



18.10.2011

**Issuers & Shareholders  
Toronto Summit, 25 October, 2011**

**The reform in France**

***Main Dates***

**1984**

***De-materialized securities***

Securities issued by French companies are "de-materialized", i.e., they are no longer represented by instruments printed on paper, but by entries in Securities Accounts opened either in the records of the issuing company (such securities are Registered) or in the accounts of a financial institution in France, bank or investment company (such securities are Bearer securities). Securities entered in the accounts of a financial institution may also be held in Registered form (*Administered Registered Securities*); in such case, they are also entered in the company's records. De-materialized securities are assigned by means of transfers between accounts.

The securities of listed companies are entered in the accounts of Euroclear France, the central depository, in the name of each Account Keeper, issuing company or financial institution. Euroclear France performs settlement and delivery of securities listed with Euronext France.

**2001**

***Intermediaries Registered on behalf of Non-Resident Shareholders***

Entry of the securities in the company's records or those of the financial institution ought, in principle, to be performed in the name of the Securities' owner. This system has been found to be entirely unsuited to the situation of Non-Resident shareholders, whose securities are usually entrusted to a global custodian registered for all his, her or its clientele in a pooled Securities Account opened in that party's name.

The reform was precisely intended to make this situation lawful.

The New Economic Regulations Act of May 15, 2001 now unequivocally recognizes the legal standing of Non-Residents owning their Securities through intermediaries such as custodians. To gain those rights, the custodian responsible for Non-Resident accounts must register officially as an Intermediary. Note, however, that the statute only permits legal standing for custodians in respect of French Securities traded on Regulated Markets.

In the same time, the Act of May 15, 2001, provides fresh rights to companies to identify the ownership of shares held by Non-Residents through intermediaries<sup>1</sup> Procedures apply to Non-Resident shareholders who hold their shares indirectly through a custodian or other intermediary. Moreover, rules have been adapted so as to allow companies to penetrate the veil or multiple veils between the Beneficial Owner of the Security and the company.

A Registered Intermediary is eligible *to cast votes* on behalf of Beneficial Owners of shares. There is only one condition : the intermediary must file a claim to status as a Registered Intermediary. If, and only if, the issuing company has properly asked a Registered Intermediary before a shareholder meeting to identify the Intermediated Non Residents owners, it will need to have provided the information requested and replied within the periods allowed. He, she or it will have to transmit the shareholders' lists , when voting on their behalf, together with their respective numbers of shares. In the event of breach of these disclosure rules, the vote issued by the Registered Intermediary cannot be taken into account.

## **2001 & 2002**

### ***Electronic Voting***

Internet voting is now legally permissible since 2001 (Act of May 15, 2001) and 2002 (Decree dated May 3, 2002), which will soon be implemented by a new Decree to make easier the electronic identification of any shareholder who intends to vote on the Net. Companies ought to amend their bylaws to allow it, and experts are in the process of engineering appropriate technical systems to enable e-voting to operate smoothly, accurately and securely. Some of the national largest companies may be expected to wish to launch it quickly, thanks to *Votaccess*, the French electronic voting system created by the French bankers, already workable and which will be operational in November, 2011.

## **2002**

### ***No more blocking***

Before 2002, many French companies required shareowners wishing to vote to have their shares blocked from trading for up to five days before the meeting. The period enabled Account Keepers to verify shareholder voting eligibility. Until the reform, shareholders were prevented from selling their shares during this period; Non-Resident shareholders argued that the practice amounted to a strong disincentive to vote.

In response to these objections, the new rule (Decree dated May 3, 2002) changed the system for meetings convened in 2002 : there is no more blocking .

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<sup>1</sup> Of course, any Non-Resident shareholder may hold its shares in an account opened in its own name, directly with an Account Keeper in France; in such case, they vote like Residents, using the same channel.

## **2006**

### ***Record date***

A Decree dated December 11, 2006 establishes a “*record date*” very close to the General Meeting, at D-3, since only the real owners of the share are supposed to vote. You may sell all or part of your shares at any time, even after having sent your Voting form by Mail or by electronic means or named Proxies. But the number of shares at your disposal will have to be corrected before D-3. After D-3, no correction will occur, because the ownership is transferred only three days after you have purchased the shares; in other words, after the Meeting.

## **2010**

### ***European rights of shareholders in listed companies – Proxy voting***

In 2010, France has complied with the European Directive nr 2007/36/EC of 11 July 2007 on the exercise of certain rights of shareholders in listed companies (Decree of 23 June 2010, Act of 9 December 2010, Decree of 23 December 2010). Notably, France has removed existing limitations on proxy voting : before the reform, shareholders had no other choice than appointing another shareholder (or their spouse) as a proxy ; shareholders may now appoint any person to vote at General Meetings in their name. The Act of 2010 provides safeguards against possible abuse of proxy voting : in principle, the proxy holder is bound to observe the instructions he may receive from the shareholder (Directive, consideration nr 10) ; following the French Act, he is obliged to publish his proxy voting policy ; ANSA considers that the proxy holder who actively engages in the collection of proxies should also be bound to publish in advance each of the votes he intends to cast on each resolution : unfortunately, this measure has not been enforced. Besides, shareholders have now the possibility not only to table draft resolutions but also to put new items on the agenda of the General Meeting.

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