MONETARY AND FINANCIAL CODE

Legislative part
Book II : Products
Title I : Financial instruments
Chapter III : Debt securities

Article L.213-1 A

Debt securities represent a right of claim on the legal entity or the mutual securitisation fund which issue them.

By way of exception to the provisions of Article 1300 of the Civil Code and Article L.228-74 of the Commercial Code, the following securities can be purchased and kept by issuers so as to encourage the liquidity of such securities:

1° Negotiable debt securities;

2° Debt securities giving no access to capital, admitted to trading on a regulated market or organised multilateral trading facility subject to applicable laws and regulations which aim to protect investors from insider dealing, price manipulations and dissemination of false information subject to the conditions set forth under the general regulation of the Autorité des marchés financiers.

During their conservation by the issuer, all rights attached to the debt securities under paragraph 2° are suspended.

The general regulation of the Autorité des marchés financiers sets forth the conditions in which the issuer makes public the repurchase of a number of debt securities under paragraph 2°.

A decree sets forth the maximum maturity holding of debt securities under paragraph 2° purchased or kept by the issuer.

An issuer is not allowed to hold more than 15% of the same issue of a debt security under paragraph 2°.

A decree defines the conditions in which the issuer can repurchase negotiable debt securities which it has issued and by which it must inform the Banque de France of these repurchases.

Section 1 : Negotiable debt securities

Article L. 213-1

Negotiable debt securities are financial securities issued on the issuer's initiative and traded on a regulated or over-the-counter market, each of which represents a right of claim.
**Article L. 213-2**

Negotiable debt securities shall be recorded in a securities account held by an intermediary referred to in Article L.211-3.

**Article L. 213-3**

The following are authorised to issue negotiable debt securities:

1. Credit institutions, investment firms and the *Caisse des Dépôts et Consignations*, provided they comply with the conditions laid down to that effect by the Minister of Economy;

1 bis.

Funding companies, provided that they comply with the conditions laid down to that effect by the Minister of Economy and that the proceeds from these issuances are not considered as repayable funds from the public according to article L. 312-2;

2. Companies other than those mentioned at point 1, provided they comply with the conditions regarding legal form, capital and auditing of accounts, required to carry out a public offering of financial instruments or be admitted to trading on a regulated market and whose equity capital is specified by decree, or equivalent conditions for undertakings having their headquarters in another country;

3. Public sector firms provided that they satisfy the conditions set out in point 2;

4. Public sector firms that do not have equity capital but have been authorised to carry out a public offering of financial instruments;

5. Economic interest groupings and partnerships made up solely of joint-stock companies that meet the conditions set forth at point 2;

6. The institutions of the European Community and international organisations;

7. The *Caisse d'amortissement de la dette sociale* (social security debt amortisation fund) instituted by Article 1 of Ordinance 96-50 of 24 January 1996 on reimbursement of social security debt;

8. Local authorities and local authority groupings;

9. Associations governed by the Act of 1 July 1901 on the contract of association or by Articles 21 to 79 of the local civil code applicable in the Bas-Rhin, Haut-Rhin and Moselle departments that meet the conditions for the issue of bonds by public offering;

10. Governments;
11. Securitisation entities;

12. Central agency of the social security organisations (ACOSS);

13. Regional hospital centres mentioned in a list determined by decree, in the limit of a global ceiling of issuance set out for each one in the same decree

A decree shall stipulate the conditions that must be met by the issuers referred to in points 2 to 13 and shall set out the conditions for issuing negotiable debt securities.

**Article L. 213-4**

Before their first issue of negotiable debt securities, the issuers of such securities shall prepare financial documentation describing their activity, their economic and financial situation and the issue schedule. Such financial documentation, drawn up in French, shall be filed with the Banque de France, which is responsible for ensuring that the issuers comply with the conditions of issue set forth at Article L. 213-3. A decree shall set out the implementing conditions for this Article and the cases and conditions in which the financial documentation may be drawn up in a language commonly used in financial matters that is not French.

**Article L. 213-4-1**

The issuer may not grant security over its own negotiable debt securities.