

FRANCE

DESCRIPTION OF SITUATION REGARDING UNREGISTERED STOCK

1. CAN THERE BE BEARER SHARES IN FRANCE?

No. Paper shares on behalf of bearer have been outlawed in France since 1984. Shares can be only booked (constructive), recorded in the securities account.

2. WHAT PREFERRED FORM OF SHARES DO COMPANIES GO FOR?

Companies can hold only book (constructive) shares, i.e. those in traceable form. Paper shares on behalf of bearers or other entities cannot be issued.

3. WHERE IN FRANCE ARE REGISTERED BOOK (CONSTRUCTIVE) SHARES?

Book (constructive) shares are registered on the securities account. These accounts are managed by middlemen (depositories), i.e. usually banks, stockbrokers or investment companies. Movements on these accounts may be reflected by the central depository. The central depository is managed by Euroclear France. Companies not willing to register their shares in the central depository (constructive shares) may open issuer accounts with middlemen (depositories) licenced to provide such services; shareholders may add shares to their securities accounts through such middleman (depository).

4. IS THE INFORMATION ABOUT SHAREHOLDING PUBLIC?

No. Information about shareholders may be disclosed only to the company that has the shares, the Money Market Authority (2) or a court.

5. IS THE ULTIMATE HOLDER OF BOOK (CONSTRUCTIVE) SHARES TRACEABLE?

Yes indeed, and this applies not only to book (constructive) shares because of precautions against money laundering operations.

Every middleman is obliged, at the request of the company that issued book (constructive) shares, to divulge to that company the names of the persons who have opened accounts with it that registers such shares. Every middleman must, on the request of the company that issued book (constructive) shares, disclose to that company the names of persons that have opened accounts, on which these shares are registered. Information about shareholders of a company may also be requested by the Office for Financial Markets or by courts.

1 Article 94-II of Financial Act 81-1160 of 30 December 1981 (now Article L211-3 of French CMF) came into force on 3 November 1984.

2 Office for Financial Markets (Fr.: "Autorité des marchés financiers") supervises financial markets.

6. HOW ARE SHARES TRANSFERRED?

By "credit transfer" from one securities account to another. The account holder orders the intermediary to write down a certain amount of shares from his account to the account of the acquirer's account, kept by his middleman.

7. WHAT HAPPENS TO BOOK SHARES IN CASE OF BANKRUPTCY OF THE INTERMETIARY (DEPOSITORY), WHO ADMINISTERS THE SECURITIES ACCOUNT? WILL THE CLIENTS NOT LOSE THEIR SHARES?

Clients will not lose their book shares. If the middleman becomes insolvent, the bankruptcy trustee shall transfer, prior to the bankruptcy suit, all client shares registered on the securities accounts to another intermediary.