Decree No. 2006-1294 of May 8, 2006, implementing the provisions of Article 23 of Law No. 2005-96 of October 18, 2005, on strengthening the security of financial relations.[1]

The President of the Republic,

On the recommendation of the Minister of Finance,

Having regard to Law No. 94-117 of November 14, 1994, on the reorganization of the financial market, as amended by subsequent texts and in particular Law No. 2005-96 of October 18, 2005, on strengthening the security of financial relations,

Having regard to the Code of Collective Investment Undertakings promulgated by Law No. 2001-83 of July 24, 2001, as supplemented by Law No. 2005-105 of December 19, 2005, on the creation of venture capital mutual funds,

Having regard to Law No. 2005-96 of October 18, 2005, on strengthening the security of financial relations, and in particular Article 23 thereof,

Having regard to Decree No. 75-316 of May 30, 1975, establishing the powers of the Ministry

of Finance, Having regard to the opinion of the Administrative Court.

Decrees:

Article 1 – The minimum capital of companies managing securities portfolios on behalf of third parties is set at one hundred thousand dinars, fully paid up 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 requirement no longer applies when the capital reaches five hundred thousand dinars.

Art. 2. – Authorization to engage in the activity of managing securities portfolios on behalf of third parties, as provided for in Article 23 of the aforementioned Law No. 2005-96 of October 18, 2005, shall be granted on the basis of an application submitted by the founders of the management company to the Financial Market Council, accompanied by the documents listed in the regulations of the Financial Market Council.

The Financial Market Council shall respond to the application for authorization within a maximum period of one month from the date of submission of the application accompanied by the necessary documents.

(Decree No. 2009-1502 of May 18, 2009, Art. 1er)
Approval is granted on the basis of a program of activities and the human and material resources of the management company to carry out one or more of the following areas of activity:

- individual management,

- management of open-ended investment companies and mutual funds provided for in Article 1 of the Code of Collective Investment Undertakings promulgated by Law No. 2001-83 of July 24, 2001, referred to above,

- the management of venture capital mutual funds provided for in Article 22 bis of the Code of Collective Investment Undertakings promulgated by Law No. 2001-83 of July 24, 2001, referred to above, and seed funds provided for in Article 1 of Law No. 2005-58 of July 18, 2005, referred to above.

[1] As amended by Decree No. *2009-1502 of May 18, 2009*

Art. 3 – The following are subject to the approval provided for in Article 23 of Law No. 2005-96 of October 18, 2005, referred to above:

- Any merger or demerger between management companies whose purpose is to manage securities portfolios on behalf of third parties,
- Any direct or indirect acquisition of a proportion of the capital of a securities portfolio management company on behalf of third parties by one or more persons resulting in control of that company.

Art. 4. – Management companies of undertakings for collective investment in transferable securities provided for in Article 31 of the Code of Undertakings for Collective Investment may, after obtaining the authorization provided for in Article 23 of the aforementioned Law No. 2005-96 of October 18, 2005, convert into securities portfolio management companies on behalf of third parties.

Art. 5. – No person may establish or manage a management company or be a member of its board of directors, executive board, or supervisory board if they:

- has been convicted of forgery, theft, breach of trust, fraud, or an offense punishable under the laws on fraud, has been convicted of extortion of funds or property belonging to others, embezzlement by a public depositary, issuing bad checks, receiving stolen goods obtained through such offenses, or violating foreign exchange regulations or laws and regulations relating to the prevention of money laundering. *(Decree No. 2009-1502 of May 18, 2009, Art. 1)*
- is subject to a final bankruptcy judgment,
- has been a director or manager of companies declared bankrupt, or has been convicted under Articles 288 and 289 of the Penal Code relating to bankruptcy.

Art. 6. – The Financial Market Council shall lay down rules by regulation to be observed for the protection of investors' funds and the proper conduct of transactions.

Art. 6 bis *(Decree No. 2009-1502 of May 18, 2009, Art. 1)* – The management company shall not hold its clients' securities accounts or cash. Securities and cash must be deposited, at the client's discretion, with one or more banks within the meaning of the aforementioned Law No. 2001-65 of July 10, 2001.

Art. 6 ter *(Decree No. 2009-1502 of May 18, 2009, Art. 1)* - The board of directors or supervisory board of the management company shall appoint a compliance and internal control officer in accordance with the conditions set by the Financial Market Council regulations.

Art. 7. – The Minister of Finance shall be responsible for the implementation of the provisions of this decree, which shall be published in the Official Journal of the Republic of Tunisia.

Tunis, May 8, 2006

Zine El Abidine Ben Ali