund may enter into a pre-liquidation period after notification to the Financial Markets Authority and the competent tax authority, as follows:
- from the start of the financial year following the end of its fifth financial year if, since the expiry of a subscription period of no more than eighteen months immediately following the date of its incorporation, no new units have been subscribed.
- from the start of the financial year following the end of the fifth financial year after the one in which the last subscriptions took place, in other cases.
The employment rate provided for in Article 22 bis of this Code may no longer be complied with as of the financial year in

in which the declaration referred to in the first paragraph of this article is filed.

Article 22 duodecies *(Added by Decree-Law No. 2011-99 of October 21, 2011, Art. 4)*

During the pre-liquidation period, the fund may no longer:
- accept new subscriptions for units:
- hold in its assets, as of the start of the financial year following that in which the pre-liquidation period begins:
* securities or rights of companies not admitted to trading on the main market of the Tunis Stock Exchange or securities or rights of companies admitted to trading on the main market of the Tunis Stock Exchange that have been taken into account for the calculation of the employment rate provided for in Article 22 bis of this code, as well as current account advances associated with these same companies,
* investments of the proceeds from the sale of its assets and other proceeds pending distribution no later than the end of the financial year following that in which the sale or realization of the proceeds took place, and the investment of its cash reserves up to 20% of its assets.

Article 22 terdecies *(Added by Decree-Law No. 2011-99 of October 21, 2011, Art. 4)*

Where the fund's internal rules provide for a progressive call for funds, calls for funds relating to its interventions shall be paid by the unitholders at the request of the management company before the pre-liquidation period provided for in Article 22 undecies of this Code.
The fund's internal regulations shall define the terms and conditions under which sums not paid by the due date set by the management company shall bear interest.
The provisions of Article 22 decies of this Code shall apply to the non-release of shares.

Article 22 quaterdecies *(Added by Decree-Law No. 2011-99 of October 21, 2011, Art. 4)*

Redemption shall be made in cash where possible.
However, upon dissolution of the fund, the redemption of units may be made in securities of companies in which the fund holds an interest if the fund's internal regulations so provide and if no specific provision or clause limits the free transferability of such securities.
Redemptions are executed and settled by the custodian under the conditions set out in the fund's internal regulations, including, in particular, redemption periods, which may not exceed one year from the date of submission of the redemption request.
Where the management company of a fund or its shareholders or directors or the natural or legal persons responsible for managing the fund hold units, they may only obtain their redemption after the redemption or amortization of the other units subscribed, up to the amount paid up or upon the liquidation of the fund.

Article 22 quindecies *(Added by Decree-Law No. 2011-99 of October 21, 2011, Art. 4)*

The management company may distribute a portion of the fund's assets in cash during the pre-liquidation period.
However, this distribution may be made in the form of securities of companies in which the fund holds an interest if the fund's internal regulations so provide, if no specific provisions or clauses limit the free transferability of these securities, and if all unitholders have been given the option of receiving the distribution in cash or in securities.
The sums or values thus distributed shall be allocated first to the amortization of shares.

Article 22 sexdecies *(Added by Decree-Law No. 2011-99 of October 21, 2011, Art. 4)*

The fund's internal regulations may provide that, upon liquidation of the fund, a portion of the assets, not exceeding 20% of the liquidation surplus, shall be allocated to the management company, in accordance with the provisions of Article 22 quaterdecies of this Code.

Article 22 septdecies *(Added by Decree-Law No. 2011-99 of October 21, 2011, Art. 4)*

The management company shall inform unitholders of the appointments of its representatives to the management and administrative bodies and of employees to the positions of chief executive officers, managers,

directors, members of the management board or supervisory board of companies in which the fund holds shares.

Article 22 octodecies *(Added by Decree-Law No. 2011-99 of October 21, 2011, Art. 4)*

The provisions of Chapter II, with the exception of Articles 15 and 16, the provisions of Articles 23, 26 to 28, and 31 to 34 of Chapter III of Title I, and the provisions of Title III of this Code shall apply to venture capital mutual funds unless otherwise provided for in this Chapter.

Article 22 novodecies *(Added by Law No. 2019-47 of May 29, 2019, Art. 17)*

Specialized investment funds are considered to be mutual funds that invest on behalf of sophisticated investors in accordance with an investment policy set out in their internal regulations.
Specialized investment funds may comprise one or more sub-funds, each corresponding to a separate portion of their assets. The fund's internal regulations must provide for and set out the purpose of each of its sub-funds. Each sub-fund must have a simplified authorization in accordance with the provisions of Article 22 quinquies of the Code of Collective Investment Undertakings. The fund must also keep separate accounts for each sub-fund.
The assets of the sub-funds concerned are subscribed in national currency or convertible currency. Assets subscribed in foreign currency may be held in the name of non-resident Tunisian or foreign investors within the meaning of the Foreign Exchange Act, or in the name of resident investors. In this case, authorization from the Central Bank of Tunisia is required. The time limit for granting authorization shall not exceed 90 days from the date of submission of the application meeting all the conditions.
Specialized investment funds must keep accounts in foreign currency in accordance with the accounting system in force for sub-funds whose assets are denominated in foreign currency.
Specialized investment funds may invest outside Tunisian territory the equivalent of subscriptions made in foreign currency.
The provisions of paragraphs 1, 2, 3, and 4 of Article 22 quater and Articles 22 quinquies, 22 octies, and 22 octodecies of the Code of Collective Investment Undertakings apply to specialized investment funds. The specific provisions governing the funds are set out in their internal regulations.
Specialized investment funds may intervene by subscribing to bonds convertible into shares or by granting advances in the form of associated current accounts and, in general, any other categories assimilated to equity in accordance with the legislation and regulations in force, without any threshold.
Specialized investment funds must act on behalf of companies in accordance with the principle of risk diversification of the amounts subscribed during each subscription period. The fund's internal regulations must specify the thresholds for its interventions.

CHAPTER III
Provisions common to undertakings for collective investment in transferable securities

Article 23

The articles of association or internal rules of an undertaking for collective investment in transferable securities shall determine the original value of the share or unit.

Shares or units of a mutual fund may only be subscribed to or redeemed in cash.

Shares and units of collective investment undertakings shall be paid up in full upon subscription, with the exception of units of venture capital mutual funds and seed capital funds, which shall be paid up according to the needs of the projects in which they hold equity interests. *(Law No. 2008-78 of December 22, 2008, Art. 3)*

Article 24

The articles of association or internal regulations of undertakings for collective investment in transferable securities may provide for the possibility for the board of directors or the management board or the manager to temporarily suspend, after consulting the auditor, redemption and issue transactions when exceptional circumstances so require or if the interests of shareholders or unit holders so dictate; such articles of association or internal regulations shall lay down the conditions for taking the decision to suspend and shall provide for the obligation to inform shareholders or unit holders in accordance with the procedures laid down in the articles of association or internal regulations.

The Financial Market Council must be informed without delay of the decision to suspend trading and the reasons for it.

Article 25

The issue and redemption of shares or units shall be carried out at any time at the net asset value plus or minus the issue or redemption fees provided for in the articles of association or internal regulations.

The net asset value shall be obtained by dividing the net asset value of the collective investment undertaking in transferable securities by the number of shares or units in issue.

The fraction of the issue or redemption price corresponding to the amount per share or unit of retained earnings shall be recorded in a retained earnings account, the portion corresponding to the amount per share or unit of income earned since the beginning of the financial year is recorded in an income adjustment account for the current financial year, and the portion corresponding to the dividend per share or unit for the financial year ended, if the issue or redemption took place before the payment of that dividend, is recorded in an income adjustment account for the financial year ended.

Article 26

The articles of association and internal regulations shall set the payment deadlines for subscription and redemption transactions, the conditions for the distribution of distributable sums, and the conditions for the valuation of assets, which must comply with the accounting regulations in force and be the same for all securities of the same category and traded on the same market.

Distribution-type undertakings for collective investment in transferable securities must distribute distributable sums within a maximum of five months from the end of the financial year.

Article 27

The net income of mutual funds is equal to the sum of amounts from interest, premiums, dividends, arrears, attendance fees, and all other income relating to the securities comprising the portfolios of these funds and income from sums temporarily not in use, less operating and management fees and commissions.

Distributable amounts are equal to net income plus retained earnings, plus or minus, as applicable, the balance of the income adjustment account for the fiscal year ended.

Article 28

The assets of an undertaking for collective investment in transferable securities must be held by a single depositary, which may be a bank within the meaning of the law on credit institutions or one of the legal entities having their registered office in Tunisia and appearing on a list established by order of the Minister of Finance.

The custodian shall be designated in the articles of association or internal regulations.

The functions of manager and custodian may not be combined for the same collective investment undertaking in transferable securities.

The depositary must ensure, as applicable, that the decisions taken by the managers of the collective investment undertaking or the manager comply with the laws and regulations in force

and the articles of association or internal rules of the undertaking. The depositary remains liable even if it entrusts all or part of the assets deposited with it to a third party.

Article 29:

The assets of an investment company must consist mainly of securities and, to a lesser extent, cash under the conditions and within the limits set by decree[4].

Undertakings for collective investment in transferable securities may not hold more than 10% of a single category of transferable securities from the same issuer, except in the case of the State, local authorities, or transferable securities guaranteed by the State.

Similarly, they may not invest more than 10% of their assets in securities issued or guaranteed by the same issuer, except in the case of the State, local authorities, or securities guaranteed by the State.

Article 30

Where the manager of an undertaking for collective investment in transferable securities is subject to supervision, within the meaning of paragraph 3 of Article 10 of Law No. 94-117 of November 14, 1994, on the reorganization of the financial market, by a credit institution, the said undertaking may not hold more than 5% of the units of any debt mutual fund to which the credit institution in question has transferred debt.

The same prohibition applies where the appointment of its managers or those responsible for the effective management of its assets depends on the aforementioned credit institution.

Article 31

Management companies are public limited companies whose sole purpose is to manage the portfolios of undertakings for collective investment in transferable securities.

The capital of management companies may not be less than one hundred thousand dinars at the time of incorporation. Management companies are required to prove at all times that their capital is at least equal to 0.5% of the total assets they manage. This proportion is no longer required when the capital reaches five hundred thousand dinars.

Article 32

The establishment or liquidation of a collective investment undertaking in transferable securities and the establishment of management companies for such undertakings are subject to approval by the Financial Market Council.

The founders of collective investment undertakings in transferable securities and the management companies of such undertakings must submit an application for this purpose, accompanied by the documents listed in the regulations of the Financial Market Council.

The Financial Market Council shall respond to the application for approval within a maximum period of three months from the date of submission of the application accompanied by the necessary documents.

Article 33

The Financial Market Council shall decide to withdraw the authorization provided for in Article 32 of this Code, either at the request of the beneficiary of the authorization or on its own initiative after hearing the beneficiary of the authorization, where:

- the approval has not been used within twelve months of the date on which it was granted;
- or if the beneficiary of the approval no longer meets the conditions that led to the approval being granted;
- or if it has committed a serious breach of the legislation or regulations in force.

In the event of withdrawal of approval, the organization or company, as the case may be, must be liquidated, in accordance with the legislation in force, within one year of the date of the withdrawal decision.

[4] Decree No. 2001-2278 of September 25, 2001, as amended by subsequent texts

Article 34

Without prejudice to the provisions of this Code relating to disclosure requirements, the Financial Markets Council shall lay down, by regulation, the conditions governing the disclosure of information to shareholders and unit holders of undertakings for collective investment in transferable securities, which such undertakings must comply with, as well as the conditions governing their use of solicitation and advertising.

TITLE II

DEBT SECURITIES FUNDS

Article 35

A debt mutual fund is a co-ownership whose sole purpose is to acquire sound debt held by banks or other institutions specified by decree**,** with a view to issuing units representing such debt. The units shall be issued in a single issue.

A decree[5] shall determine the nature and characteristics of the debts that the debt mutual fund may acquire.

Coverage against the risk of non-recovery of the receivables acquired by the debt mutual fund is provided by one or more of the following means:

- the transfer to the fund of an amount of receivables exceeding the amount of units issued;

- the issuance of specific units bearing the risk of default by the debtors of the receivables. However, this category of units may not be acquired by natural persons or undertakings for collective investment in transferable securities;

- obtaining a guarantee from a bank or insurance company under which they cannot defer payment;

- the existence of adequate guarantees attached to the acquired receivables.

The fund's regulations expressly mention the means of covering the risks of non-recovery of receivables acquired by the fund.

Article 36:

The debt mutual fund does not have legal personality. The provisions of the property law code relating to joint ownership and the provisions governing joint ventures do not apply to it.

The fund may not acquire receivables after the shares have been issued. It is permitted to invest sums that are temporarily available and awaiting allocation under conditions defined by decree[6].

The debt mutual fund may not borrow.

Article 37:

The units of the debt mutual fund may give rise to different rights to capital and interest. The units are securities. They may not give rise to a request for redemption by the debt mutual fund on the part of their holders.
The minimum amount of a share issued by a debt mutual fund is set by decree[7].

Article 38

The assignment of receivables is effected by the delivery of a slip containing the following information:

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5 Decree No. 2001-2278 of September 25, 2001, as amended by subsequent texts

6 Decree No. 2001-2278 of September 25, 2001, as amended by subsequent texts

- the title "deed of assignment of claims";
- a statement that the deed is subject to the provisions of this code;
- the name of the assignee;
- the identification of the assigned receivables by indicating their amounts, the debtors, and the final maturity date.

Where the transfer of the assigned receivables is carried out by means of a computerized process that allows them to be identified precisely, it is sufficient to indicate, in addition to the information referred to above, the means by which they are transferred, their number, and their total amount;

- a statement that the assignment entails an obligation on the part of the assignor to take, at the request of the assignee, any action necessary to preserve the securities, modify them if necessary, enforce them, release them or enforce them.

The assignment takes effect between the parties and becomes enforceable against third parties from the date indicated on the slip when it is delivered.

The delivery of the slip automatically entails the transfer of the securities guaranteeing each claim and its enforceability against third parties without the need for any other formalities provided for by the provisions in force.

The assignment agreement may provide for the assignor to receive all or part of any surplus from the liquidation of the common fund of receivables.

For all transactions carried out on behalf of the co-owners, the designation of the common fund of receivables may validly replace that of the co-owners.

Article 39

The debt fund may not transfer the debt it has acquired except in the event of liquidation when the amount of the residual assets is less than 10% of the initial amount of the issue. In this case, the transfer shall be made for the entire residual assets in a single transaction, in accordance with the terms and conditions set out in Article 38 of this Code.
The fund may not pledge the receivables it holds.

Article 40

A specialized rating agency, registered on a list established by order of the Minister of Finance after consultation with the Financial Market Council, shall assess the characteristics of the units to be issued by the debt mutual fund and the receivables it proposes to acquire, as well as evaluate the risks associated with these receivables.

The results of the assessment and evaluation shall be recorded in a document appended to the issue prospectus referred to in Article 43 of this Code and communicated to the subscribers of the units.

The aforementioned body shall also monitor the level of security offered by the units issued. The conclusions of this monitoring shall be made public on a regular basis.

Article 41

The debt mutual fund may not be subject to solicitation.

Article 42

The transferring institution shall continue to ensure the recovery of the assigned receivables under the terms and conditions defined in an agreement concluded with the manager of the debt pool provided for in Article 44 of this Code.

However, all or part of the collection may be entrusted to a bank other than the transferring institution. In this case, the debtor must be informed by telegram, telex, fax, or any other means that leaves a written record, without the need for any other formality. Once notified, the debtor is no longer released if he makes payment to the transferring institution.

Article 43

The common debt fund is set up on the joint initiative of the manager and the depositary referred to in Article 44 of this Code, who establish:

- the internal rules of the pooled debt fund;
- an issue prospectus intended to provide prior information to subscribers to the transaction, in accordance with the provisions of Article 2 of Law No. 94-117 of November 14, 1994, on the reorganization of the financial market.

Article 44:

The manager is a corporation whose sole purpose is to manage debt mutual funds.

The capital of debt pool management companies may not be less than one hundred thousand dinars at the time of incorporation. Management companies are required to demonstrate at all times that their capital is at least equal to 0.5% of the total assets they manage. This proportion is no longer required when the capital reaches five hundred thousand dinars.

The manager represents the debt mutual fund in any legal action, whether as plaintiff or defendant, and in all acts relating to its rights and obligations.

The custodian of the assets of the debt pool may be a bank within the meaning of the law on credit institutions or one of the legal entities having their registered office in Tunisia and appearing on a list established by order of the Minister of Finance.

The custodian, who may be the assignor, shall be responsible for the safekeeping of the debt securities assigned to the debt pool and its cash assets. He shall ensure that the decisions taken by the manager comply with the laws and regulations in force and with the internal regulations.

Article 45

The establishment of the debt pool or its early liquidation, in cases other than those provided for in the internal regulations, as well as the establishment of the debt pool management company, are subject to approval by the Financial Market Council.

The founders of debt securities funds and the management companies of such funds must submit an application for this purpose, accompanied by the documents listed in the regulations of the Financial Market Council.

The Financial Market Council shall respond to the application for approval within a maximum of three months from the date of submission of the application accompanied by the necessary documents.

Article 46

Within six weeks of the end of each half-year, the manager of the debt mutual fund shall draw up an inventory of the fund's assets under the supervision of the depositary.

The auditor must report any irregularities and inaccuracies that he or she discovers in the course of his or her duties to the managers of the debt mutual fund.

The auditor shall be appointed by the board of directors or the management board of the manager of the debt mutual fund.

Article 47

The manager shall liquidate the debt pool within six months of the last debt being extinguished.

Article 48

Any final conviction, pursuant to the criminal provisions of this code, against the managers of the manager or the depositary shall automatically result in the termination of their functions and their inability to perform said functions.

The depositary may apply to the court for the termination of the functions of the managers of the collective debt fund; it must inform the auditor thereof.

In both of the above cases, the court shall appoint a provisional administrator until new managers are appointed or, if such appointment proves impossible, until liquidation.

TITLE III

MISCELLANEOUS PROVISIONS

Article 49

Creditors whose claims arise from the custody or management of the assets of a collective investment undertaking may only take action against those assets.

Shareholders or unit holders shall be liable for the debts of that undertaking only to the extent of its assets and in proportion to their share.

The personal creditors of the manager and the depositary may not seek payment of their claims from the assets of the collective investment undertaking.

Article 50

The articles of association or internal regulations of collective investment undertakings shall specify the length of the financial year, which shall be 12 months, except for the first financial year, which may be of a different length, not exceeding 18 months.

Article 51

The auditor of collective investment undertakings must be appointed from among the certified public accountants registered with the Tunisian Institute of Certified Public Accountants for a term of three financial years.

Regardless of their legal obligations, auditors of collective investment undertakings are required to:

1. - immediately report to the Financial Market Council any fact that could jeopardize the interests of collective investment undertakings, shareholders, and unit holders;

2. - submit to the Financial Market Council, within six months of the end of each financial year, a report on the audit they have carried out;

3.- send the Financial Markets Authority a copy of their report intended, as the case may be, for the general meeting of the collective investment undertaking they audit or for its manager.

The Financial Markets Council may, after hearing the person concerned, issue a decision prohibiting any auditor who fails to fulfill his or her obligations from exercising his or her functions with collective investment undertakings, either temporarily for a period not exceeding three years or permanently. The auditor shall be informed of the decision by telegram, telex, fax, or any other means that leaves a written record.

The sanctioned auditor may appeal against the decision of the Financial Market Council before the Tunis Court of Appeal within twenty days of the date on which the sanction was notified to him.

Article 52

Collective investment undertakings, depositaries, and managers must act exclusively for the benefit of subscribers. They must provide sufficient guarantees with regard to the organization, technical and financial resources, competence, and integrity of their managers and staff under their authority. They must take all measures necessary to ensure the security of transactions.

Article 53

Collective investment undertakings, custodians, managers, their managers and the staff under their authority are subject to supervision by the Financial Market Council. The purpose of this supervision is to ensure that the activities of these undertakings comply with the legal and regulatory provisions in force.

The provisions of Articles 41 to 44 and 48 to 52 of Law No. 94-117 of November 14, 1994, on the reorganization of the financial market, shall apply to them.

For the purposes of carrying out this supervision, the Financial Market Council may request any documents and information it deems necessary and conduct any on-site investigations.

These organizations must provide the Central Bank of Tunisia with the information necessary for the preparation of monetary statistics.

Article 54

No person may establish or manage a collective investment undertaking or a management company:

- if they have been convicted of forgery, theft, breach of trust, fraud, extortion of funds or securities, embezzlement by a public depositary, issuing bad checks, or participating in these crimes, or for violating foreign exchange regulations;

- if he or she is subject to a bankruptcy or insolvency ruling.

Article 55

Any de jure or de facto manager of an organization that engages in collective investment in securities without having obtained authorization or continues to engage in this activity after the withdrawal of authorization shall be punished by imprisonment for a term of sixteen days to one year and a fine of two thousand to twenty thousand dinars, or by one of these two penalties alone, at the end of the one-year period referred to in Article 33 of this Code. The penalty shall be doubled in the event of a repeat offense.

The same penalty shall apply to any person who carries on the business of managing a mutual debt fund without having obtained authorization and to any person who places units issued by the mutual debt fund without the approval of the prospectus referred to in Article 43 of this Code.

Article 56

Any manager of a collective investment undertaking who fails to appoint an auditor for the collective investment undertaking shall be punished by imprisonment for sixteen days to six months and a fine of five hundred to five thousand dinars, or by one of these two penalties only. The penalty shall be doubled in the event of a repeat offense.

Any auditor who knowingly provides or confirms false information about the situation of a collective investment undertaking or who fails to disclose to the public prosecutor any criminal acts of which he or she has become aware shall be punished by imprisonment for one to five years and a fine of one thousand two hundred to five thousand dinars, or by one of these two penalties alone. The penalty shall be doubled in the event of a repeat offense.

Any manager of a collective investment undertaking or the custodian of its assets, and any person whose responsibility is proven among those authorized to represent the organization, who knowingly obstructs the verification or control of the auditor or who refuses to provide him with the documents necessary for the performance of his duties, in particular all contracts, accounting documents, and minute books. The penalty is doubled in the event of a repeat offense.