

France

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EQUITY CAPITAL MARKETS: GENERAL

1. Please give a brief overview of the equity market(s) in your jurisdiction and initial public offering (IPO) activity generally. What were the large deals over the past year? Have there been many listings of overseas companies on your market(s)?

IPOs

2007 saw a significant slowdown in IPOs on NYSE Euronext Paris. A trend that has continued in 2008, with the deepening of the financial crisis, resulting in further decreases in IPO activity and, more generally, in equity and equity-linked securities issuances.

Major IPOs at the end of 2007 and in 2008 included:

- Bureau Veritas (business support services): EUR1.24 billion (about US\$1.57 billion) (October 2007).
- Philip Morris International (tobacco): spin-off dual listing and offer to existing shareholders of mother company (Altria) (July 2008).
- Suez Environnement (water and waste management): spin-off and offer to existing shareholders of mother company (Suez) (July 2008).

In addition, eight transactions (mainly direct admissions) were realised on Alternext in 2008 (as of 31 October 2008), each raising between EUR2 million (about US\$2.5 million) and EUR11 million (about US\$14 million).

Secondary issues

Among very few issuances, the most significant share capital increases realised by issuers in 2008 were:

- Crédit Agricole SA: EUR5.9 billion (about US\$7.5 billion).
- Société Générale: EUR5.5 billion (about US\$7 billion).
- Natixis: EUR3.7 billion (about US\$4.7 billion).
- EDF Energie Nouvelles: EUR500 million (about US\$637 million).
- Klepierre : EUR356 million (about US\$453 million).

2. Is there a distinction between admission to listing and admission to trading?

There is no distinction between admission to listing and admission to trading (*see Question 3*).

3. Please describe the main equity capital market(s) and summarise the following in relation to each market (distinguishing where appropriate the requirements for overseas companies seeking a primary listing in your jurisdiction):

- The regulator.
- Any minimum size requirement
- Any minimum trading record required.
- Any working capital requirements.
- Any minimum numbers of shares in public hands.
- Number of companies traded.
- Annual cost of being listed.

Equity capital markets

Eurolist. The regulated equity capital market in France is Eurolist, a single listing, listed by NYSE Euronext, which replaced the three previous regulated markets. Eurolist has three segments based on market capitalisation:

- Segment A: over EUR1 billion (about US\$1.27 billion).
- Segment B: between EUR150 million (about US\$191 million) and EUR1 billion.
- Segment C: less than EUR150 million.

Professional Investor Market (*compartiment professionnel*) of NYSE Euronext. The French financial market authority (*Autorité des marchés financiers*) (AMF) (*see box, The regulatory authority*) amended in December 2007 its general regulations (*règlement général*) (AMF General Regulations) to allow the opening of a regu-

lated market segment for listings without a prior public offering. The purpose is to facilitate foreign companies' listings in France and to bolster the NYSE-Euronext dual listing potential. Securities can be listed on the segment by a technical admission (that is, admission without prior fund raising) or further to a private placement with qualified investors.

The AMF General Regulations have accordingly also relaxed the language (there is now no obligation to provide the listing prospectus and periodic reporting information in the French language) and process burdens that foreign issuers previously faced for a listing in Paris. Regulations reflect the professional status of the investors concerned and include some waivers from existing AMF requirements while enforcing all provisions stemming from European directives that apply to issuers whose financial instruments are admitted to trading on a regulated market. This notably includes:

- **Simplified listing requirements.** No need to produce:
 - a statutory auditors' certificate (*lettre de fin de travaux*);
 - a certificate by the investment services provider; or
 - a translation into French of the prospectus summary if originally drawn up in a language customary in the financial sphere (that is, English).
- **Streamlined permanent and periodic reporting requirements.** These include:
 - all regulatory information can be published in a language customary in the financial sphere (that is, English);
 - no need to publish statutory auditor fees or prepare pro forma financial statements for the purposes of periodic reporting.

So far, as at 31 October 2008, only two issuers already listed on NYSE (Anheuser Busch and Companhia Vale do Rio Doce) listed their shares on the Professional Investor Market.

Alternext and Marché Libre. Alternext is a non-EU regulated market of NYSE Euronext for small and mid-cap companies. It is an organised multilateral trading facility and is therefore distinct from the existing unregulated Marché Libre (over-the-counter market).

AMF's simple track process. In 2008, the AMF created a simplified process for approving prospectuses used in connection with right issues (for example, Crédit Agricole in June 2008) for issuers that have:

- Filed at least three annual reports (*documents de référence*).
- Complied with their periodic reporting obligations.

Regulator

The general regulator for all securities listed in France is the AMF.

Size limits

Eurolist. At the time of admission to listing, 25% of the company's issued capital must be publicly held, unless:

- The market can function with a lower percentage because of the large number of securities of the same class and the extent of their distribution to the public (at least 5% of the outstanding capital, with a minimum value, based on the offering price of EUR5 million (about US\$6.37 million), must be publicly held).
- Euronext decides otherwise (for example, if at least 600,000 shares are held by the public before or on listing).

Alternext. The company must have placed:

- At least EUR2.5 million (about US\$3.2 million) of the company's issued share capital in the case of a public offer.
- At least EUR5 million (about US\$6.37 million) in the absence of any public offer. This amount must have been privately placed with a minimum of five persons during the two years preceding admission.

Marché Libre. There is no minimum size limit.

Trading record

Eurolist. The issuer must have published audited annual financial statements, consolidated where applicable, for the previous three fiscal years under International Financial Reporting Standards (IFRS) or the French Generally Accepted Accounting Principles (GAAP) for companies with no consolidated accounts. If the fiscal year closed more than nine months before the date of the admission to listing, the issuer must have published or filed audited semi-annual accounts (with auditors' limited review).

Alternext. The issuer must have published accounts for at least two years (under IFRS, French GAAP or, in the case of non-European Economic Area (EEA) country issuers, IFRS or the applicable national accounting standards with reconciliation to IFRS). If the fiscal year closed more than nine months before the date of admission to listing, the issuer must have published or filed audited semi-annual accounts.

Working capital

There are no specific working capital requirements imposed by Eurolist or Alternext other than those stipulated by Regulation (EC) No. 809/2004 implementing Directive 2003/71/EC as regards prospectuses and dissemination of advertisements (*Prospectuses Regulation*) during the 12 months following listing.

Shares in public hands

See above, *Size limits*.

Number of companies traded

As of 31 October 2008, 1082 companies were trading on the three markets of Euronext and the number of companies trading on each Euronext market was as follows (*Euronext's website 2008*):

- **Eurolist.** 684 companies, 77 of which are foreign.
- **Alternext.** 117 companies.
- **Marché Libre.** 281 companies.

Annual cost

The fees for admission to trading of equity securities on Eurolist are calculated on a cumulative scale on the basis of market capitalisation at IPO:

- Up to EUR10 million (about US\$12,7 million): a flat rate of EUR10,000 (about US\$12,742).
- From EUR10 million to EUR100 million (about US\$127 million): at 0.06% (capped at EUR64,000 (about US\$81,546) for foreign issuers).
- From EUR100 million to EUR500 million (about US\$637 million): at 0.04% (capped at EUR224,000 (about US\$285,412) for foreign issuers).
- From EUR500 million to EUR1 billion (about US\$1.3 billion): at 0.03% (capped at EUR374,000 (about US\$476,536) for foreign issuers).
- Over EUR1 billion: at 0.01% (capped at EUR3 million (about US\$3.8 million) for foreign issuers).
- Foreign issuers seeking a listing only, without public offering or private placement: EUR10,000.

There is a 50% discount on further issues or follow-up offerings. Centralisation fees for IPOs or sales of equity securities already listed are 0.3% of the offer price or IPO price based on the equity securities offered to retail investors in France. No fees are paid for the exercise of warrants, conversion of bonds or exercise of options.

Annual listing fees for domestic and foreign issuers on Eurolist are based on the value of equity securities listed:

- Up to EUR2.5 million (about US\$3.2 million): EUR3,300 (about US\$4,129).
- From EUR2.5 million to EUR5 million (about US\$6.37 million): EUR4,400 (about US\$5,606).
- From EUR5 million to EUR10 million (about US\$12.7 million): EUR8,800 (about US\$11,213).
- From EUR10 million to EUR50 million (about US\$63.7 million): EUR13,200 (about US\$16,818).
- From EUR50 million to EUR100 million (about US\$127 million): EUR17,600 (about US\$22,425).
- Over EUR100 million: EUR22,000 (about US\$2728,032).

IPOs ON THE MAIN EQUITY CAPITAL MARKET(S)

4. What are the main ways of structuring an IPO?

Four main procedures are used to offer securities to the public in connection with an IPO on Eurolist:

- **Direct admission (*cotation directe*).** This procedure is generally used for securities that are already traded on another market (for example, on the over-the-counter market or a foreign market). It is rarely used in connection with IPOs.
- **Minimum-price offer (*offre à prix minimal*).** Supply and demand are matched in part by price adjustment and in part by scaling back orders. The admission notice indicates the number of shares to be made available to the market and the minimum price required by the sellers.
- **Fixed-price offer (*offre à prix ferme*).** Supply and demand are matched by reducing the quantity of shares allocated per order. This reduction can be on a strictly linear basis (with allowance for necessary adjustments) with the same percentage applied to all orders, or on a non-linear basis for different predetermined categories of orders.
- **Open-price offer (*offre à prix ouvert*).** In this most commonly used procedure, supply and demand are matched by price adjustments within a defined range, supplemented, where necessary, by a reduction of allocations. At the conclusion of the offer, the market price set is calculated according to both orders booked under placement procedures and those centralised on the Euronext order book.

Issuances may also include a greenshoe (*clause de surallocation*) or a clawback (*clause de ré-allocation*).

In addition, it is also possible to use a placement procedure where securities are placed with a selected base of institutional investors in France and abroad. In large transactions, fixed-price and open-price offer procedures are almost always used in combination with a placement procedure.

5. Outline the procedure for a company applying for a primary listing of its shares in your jurisdiction. Is the procedure different for an overseas company? Is an overseas company likely to seek a listing for shares or depositary receipts?

The following summarises the procedure for a company applying for a primary listing on a Euronext market. A listing application usually requires a prospectus (*see Questions 8 and 9*) to be approved by the AMF and Euronext.

AMF approval of non-French prospectuses

A prospectus approved by the competent body of an EC or EEA member state is valid in France, provided that the AMF is notified of the approval and receives a French translation of the summary note.

An issuer whose registered office is in a non-EEA country must file a prospectus containing information equivalent to that required from French companies by the AMF, including:

- All information published over the previous 12 months in any country the securities are already listed.
- A schedule of forthcoming publications and the subjects of any communications by the issuer in the two months following the draft prospectus submission date.

In addition, the issuer must appoint a statutory auditor to verify the translation of the financial statements and notes, as well as the relevance of any supplements and adaptations.

Euronext approval

An application for admission to listing must also be filed with Euronext, which can:

- Impose any supplementary listing requirements that it reasonably considers appropriate, in addition to those specified in the NYSE Euronext Harmonised Rules (Euronext Market Rules Books I and II).
- Request additional documentation and/or information from the applicant.
- Carry out reasonable inquiries as necessary in connection with the review of the application for admission.

Euronext and the applicant must then reach a joint agreement concerning a timetable for admission to listing. Unless agreed otherwise, Euronext issues a decision on an application within 90 days for a first admission (and 30 days in other cases). This decision then remains valid for 90 days (renewable for a further 90 days on written request), unless Euronext becomes aware of any changes in circumstances regarding the application.

Euronext has the right to refuse an application on any grounds, including:

- Failure by the issuer to meet one or more of the requirements imposed by the Euronext Rules or any other domestic applicable regulations.
- Where the securities' listing may be detrimental to the fair, orderly and efficient operation of the market or to the reputation of Euronext as a whole.
- Where an issuer has not complied with obligations resulting from listing securities on another market.

Any decision to refuse an application and the reasons for the refusal must be notified to the issuer in writing. In the event of a refusal, the applicant can appeal against Euronext's decision before a court, in accordance with national regulations. Any decision must be published in an official judgment. Decisions granting approval for listing specify the date of, and conditions for, admission to listing of the securities, as well as any relevant trading details. The pre-existing right of the AMF to oppose Euronext's decision granting approval for listing was cancelled in 2007. In any case, admission will only become effective once the prospectus has received the AMF's approval (*visa*).

Foreign issuers must provide to Euronext when filing their application:

- A list of the principal known shareholders, together with the number of securities held in portfolios in France.
- Details of the number of financial instruments already traded or likely to be traded on Eurolist.
- Certification (in French) by the consular authorities in France (or a legal opinion issued by a law firm) that the prospectus document submitted by the issuer complies with the laws and practices of its country of origin.

A certificate of listing drawn up by the competent authorities of a foreign regulated market can be submitted instead of this certification, but only if the market is a member of the International Federation of Stock Exchanges (*Articles 212-36 to 38 of the AMF General Regulation*). For countries that do not operate a regulated market, or whose regulated markets are not members of the IFSE, this certification must be authenticated by the French Ministry of Foreign Affairs. This is also required for the admission to listing of foreign securities issued by unlisted entities incorporated in an EU member state.

Generally, the listing of foreign securities is done directly through an arbitrage procedure on the electronic SUPERCAC trading system.

Mutual recognition between France and the US and between France and Israel

Following a decision by the AMF on October 2007, documents filed with the US Securities and Exchange Commission (SEC) during the previous 12 months by a company which is, or is about to be, listed on the NYSE constitute a valid filing of a prospectus in France (with US GAAP being accepted for that purpose) if the company requests that its securities be admitted to trading on Euronext without making a public offering in France (*see Question 3*).

In addition, on 28 January 2008, the Israel securities authority (ISA) and the AMF signed a mutual recognition agreement permitting, under certain conditions, the offer of securities in one of their countries on the basis of prospectuses authorised in the other country.

6. Briefly outline the role of advisers commonly used for an IPO.

Investment services provider

The investment services provider, such as an investment bank, is primarily responsible for managing the offering process and co-ordinating the company's other advisers. It usually assumes the following roles:

- **Global co-ordinator or lead manager.** When offerings are made in more than one jurisdiction.
- **Financial adviser.** To advise on matters including:

- timing of the IPO;
 - structuring of the offering;
 - company's capital structure, board composition and corporate governance;
 - marketing strategy and processes;
 - valuation and pricing issues;
 - arrangements with principal shareholders.
- **Listing sponsor (*établissement introducteur*).** Listing sponsors liaise with the regulatory authorities and assist with the drafting of offering documents.
 - **Corporate broker.** The corporate broker's role is to:
 - evaluate and inform the issuer on current market conditions;
 - market securities to investors;
 - advise on marketing and the size, timing and price of the issuance;
 - assist the company in complying with listing rules;

It may also be involved in placing a part of the issue with institutional investors.
 - **Underwriter.** If an existing shareholder is selling shares, or if the company is issuing new shares, these will usually be underwritten by the investment bank and by one or more other underwriters. Underwriters also participate in marketing the IPO to institutions, while their research divisions publish research reports on the issuer (*see Question 13, Research reports*).
 - **Research analyst.** Analysts' reports on the issuer are published through the bank's research division.

Legal advisers

The lawyers' role is to advise the:

- Company on:
 - legal aspects of preparations for listing (including any corporate restructuring) and due diligence;
 - drafting the prospectus and other offering materials;
 - any ancillary documentation (such as board minutes and shareholder resolutions).
- Directors and officers of the company on their responsibilities and duties.
- Selling shareholder, (if any) if there is no conflict of interest.
- Underwriters, on any legal agreements to which they are a party and on the conduct of legal due diligence on their

behalf.

- Listing sponsors, on the preparation of the prospectus and in relation to their obligations.

Statutory accountants

The statutory accountant's role is to (*see Question 12*):

- Advise the company on accounts, accounting policies and audit.
- Carry out financial and management due diligence.
- Review and confirm the accuracy of financial information in the listing prospectus.

In addition, the company's own accountants must issue a certificate (*lettre de fin de travaux*) to the company and the AMF on the content of the prospectus used in the offering. For an international offering, the issuer's auditors must also provide the underwriters with a comfort letter concerning the financial information in the international offering documents.

Financial public relations agents

The financial public relations agents:

- Advertise the company and build up its brand and profile.
- Help draft press announcements and releases.

Share registrar

The share registrar (usually a financial institution) handles applications for dematerialised securities with Euroclear and maintains the company's share register.

Specialist advisers

Depending on the nature of the company, tax specialists, actuaries, environmental and intellectual property experts, and other specialised lawyers may be involved.

7. What are the principal documents produced in an IPO?

A prospectus is normally required (*see Questions 8 and 9*) and is composed of various documents, depending on the circumstances (*see Question 10*):

- A registration document (*document de base*) for an IPO.
- An annual report (*document de référence*) for a company that is already listed.
- Any necessary supplements to the registration documents.
- An offering circular (*note d'opération*) that gives details of the proposed offering and updates any changes since the publication of the registration document (*see Question 10*).
- A summary of the prospectus.

8. Please summarise the requirements for a prospectus (or other main offering document).

A prospectus is required for a public offering of securities where a company (*Article L 411-1, Monetary and Financial Code (MFC)*):

- Makes an application for the listing of financial instruments on a regulated market (that is, Eurolist).
- Issues or sells securities to the public in France through advertising, direct solicitation (*démarchage*) or through banks, credit institutions or other financial services providers (for instance, this may apply to offers by private companies that offer securities to more than 100 investors).

The prospectus must receive approval (*visa*) from the AMF before it can be distributed, as follows:

- Publication in one or more national or widely circulated newspapers.
- Making the prospectus freely available from the issuer at its registered office, market operator and financial intermediaries such as paying agents.
- Posting on the company's website and, if applicable, on the websites of financial intermediaries.
- Posting on the website of the regulated market for which admission to trading is sought.
- Sending a prospectus free of charge to any person who requests it.

An electronic version of the prospectus must be sent to the AMF for posting on its website. If not disclosed in the prospectus, final terms of the offering are disclosed in a press release published on the websites of the AMF and of the company.

9. Are there any exemptions from the requirements for a prospectus (or other main offering document)?

MFC

The admission to trading on a regulated market or the issuance or sale of securities does not constitute a public offering if it is (*Article L 411-2 I, MFC*):

- Unconditionally and irrevocably guaranteed or issued by an EEA member state.
- Made by a public international organisation of which France is a member.
- Made by the European Central Bank or the central bank of an EEA member state.
- Made by collective investment schemes, such as undertakings for collective investment in transferable securities or securitisation funds.

AMF General Regulation

Issuing or selling securities also does not qualify as a public offering if (*Article L 411-2 II, MFC and Article 211-2, AMF General Regulation*):

- The total value of the securities offered is less than EUR100,000 (about US\$127,416).
- The total value of the securities offered over a 12-month period is between EUR100,000 and EUR2.5 million (about US\$3.2 million), and the offer relates to financial instruments that do not represent more than 50% of the issuer's share capital.
- The offer is aimed at investors acquiring at least EUR50,000 (about US\$63,708) worth of the relevant securities per investor per transaction.
- The transaction concerns securities with a minimum denomination over EUR50,000 or the foreign currency equivalent.
- The offering is intended solely for (*Article L. 411-2 II, MFC*):
 - persons providing portfolio management investment services on behalf of third parties;
 - qualified investors (*investisseurs qualifiés*), that is, persons or entities possessing the expertise and facilities necessary in order to apprehend the risks inherent in securities transactions;
 - investors other than qualified investors belonging to a limited circle of less than 100 individuals acting on their own behalf.

However, if the offers described above concern new shares issued and listed on a regulated market (including Eurolist), a prospectus must be submitted for the AMF's approval (*visa*).

A prospectus is not required for the following offers (*Article 212-4, AMF General Regulation*):

- Shares issued as a substitute for existing shares of the same category, if the issuance of these new shares does not increase the share capital.
- Securities offered in connection with an exchange offer or equivalent procedure under foreign law, if a document containing information equivalent to a prospectus is made available and filed with the AMF for supervision.
- Securities offered or allocated in connection with a merger, spin-off or contribution, if a document containing information equivalent to a prospectus has been made available and filed with the AMF for supervision.
- Free shares offered or allocated to shareholders without charge, or dividends paid in the form of shares belonging to the same class as those giving entitlement to the dividends, if a document containing the number and nature of the shares and the reasons and modalities of the transaction is made available.

- Securities belonging to the same class as those already listed on another regulated market of an EU or EEA member state offered or allocated to directors, board members or to current or former employees, if a document containing the number and nature of the securities and the reasons and modalities of the transaction is made available.

The obligation to prepare and file a prospectus does not apply to the admission to trading of the following (*Article 212-5, AMF General Regulation*):

- Shares that represent, during a 12-month period, less than 10% in shares of the same of the same class already listed on a regulated market.
- Shares issued as a substitute for shares of the same class as those already admitted to trading on the same regulated market, if the issuance does not increase the issuer's share capital.
- Securities offered in connection with an exchange offer or an equivalent exchange procedure under foreign law, if a document containing information equivalent to a prospectus is made available and filed with the AMF for supervision.
- Securities offered or allocated in connection with a merger, spin-off or contribution, if a document containing information equivalent to a prospectus is made available and filed with the AMF.
- Free shares offered or allocated to shareholders without charge, or dividends paid in shares of the same class as the shares giving entitlement to the dividends, if a document containing information regarding the number and nature of the shares and the transaction's reasons and modalities is made available.
- Securities offered or allocated to directors, board members or current or former employees by their employer or by an affiliate, if they belong to the same class as those already listed on the same regulated market and if a document containing information regarding the number and nature of the securities and the transaction's reasons and modalities is made available.
- Shares resulting from the conversion or exchange of other securities or from the exercise of rights conferred by other securities, if the shares belong to the same class as those already admitted to trading on another regulated market.
- Securities already admitted to trading on another regulated market, subject to the following conditions:
 - these financial instruments, or financial instruments belonging to the same category, have been admitted to trading on the regulated market for more than 18 months;
 - an appropriate prospectus approval was made available to the public by the relevant foreign regulated market authorities;
 - the issuer has complied with all the periodic and ongoing disclosure obligations on the other regulated market;

- the person who seeks for admission to trading produces a summary note in French (not required if the admission is sought on a compartment).

10. Please outline the contents of the prospectus (or other main offering document).

General requirements

A prospectus must include all information required for investors to make an informed decision regarding the assets, liabilities, business activities, financial position, profits and losses and prospects of the issuer, as well as regarding the rights attached to the securities offered, although exact requirements depend on circumstances. The AMF General Regulation and the AMF Instruction 2005-11 of 13 December 2005 as amended 4 July 2008 set out prospectus content requirements derived from the Prospectuses Regulation.

The contents of a prospectus are also defined by international market practices subject to AMF Instruction 2005-11.

Specific requirements

On Eurolist, the prospectus consists of:

- A registration document (*document de base* for an IPO), which must be filed with the AMF at least 20 business days before approval (the registration number is normally granted by the AMF during such period) or an annual report (*document de référence*) (see Question 18).
- An offering document (*note d'opération*) containing a summary of the prospectus, which must be filed with the AMF at least five business days before approval. In IPOs, once the AMF approval is granted, the prospectus must be made available to the public at least six trading days before the closing and settlement date.

On Alternext, a prospectus in connection with a public offering must be approved by the AMF. It can be submitted to the AMF as a single document as long as it contains the content of both the registration document and offering documents as set out in the Prospectuses Regulation.

11. How is the prospectus (or other main offering document) prepared and verified?

The prospectus is prepared by the issuer's legal advisers, with input from the issuer, the statutory accountants and the investment services providers. The prospectus is checked by the issuer, the investment services provider and their legal advisers. Statutory accountants verify the content and provide a statement on the financial information contained in the prospectus to the issuer and the AMF (see Question 12, *Statutory auditors*).

If any significant new information, material mistake or inaccuracy is discovered in the period between AMF approval of the prospectus and the start of trading, the issuer must prepare a supplementary note to the prospectus addressing this. It must be sent to the

AMF for approval, which may be granted within seven business days after submission. The publication of a supplementary note to the prospectus gives investors who have previously accepted the offer the right to withdraw their acceptance within two days of publication.

12. Who is responsible for the content of the prospectus (or other main offering document) and any liability arising from its contents?

The following persons are responsible for the content of the prospectus (212-14 to 212-16, AMF General Regulation):

- **The issuer.** The issuer's legal representative certifies in the prospectus that, to the best of his knowledge, the information is accurate and contains no material omissions (see *Question 11*). This certification must also refer to the statutory accountants' certification and mention any specific comments made.
- **Statutory auditors.** The statutory accountants must deliver to the issuer and the AMF a certification relating to the accuracy of the issuer's financial situation and accounts in the prospectus (*lettre de fin de travaux*).
- **Investment services providers.** An investment services provider participating in an IPO must confirm to the AMF that it has conducted due diligence that has revealed no misrepresentations or material omissions in the prospectus during the three following years. After the three-year period, confirmation is only required in relation to information contained in the offering document and not in the full prospectus.

13. Briefly explain the ways used to market an IPO.

Financial instruments are sold only on the basis of the prospectus, but marketing may include:

- **Research reports.** Research analysts connected to the company's underwriters usually publish a research report on the company between one and two weeks before the launch of the offering. Other independent analysts unconnected with the offering may also prepare their own reports.
- **Pre-marketing.** The sales force of the lead investment banks usually contacts a number of institutional investors to:
 - familiarise them with the issuer;
 - generate investor interest;
 - identify concerns to be addressed by management during the road show.

The scale of pre-marketing depends on the size of the offering. Typically, this takes place immediately following publication of the research reports and lasts for seven to ten days before the determination of the price range and offering size.

- **Road shows.** Presentations by the issuer's senior management to a selected audience of institutional investors usually start with a meeting organised with the French Society of Financial Analysts (*Société française des analystes financiers*).
- **One-on-one meetings with key investors.** The lead manager may arrange meetings to generate demand and to give key investors the opportunity to meet with management face to face.
- **Advertising and publicity.** All the parties involved in an IPO need to carefully control what they release to the media. Any advertising relating to a public offering or listing of securities must be submitted to the AMF before publication and must include a reference to the prospectus and its risk-factors section.

14. Describe any potential liability from publishing research reports by connected brokers and ways used to avoid such liability.

There is no specific prohibition preventing distribution of research reports, but a research report must not constitute an invitation or solicitation to purchase securities. Chinese walls between analysts and investment bankers may be required and authorised investment service providers must state clearly on all research reports any factors that could limit the independence of their research (*Book III (Providers), AMF General Regulation as amended 5 August 2008*).

In addition, an analyst employed by a financial institution undertaking certain transactions (such as underwritten offerings or placements of securities) cannot be remunerated for research on those transactions.

15. Is the bookbuilding procedure used and if so, in what circumstances?

Bookbuilding is commonly used in institutional and/or international offerings. The price of the offering and offering size are usually not fixed until indications of interest have been received from potential investors following circulation of a prospectus (see *Question 16*).

16. Where bookbuilding is used, how is any related retail offer dealt with?

IPOs always involve a centralised retail offering procedure (see *Question 4*), which is generally associated with a private placement of 80% to 90% of the offering to institutional investors. In privatisations of state-owned companies, the retail offering may cover a more significant portion of the offering, ranging between 30% and 60%.

The price resulting from the bookbuilding process must not be lower than the fixed-price offer or the definitive price for the

open-market offer. Once the private placement is complete, the lead manager provides Euronext with a statement of the number of securities placed and the number of orders filed. Euronext then makes the statement public, giving the results of the retail offering. The AMF requires that if market demand permits, the number of shares allocated to the retail offering in an IPO must constitute a minimum of 10% of the total number of shares offered.

Retail investors apply for shares with an application form issued with the prospectus or attached to a Euronext notice. Depending on the centralised offering procedure chosen (*see Question 4*), the price may not have been established when the retail offer was launched (but it is usually established in connection with preferential subscription rights offerings, and investors may then be asked to state the total amount they wish to invest). Retail applications are binding and must be accompanied by payment in full.

The retail offering period usually ends one day before the institutional offering so that Euronext can collect all orders submitted by individual investors through the banking networks and publish the results of the retail offering. The last date for receipt of shares applications from the public is generally one or two days before the first day of the shares' trading.

17. How is the underwriting for an IPO typically structured? What are the typical terms of the underwriting agreement?

The main provisions of an IPO underwriting agreement are:

- The obligations of the underwriter (or underwriting syndicates) to find subscribers or purchasers for the securities, or failing this, to subscribe for or purchase all or a portion of the securities themselves.
- The corresponding obligations of the issuer and/or the selling shareholders to pay a fee to the underwriter or underwriting syndicate. This fee is usually structured as a percentage of the aggregate price of the shares offered and is traditionally split between:
 - an underwriting commission;
 - a management commission;
 - a selling commission.

An additional success fee (usually at the discretion of the issuer) is often included. The underwriting agreement also sets out the terms of any over-allotment option (up to 15% of the securities initially offered) that may be granted to the underwriter(s) for stabilisation purposes in order to cover any over-allotment.

Underwriting agreements in the French market usually contain covenants, representations and warranties made by:

- The issuer and/or selling shareholders with respect to information on the issuer or the offering of securities.
- The underwriters' selling restrictions in connection with their placement of the securities.

Breach of these entitles the underwriters to terminate the underwriting agreement. Underwriting agreements also typically indemnify the underwriters for false or misleading information in the issuer's offering document.

Underwriting agreements are also subject to a number of conditions and usually contain a market-out clause triggered if certain material adverse events affect the issuer's assets, results, financial condition, indebtedness or business activities.

18. Please provide a summary of the timetable for a typical IPO.

An indicative timetable for an institutional and retail offering with bookbuilding in France (where "Day" is the date of closing and settlement) would be:

- **Day - 5 to 6 months.** Appoint advisers. Prepare company for listing (management and legal due diligence, restructuring, if needed, and compliance with conditions for listing). Begin preparation of key documents, such as the registration document.
- **Day - 3 to 4 months.** Advisers and company informally present the IPO project to the AMF and to Euronext.
- **Day - 11 weeks.** File draft registration document with the AMF and applications for admission to trading with AMF and Euronext.
- **Day - 7 weeks.** The registration number must be delivered on the registration document. The issuer is presented to financial analysts.
- **Day - 4 weeks.** Analysts' research published. Pre-marketing starts.
- **Day - 3 to 4 weeks.** Draft offering document is filed for AMF review (final draft must be filed five business days before the expected date of AMF approval of the prospectus).
- **Day - 2 weeks.** AMF approves the prospectus (registration document and offering document). The offering document is published and offering launched with initial fixed price or price range. Start of road shows.
- **Day - 5 days.** Retail offer closes.
- **Day - 4 days.** Institutional offer closes. Underwriting agreement is signed. A press release is prepared with final terms of the offering. Securities are listed but not traded. Allocation sometimes takes place in the evening if the offering includes a placement in the US.
- **Day - 3 days.** Allocation (if it did not occur the day before) and beginning of trading of issuers' securities (including newly-issued securities if the offering is irrevocably underwritten (*Garantie de bonne fin*) or if the shares are traded as when-issued shares (*promesse d'actions*). Stabilisation period starts.
- **Day.** Closing and settlement.

- **Day + 30 days.** Stabilisation period ends and final date for exercise of over-allotment option. Publication of final press release on stabilisation.

19. Are there rules on price stabilisation in the period after trading starts?

The AMF General Regulation gives rules on price stabilisation with regard to Directive 2003/6/EC on insider dealing and market manipulation (market abuse) and Regulation (EC) No. 2273/2003 implementing Directive 2003/6/EC as regards exemptions for buy-back programmes and stabilisation of financial instruments:

- **Price bidding levels.** Prices generally result from the volume of demand. If an order will cause the price of a security to cross a defined threshold Euronext may suspend the execution of the order for the portion over the threshold. Euronext determines the thresholds against a static or dynamic reference price.
- **Centralisation of stabilisation activities on behalf of the underwriting syndicate.** An issuer must refrain from trading in its own shares:
 - between the date when it becomes aware of privileged information and the date when information is made public;
 - during a 15-day period before the publication of its annual, half-yearly and quarterly (if any) financial statements.

Transactions undertaken by investment service providers to stabilise securities, in compliance with the provisions of the Regulation EC/2273/2003, are not considered as market manipulation (*Article 631-7, AMF General Regulation*). The issuer, offeror or entity undertaking the stabilisation must provide the AMF details of all stabilisation transactions within seven trading days of execution. Information concerning the existence of and arrangements for stabilisation must be made public within one week of the end of the stabilisation period, through a press release posted on the AMF website and on the issuer's website.

20. What is the approximate cost of an IPO?

IPO costs vary significantly depending on the characteristics of the offering (its size, retail or other offer, nature of the underwriters' undertakings, risks taken by the underwriters, statutory auditors' due diligence and corporate restructuring, and so on). IPO costs usually range from 4% to 8% of gross proceeds and sometimes reach 10% in smaller offerings. Fees paid to the underwriters are the largest costs of an IPO.

21. What are the main tax issues that arise on an IPO?

There are no specific tax issues related to the issuance of securities in France. Since 1 January 2008, there is no longer a tax on securities transactions (*impôt de bourse*).

CONTINUING OBLIGATIONS

22. Please outline any continuing obligations to which listed companies are subject, in particular:

- The key areas covered by the obligations.
- Whether the same rules apply to domestic and foreign companies and to issuers of shares and depositary receipts.
- How these obligations are regulated and any penalties for breach.

Key areas

A company with securities listed on a French regulated market must ensure that regulated information is periodically disseminated to the public. The information is posted and kept on the issuer's website for a period of five years and filed electronically with the AMF:

- **Annual, half-yearly and quarterly financial reports.** Issuers of equity securities or debt instruments must publish and file with the AMF an annual, half-yearly and quarterly financial report, if the securities:
 - are listed on Eurolist;
 - are not money market instruments within the meaning of Directive 2004/39/EC on markets in financial instruments (MiFID);
 - have a nominal value below EUR1,000 (about US\$1,274);
 - have term shorter than 12 months.
- **Annual financial reporting.** Listed companies must publish and file, within four months of the year end, with the AMF an annual financial report (*rapport financier annuel*) including:
 - the annual accounts;
 - the consolidated accounts (where applicable);
 - the management report (*rapport de gestion*);
 - the statement by persons responsible for the accounts; and
 - a report of the statutory auditors on the financial statements.

Companies with shares listed on a regulated market must, within four months of the year end and at least 15 days before the ordinary general shareholders meeting, publish in the *Bulletin des annonces légales obligatoires* (BALO) the approved annual accounts and, where applicable, consolidated accounts, together with the statutory auditor's attestation and the resolution on appropriation of profits (*Article R 232-10, French Commercial Code*). Since 1 September 2008, annual financial reporting to the BALO has been simplified as the obligation to publish a set of preliminary annual accounts before the annual general meeting of shareholders has been removed.

In addition, within 45 days following the ordinary general shareholders meeting, they must publish in the BALO (*Article R 232-11, French Commercial Code*):

- the approved annual accounts certified by the statutory auditors;
 - the latest consolidated accounts (if required) together with the statutory auditors' attestation; and
 - the resolution on appropriation of results.
- **Half-yearly financial reporting.** Listed companies must publish and file with the AMF, within two months of the first half-year end:
 - condensed consolidated accounts (where applicable);
 - an interim activity report (*rapport semestriel d'activité*);
 - a statement by persons responsible for the accounts;
 - a report of the statutory auditors on their limited review of the condensed consolidated accounts.
 - **Quarterly financial reporting.** Listed companies must publish and file with the AMF, within 45 days of the first and third quarter end:
 - an explanation of material events and transactions;
 - a general description of the financial position and results of the company;
 - the total net sales for the relevant quarter.

Since 1 September 2008, the existing requirements to publish information in the BALO relating to half-yearly and quarterly financials have been removed, in compliance with Directive 2004/109/EC on transparency requirements.

- **Information documents on display.** Listed companies must file with the AMF, within 20 trading days of publication of their annual financial reports, an electronic document containing or mentioning all information published by them over the previous 12 months in any foreign state. The document must be made available free of charge to the public at the issuer's registered office and on its website (*Article L 451-1-1 FMC and Article 222-7, AMF General Regulation*). This does not apply to:
 - debt instruments having a nominal value greater than EUR50,000 (about US\$62,572);
 - money market instruments within the meaning of MiFID;
 - securities with a term shorter than 12 months;
 - securities admitted to trading on a regulated market;
 - securities requiring AMF listing approval.
- **Statutory auditors fees.** Public issuers must publish within four months of the end of their financial year a release

specifying the total amount of fees paid to the statutory auditors responsible for auditing their financial statements.

- **Board of directors and internal control proceedings reports.** Public issuers must publicly disclose the board of directors' or supervisory board's report within four months of the end of their fiscal year, describing notably the:
 - preparation and organisation of the board's work;
 - the internal auditing procedures put in place by the company;
 - the statutory accountants' report presenting their observations on such report.

Reports must be posted on the website of the entity concerned.

- **Ongoing information.** Information provided to the public by the issuer must be accurate, precise and fairly presented. Every issuer must disclose to the public as soon as possible any inside information (that is, that could have a significant impact on the price of its securities). The issuer may under his own responsibility delay the public disclosure of such inside information if:
 - it is done to protect the company's legitimate interests;
 - failure to disclose the information would not be likely to mislead the public; and
 - the issuer is able to insure the information's confidentiality.

Disclosure must be made in full, through a press release and posted on the issuer's website for at least five years.

The AMF may order the issuer to publish any information it requires for the protection of investors and to ensure the proper functioning of the market or failing that, publish it itself under its own authority. Information published abroad by issuers must also be published in France.

Domestic and foreign companies

Foreign companies listed on Eurolist that have chosen the AMF as the competent authority for monitoring compliance and non-EEA companies who first issued their securities in France are subject to the same obligations as French issuers. In these cases, the information disclosed must be drafted in French. However, where securities are not offered to the public the AMF allows information to be provided in another language commonly used in business transactions (*see Question 3, Professional investor market*).

Regulation and penalties

The AMF and Euronext oversee continuing compliance. Failure to comply with these obligations may result in sanctions and, for certain breaches, Euronext can request the issuer's de-listing.

- **Failure to disclose in a timely manner.** The AMF publishes a list of issuers that have not met their financial disclosure

obligations on its website (*Late publications*). The AMF can file for an injunction to compel the issuer to disclose financial information and impose periodic penalty payments if no response is forthcoming from the issuer:

- For companies listed on Eurolist, the late disclosure of periodic information can result in a fine imposed on the issuer's CEO, chairman and/or directors of up to a maximum of EUR1,500 (about US\$1,911) or EUR3,000 (about US\$3,825) for repeated violations;
- For companies listed on Alternext, the fine for late publication is EUR5,000 (about US\$6,370) per month of delay.

If an issuer has not disclosed privileged information in a timely manner (and there is no legitimate interest allowing it to postpone the disclosure), the AMF can impose fines proportionate to the fault, up to EUR10 million (about US\$12.7 million) or ten times any profit made by the issuer itself and/or its directors and officers (*Article L 465-1, MFC*).

■ Disclosure of false, incomplete or misleading information.

In this event, there are criminal sanctions, as follows:

- the issuer can be liable for damages caused to investors;
- the criminal courts can sentence the issuer, its CEO, chairman of the board and/or directors, statutory accountants, to fines totalling up to EUR1.5 million (about US\$1.9 million) or ten times any profits made by the issuer itself and/or its directors and officers and/or statutory accountants;
- the criminal courts can also sentence the issuer, its CEO, chairman of the board and/or directors and statutory accountants to up to two years' imprisonment.

REFORM

23. Please summarise any proposals for reform and whether they are likely to come into force and, if so, when.

Following four years of intensive legislative and regulatory activity, the main changes anticipated in 2009 in relation to French securities law are:

- Reform of the French concept of *appel public à l'épargne* with the adoption of the European concept of a public offering (*offre au public de valeurs mobilières*).
- Simplifying the law on financial instruments and making it more consistent with securities law and developments in European and international securities laws.
- Reform of the regime of information disclosures of major holdings in listed companies.
- Reform of the AMF General Regulation to implement Directive 2005/60/EC on the prevention of the financial system use for the purpose of money laundering and terrorist financing.

DEBT CAPITAL MARKETS: GENERAL

24. Please give a brief overview of the debt securities market in your jurisdiction. Has it been active? What were the major deals over the past year?

2007 showed a slowdown in listed debt securities issues, starting in the second semester (from 130 in 2006 to 83 in 2007). Equity-linked securities issuances doubled in the same period (from 11 to 22), during the three first quarters of 2008.

Major corporate issuers of debt securities on the Eurolist in 2007 and the first half of 2008 included:

- BNP Paribas.
- Crédit Agricole.
- Compagnie de Financement Foncier.
- EDF.
- Carrefour.

25. What are the different methods of raising finance through the issue of debt securities in your jurisdiction (for example, bonds or EMTN programmes)?

The most common methods for issuing debt securities are:

- **Bonds.** A corporate bond is a negotiable debt security that pays interest (generally annually), and is redeemed at a defined term (maturity). Terms and conditions of bonds vary widely (for example fixed or floating rate, zero coupon, high yield, upfront payment of capitalised interests, deeply subordinated notes and so on). Bonds are the main medium to long-term market financing vehicles used by corporations, particularly in the five-to-ten year segment.
- **Euro Medium Term Notes (EMTNs).** EMTNs are straight bonds, with a fixed or floating coupon, issued in the context of an issuance programme registered in one or more jurisdiction, allowing the issuer to draw-down on the programme and quickly issue notes depending on market opportunities and its financing needs. Their maturity is generally less than five years.

26. For new issues to be cleared and settled through Euroclear or Clearstream, what percentage use the New Global Note (NGN) structure? What percentage retain the classic or traditional global note structure?

The NGN structure is the only way to issue bearer debt securities with ICSDs.

27. Is there a distinction between admission to listing and admission to trading for debt securities?

There is no distinction between admission to listing and admission to trading (see *Question 2*).

28. Please describe the main market(s) (including any exchange-regulated market or multi-lateral trading facility (MTF)) for debt securities and summarise the following in relation to each market:

- **The regulator.**
- **Any minimum size requirement.**
- **Any minimum trading record required.**
- **Any working capital requirements.**
- **Number of issues traded.**
- **Annual cost of being listed.**

The main debt securities market in France is Eurolist (see *Question 3*).

- **Regulator.** The AMF regulates all securities listed on a French regulated market or offered to the public.
- **Size limits.** The nominal amount for listing corporate bonds on Eurolist must be over EUR200,000 (about US\$254,832), except in the case of tap issues where the amount is not fixed. See *Question 3, Size limits* for listing on Alternext.
- **Trading record.** There are no specific trading record requirements for listing debt securities on Eurolist other than those stipulated by the Prospectuses Regulation. See *Question 3, Trading record* for listing on Alternext.
- **Working capital.** See *Question 3, Working capital*.
- **Number of issues traded.** As of December 2007, the number of corporate issues traded on Euronext was 1,277 (excluding government bonds, but including straight bonds or bonds with embedded equity securities issued by financial corporate issuers).
- **Annual cost.** The following rates are applicable to both Eurolist and Alternext:
 - admission fee (for bonds in euros): EUR125 (about US\$160) for each tranche of EUR25 million (about US\$32 million), capped at EUR2,500 (about US\$3,185);
 - admission fee (for bonds in other currencies): EUR2,500 per line;
 - annual fee: EUR500 (about US\$637). For debt securities fungible with already-listed securities, this fee is reduced by 50%.

LISTING ON THE MAIN DEBT CAPITAL MARKET(S)

29. What are the main ways of issuing debt securities on the debt capital market(s)?

The two main ways of issuing debt securities on the debt capital markets are:

- **Private placement.** The issuer addresses the offer directly to a limited number of qualified investors. A prospectus is not required, but the issuer must provide the investors with an offering circular presenting the company and the securities offered.
- **Public offering.** The issuer places the security bonds on the stock exchange and/or other stock market trader.

A public offering can take two forms:

- **Stand alone issuance.** The issuer publishes a complete prospectus for each new issuance, containing information about the issuer and the underlying assets.
- **Programme issuance.** The issuer publishes a complete set of documents, including an issuance programme, describing the conditions applicable to each category of securities issued as part of the programme. Subsequently, for each new issuance, the issuer provides a pricing supplement describing the conditions applicable to the market value and the underlying assets.

The Professional Investor Market can also be used (see *Question 3*).

30. Briefly outline the role of advisers commonly used when issuing and listing debt securities.

Issuing and listing debt securities requires the same advisers as for equity securities (see *Question 6*). It also requires the following:

- **Rating agency.** The AMF or Euronext may request that debt securities be rated by a specialised agency recognised by the Commission bancaire, such as Standard & Poors or AMB Dominion Bond Rating.
- **Paying and fiscal agent.** The paying and fiscal agent is responsible for paying the principal and interest to the bond holders. He also centralises the requests for redemption of bonds before or on the maturity date and is in charge of performing calculation and administrative services for the bonds.

31. What are the principal documents produced when issuing and listing debt securities?

A public offering of debt securities, or one that does not benefit from a prospectus exemption, can only be made on the basis of a prospectus approved by the AMF and Euronext, as for equity securities (see *Questions 5, 7, 8 and 9*). In addition, the two main agreements in connection with a debt securities offering are:

- A subscription agreement governing the relationship between the issuer and the managers responsible for the placement of the debt securities.
- An agency agreement governing the relationship between the issuer and the paying and fiscal agent, and setting out the mechanics for the payment of principal and interest under the debt securities.

32. Please summarise the requirements for a prospectus (or other main offering document).

The prospectus requirements are basically the same as for equity securities (see *Question 8*).

33. Are there any exemptions from the requirements for a prospectus (or other main offering document)?

The exemptions from the requirements for a prospectus are the same as for equity securities, except where such exemption is limited to shares (see *Question 9*).

34. Please outline the contents of the prospectus (or other main offering document).

The two main sections of debt securities prospectuses are:

- The terms and conditions of the securities.
- A business description of the issuer.

The business description must comply with either:

- Annex IV of the Prospectuses Regulation for debt securities with a denomination per unit of less than EUR50,000 (about US\$63,708).
- Annex IX of the Prospectuses Regulation for debt securities with a denomination per unit of more than EUR50,000.

The disclosure requirements for debt securities are less extensive than those for equity securities (see *Question 10*). The following items required for equity securities are not required for debt securities:

- The description of the issuer's group's organisational structure.
- The description of its property, plants and equipments.
- The operating and financial review of its activities.
- Information on its capital resources.
- The presentation of its research and development and patents and licences.
- Information on remuneration and benefits.
- Information on employees.
- Information on related party transactions.

THE REGULATORY AUTHORITY

Financial markets authority (*Autorité des marchés financiers*) (AMF)

Head. Jean-Pierre Jouyet (President) as of 15 December 2008.

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Main responsibilities. The French Monetary and Financial Code vests the AMF with the following statutory objectives:

- Safeguarding investments in securities and in all other savings and investment vehicles.
- Ensuring that investors receive all material information.
- Maintaining orderly functioning of financial markets.
- Contributing to European and international regulation of financial markets.

- Pro forma financial information.

The incorporation of the annual report of the issuer by reference as a business description is possible, as long as the annual report complies with the requirements of the Prospectuses Regulation and has been filed with the AMF.

35. How is the prospectus (or other main offering document) prepared and verified?

The prospectus is prepared in the same way as for equity securities (see *Question 11*).

36. Who is responsible for the content of the prospectus (or other main offering document) and any liability arising from its contents?

The same persons are responsible for the information disclosed in the prospectus as for equity securities (see *Question 12*). However, the investment service provider's diligence obligations in debt issuances are not specifically stated in the AMF General Regulation, as is the case for equity securities. Their liability is therefore based only on general tort principles.

37. Briefly explain the ways used to market debt securities.

Debt securities are usually marketed by a syndicate of banks underwriting and/or placing the debt securities on a firm commitment basis. Depending on the size of the transaction, the syndi-

cate may be composed of one or several managers. The syndicate usually commits to procure subscriptions and payments for the debt securities and, failing which, to subscribe and pay for the debt securities itself. The marketing will generally be done by a quick set of road shows followed by a bookbuilding phase in order to fix the price of the debt securities.

38. Please provide a summary of the timetable for issuing and listing debt securities.

The timetable for issuing and listing debt securities can vary from a few days to several months depending on whether the issuer is a first time issuer, the existence of a registration document, the characteristics of the offer (international, retail or private placement and so on) or those of the securities offered (for example, the complexity of the terms and conditions). Set out below is an indicative timetable showing the main steps of a debt issuance, where "A" is the date of listing:

- **A - 1 to 2 months.** Appointment of advisers and the beginning of drafting of the prospectus and issue agreements.
- **A - 3 weeks.** Invitation telex inviting the co-managers to join the syndicate (if applicable) and filing of the draft prospectus with the AMF.
- **A - 2 weeks.** Launch, road show presentations, bookbuilding and pricing.
- **A - 1 week.** Filing of the final draft prospectus with the AMF.
- **A - 2 days.** AMF approval of the prospectus. Signing of subscription agreement.
- **A.** Listing of the issuer's securities, delivery of debt securities to the subscribers and payment of issue proceeds to the issuer. Start of stabilisation period.
- **A + 30 days.** End of stabilisation period and final date for exercise of over-allotment option.

For issues governed by an issuance programme, this timetable may be significantly reduced to one or two weeks.

39. What is the approximate cost of issuing and listing debt securities?

As for equity securities, the cost of issuing and listing debt securities varies widely (see *Question 20*).

40. What are the main tax issues that arise when issuing and listing debt securities?

There are no tax issues specific to the issuing and listing debt securities. Since 1 January 2008, there is no longer a tax on securities transactions (*impôt de bourse*).

CONTINUING OBLIGATIONS

41. Please outline any continuing obligations to which companies with listed debt securities are subject, in particular:

- The key areas covered by the obligations.
 - Whether the same rules apply to domestic and foreign issuers.
 - How these obligations are regulated and any penalties for breach.
-

Key areas

See *Question 22*.

Domestic and foreign issuers

See *Question 22*.

Regulation and penalties

Periodic and ongoing disclosure obligations apply to companies with listed debt securities in the same way as to companies with listed equity securities, although they are not as stringent.

Companies with listed debt securities are not required to publish quarterly financial statements, information on documents on display and reports regarding board of directors and internal control proceedings. In addition, debt issuers are not subject to the periodic BALO disclosure obligations (see *Question 22*).

REFORM

42. Please summarise any proposals for reform and whether they are likely to come into force and, if so, when.

In addition to those mentioned in *Question 23*, the markets infrastructures (NYSE-Euronext and Euroclear France in particular) are envisaging listing all debt securities in nominal value and not in quantity in order to comply with listing practices on international debt markets.

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