

## Main features of short-term and medium-term negotiable debt securities<sup>i</sup>

<b>Instruments</b>	<ul style="list-style-type: none"> <li>• <b>Short-term negotiable debt securities</b></li> <li>• <b>Medium-term negotiable debt securities</b></li> </ul> <p><b>Following the reform of May 31 2016 :</b> Reform of the negotiable debt securities market (TCN)</p>
Type of issuer	<p>All issuers referred to in Article L. 213-3 of the Monetary and Financial Code are authorised to issue negotiable debt securities:</p> <ol style="list-style-type: none"> <li>1. Credit institutions, investment firms and the <i>Caisse des Dépôts et Consignations</i>, provided that they comply with the relevant conditions laid down by the Minister of the Economy;</li> <li>1a. Financing companies, provided that they comply with the relevant conditions laid down by the Minister of the Economy and provided that the proceeds from these issues do not consist of redeemable funds from the public within the meaning of Article L. 312-2;</li> <li>2. Entities other than those referred to in Article 1 and 1a, provided that they fulfil the legal status, minimum capital and auditing requirements for launching a public offer of financial securities or for their financial securities to be listed on a regulated market and whose equity capital is specified by a decree, or equivalent conditions for entities with their head office abroad. They must belong to one of the following categories: <ul style="list-style-type: none"> <li>- entities taking the form of joint stock companies or, for those whose head office is located abroad, a form recognised as equivalent by the authority referred to in Article D. 213-2, and with a paid-up capital of at least EUR 37,000 or its equivalent in another currency;</li> <li>- agricultural co-operatives and their associations with a paid-up capital of at least EUR 37,000;</li> <li>- joint stock co-operatives with a paid-up capital of at least EUR 37,000;</li> </ul> </li> <li>3. Public sector companies if they fulfil the conditions set out in 2;</li> <li>4. Public sector companies without equity capital but which are authorised to launch a public offer;</li> <li>5. Economic interest groupings and partnerships made up solely of joint-stock companies that meet the conditions set forth in point 2;</li> <li>6. European Union institutions and international organisations;</li> <li>7. The <i>Caisse d'amortissement de la dette sociale</i> (social security debt amortisation fund) instituted by Article 1 of Ordinance 96-50 of 24 January 1996 on the reimbursement of social security debt;</li> <li>8. Local authorities and local authority groupings;</li> <li>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;</li> <li>10. States;</li> <li>11. Securitisation vehicles;</li> <li>12. The <i>Agence centrale des organismes de sécurité sociale</i> (France's central social security agency) only for short-term negotiable debt securities;</li> <li>13. Regional hospitals, the list of which is established by decree, up to the amount of the overall issuance ceiling established for each of them by the said decree.</li> </ol>
Maturity	<p>1 year or less for short-term negotiable debt securities. More than 1 year for medium-term negotiable debt securities.</p>
Minimum amount	<p>EUR 150,000 or the equivalent amount in another currency.</p> <p>If the financial documentation is written in a language other than French that is customary in the financial sphere, the minimum amount is set at EUR 200,000 or the equivalent in another currency.</p>
Issue price	<p>Negotiable debt securities can be issued at a price other than par, and can offer a redemption premium. If, at issuance, a negotiable debt security does not guarantee the repayment in full of the capital, there must be a warning to this effect in the financial presentation report.</p>
Currency	<p>Euros or any other currency.</p>
Interest paid	<p>Freely set (when the remuneration varies in accordance with an index clause that does not refer to a common interbank market, money market or bond market rate, the issuer must inform the Banque de France of such an arrangement before the issue).</p>

Possible guarantee	<p>All the securities issued within the framework of the same programme can benefit from a first-demand guarantee in accordance with the conditions established by order of the Minister of the Economy. In this case, the financial documentation must mention this and provide the same information on the guarantor as that provided on the issuer.</p> <p>List of the issuers whose programmes may be guaranteed and the guarantors authorised to issue guarantees on the negotiable debt security market:</p> <ul style="list-style-type: none"> <li>- negotiable debt securities issued by entities referred to in points 1°, 1° bis, 2°, 3°, 4°, 6°, 7°, 9° and 11° of Article L. 213-3 of the Monetary and Financial Code may be guaranteed by a credit institution that, by virtue of its status, is authorised to stand surety for such issues;</li> <li>- negotiable debt securities issued by entities referred to in points 2°, 3°, 4° and 7° of Article L. 213-3 of the Monetary and Financial Code may also be guaranteed by an investment firm or an entity referred to in points 2°, 3° and 4° of Article L. 213-3 of the Monetary and Financial Code, that is itself authorised to issue negotiable debt securities, when that firm or entity holds, directly or indirectly, at least 20% of the issuer's share capital, or when at least 20% of its own share capital is held, directly or indirectly, by the issuer.</li> </ul>
Issuing and paying agent	<p>The issuers of negotiable debt securities referred to in Article L. 213-3 of the Monetary and Financial Code are required to domicile the securities issued within the framework of their programme, in accordance with the terms and conditions laid down in the General Regulations of the <i>Autorité des Marchés Financiers</i> (French financial markets authority), with one of the following entities:</p> <ul style="list-style-type: none"> <li>a) a credit institution approved in France;</li> <li>b) a branch referred to in Article L. 511-22 of the Monetary and Financial Code;</li> <li>c) an investment firm accredited in France and authorised to hold cash accounts;</li> <li>d) a branch referred to in Article L. 532-18 of the Monetary and Financial Code and authorised to hold cash accounts;</li> <li>e) the <i>Caisse des Dépôts et Consignations</i>;</li> <li>f) a legal entity established in France whose principal or sole purpose is the custody or administration of financial instruments referred to in point 5° of Article L. 542-1 of the Monetary and Financial Code.</li> </ul> <p>Before agreeing to domicile the securities, the institutions acting as issuing and paying agents must ensure that the issuer complies with the terms and conditions of issue as set forth in Articles L. 213-1 A to L. 213-4-1 of the Monetary and Financial Code and the texts implementing said articles. Each issuing and paying agent must submit information on the market for the issuer's securities to the Banque de France, in accordance with a process determined by the Banque de France.</p>
Placement and trading	Placement and trading of negotiable debt securities are authorised for all sanctioned investment service providers.
Compliance with issuance formal requirements	<p>The Banque de France will ensure that the issuers of negotiable debt securities comply with the conditions of issuance set forth in Articles L. 213-1 to L. 213-4, in Articles D. 213-1 to D. 213-7 and in the Order referred to in Article D. 213-7.</p> <p>For this, it must be informed when new issuers enter this market under the conditions set forth in Article D. 213-2 and must receive from the issuers, without delay, all documents that have been prepared, in accordance with the notification obligations set forth in Article L. 213-4 and provided for in Articles D. 213-1-A and D. 213-9 to D. 213-12.</p> <p>All issuers must inform the Banque de France, at least two weeks prior to the first issue, of their intention to enter the market, by submitting to the Banque de France the financial documentation drawn up in accordance with the provisions of Articles D. 213-9 to D. 213-12.</p> <p>The Banque de France may suspend or block an issue should the issuer fail to comply with these provisions.</p>
Dematerialisation	Mandatory since 26 January 1993.
Disclosure of information	The Banque de France will upload to its website all or part of the financial documentation submitted by each issuer, at the very least the presentation of the issuing programme, the issuer, and any updates.

	The Banque de France regularly publishes on its website statistics on the negotiable debt securities issued as part of the issuing programmes under the conditions laid down in the Order referred to in Article D. 213-7 of the Monetary and Financial Code.
Redemption-Buyback by issuers	With respect to redemptions-buybacks, an issuer may purchase and hold the negotiable debt securities it has issued within the limit of 10% of the total outstanding amount of each issuing programme on the condition that it duly informs the Banque de France (Article D. 213-1-A of the Monetary and Financial Code).
Early redemption and cancellation	Issuers must notify the Banque de France of early redemptions and subsequent cancellations.
Ratings	<p>The issuers of negotiable debt securities:</p> <ul style="list-style-type: none"> <li>- are required to publish the ratings assigned to their issuance programmes by specialised agencies that satisfy the conditions laid down by the Minister of the Economy: i.e. agencies that are governed by Regulation N°1060/2009 of the European Parliament and the Council of 16 September 2009 on credit rating agencies and registered with the European Securities and Markets Authority, and use methodologies covering the maturities and issuer categories in the negotiable debt security market, and statistical data on their activity and performances (such as transition matrices and default studies), based on three years of historical data, as indicated on the European Securities and Markets Authority's website as of the date on which the financial documentation is updated;</li> <li>- or, where applicable, have a guarantor (included on a list drawn up in an order) that has such a rating.</li> </ul> <p>The following are exempt from this requirement:</p> <ul style="list-style-type: none"> <li>1° credit institutions and investment companies operating in the European Economic Area;</li> <li>2° the <i>Caisse des Dépôts et Consignations</i>;</li> <li>3° issuers whose securities are admitted for trading on a regulated market in the European Economic Area or on a market outside of the European Economic Area that has an equivalent status in the eyes of the European Commission;</li> <li>4° securitisation bodies that issue debt instruments all conferring <i>pari passu</i> rights. These securities must be fully backed by debt instruments that are eligible, on a non-temporary basis, for refinancing schemes set up by the Eurosystem within the framework of its monetary policy, excluding all minimum nominal amount criteria. When a securitisation body has several compartments, all the compartments shall be subject to the aforementioned criteria and each one will be examined to verify that there are no subordinated securities. Such bodies are included in a list laid down by order of the Minister of the Economy and approved by the Banque de France.</li> </ul>
Extra-financial rating	In the case of rated programmes, it is possible to consider the extra-financial analysis according to ESG criteria.
List of documents to be submitted to the Banque de France	<p>Prior to the issue, the issuers must submit financial documentation to the Banque de France, comprising:</p> <ul style="list-style-type: none"> <li>1° A presentation of the issuing programme(s) containing the details required by order of the Minister of the Economy ;</li> <li>2° A presentation of the issuer's legal and financial situation;</li> <li>3° The documents pertaining to the previous two financial years distributed at meetings of the shareholders or of the body acting in such a capacity, notably the annual financial statements and, where applicable, the consolidated financial statements, the reports of the board of directors, the management board and the supervisory board, as the case may be, and the reports of the statutory auditors, or of the persons acting as such, certifying the true and fair nature of the information provided in the accounts. These documents, submitted in electronic format, may be incorporated by reference or directly enclosed with the financial documentation.</li> </ul> <p>The consolidated accounting data or, in the absence thereof, the statutory accounting data, drawn up in accordance with International Financial Reporting Standards, or with accounting standards deemed equivalent to IFRS by the European Commission, or with local generally accepted accounting principles in countries of the European Economic Area or with generally accepted accounting principles in France.</p> <p>Issuers incorporated outside the European Economic Area must submit accounting data that has been audited in accordance with a public oversight system that is deemed equivalent by the European Commission.</p> <p>If the issuer is a company that is responsible for cash management within a group, the accounting data must be submitted for the group as a whole based on the consolidated</p>

	<p>financial statements of the consolidating company.</p> <p>4° A declaration by either an individual, stating their identity and their role within the company, or by a legal entity, indicating their company name and their place of incorporation, in which they accept responsibility for the financial documentation and certify that, to the best of their knowledge, the information submitted by the issuer is accurate and precise, that no information has been omitted such that the significance of the information may be altered, and that the documentation does not contain any false or misleading statements.</p> <p>The Banque de France may ask the issuer to supply additional information.</p>
Language in which the financial documentation must be written	The financial documentation to be submitted to the Banque de France can be written in French or in a language other than French that is customary in the financial sphere, <u>in cases where</u> the securities can only be subscribed to or purchased for an amount equal to at least EUR 200,000 or the equivalent amount in another currency, and <u>on the condition</u> that the issuer inserts a notice in the financial documentation advising the investor, where applicable, to consult a French translation of the documentation, under the conditions laid down by order of the Minister of the Economy.
Deadlines applicable to the issuer	<p>Each year, the issuer must provide the Banque de France with an updated version of its financial documentation within forty-five days of the general shareholders' meeting or the meeting of the body acting in such a capacity, held to approve the financial statements for the previous financial year. As an exception, as part of the first application of the reform relating to negotiable debt securities, this deadline is extended to three months after the general shareholders' meeting (held to approve the financial statements for the previous financial year) following the entry into force of said reform.</p> <p>The issuer must update its financial documentation immediately to reflect any changes with respect to the maximum threshold, the identity of the specialised agencies rating the issuing programme when such a rating is required, the issuing programme's rating when it is explicitly mentioned in the financial documentation, the identity of the guarantor or the terms and conditions of the guarantee, and any publicly-disclosed new element that may have a material impact on the valuation of the securities issued or on the success of the issuing programme.</p> <p>The issuer must provide, immediately and free of charge, the financial documentation for its issuing programme and any subsequent updates to the institutions acting as paying agents for the securities issued within the framework of the programme and to any other person who requests the documentation.</p>
Applicable laws	<a href="#">Legislation</a>

<sup>i</sup> For exhaustive information, refer to the legal texts.