



LAW N^o 2016/010 OF 12 JUL 2016

**GOVERNING UNDERTAKINGS FOR COLLECTIVE INVESTMENT
IN TRANSFERABLES SECURITIES IN CAMEROON**

*The Parliament deliberated and adopted,
the President of the Republic hereby
enacts the law set out below:*

CHAPTER I

GENERAL PROVISIONS

SECTION 1.- This law shall govern undertakings for collective investment in transferable securities in Cameroon, in accordance with the provisions of Section 4(2) of Law No. 99/15 of 22 December 1999 to establish and organize a financial market.

SECTION 2.- For the purposes of this law, the following definitions shall apply:

Assets of an undertaking for collective investment in transferable securities: all the liquid assets and transferable securities posted on the assets side of the balance sheet.

Depository: corporate body responsible for safekeeping of assets and checking the regularity of decisions taken on behalf of an undertaking for collective investment in transferable securities.

Mutual fund shares: transferable securities representing co-ownership rights whose ownership stems from their inclusion on a list kept by the fund management company; each share corresponds to the same fraction of the fund's assets.

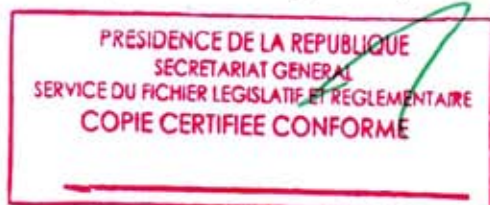
Investment service provider: a market intermediary authorized to negotiate and execute transferable securities purchase and sale orders on behalf of clients.

Management company: corporate body whose exclusive purpose is to ensure the administrative, financial and accounting management of an undertaking for collective investment in transferable securities on behalf of investors, unit holders and/or shareholders.

Open-ended Investment Company: public limited company whose sole purpose is to manage a portfolio of transferable securities and deposits whose shares are issued and redeemed at any time at the request of any subscriber or shareholder.

Net asset value of a unit or share of an undertaking for collective investment in transferable securities: value of assets estimated on the basis of the latest price or value thereof divided by the number of shares or units in circulation.

Transferable securities: securities issued by public or private corporate bodies, transferable through book entry, conferring similar rights by category



and giving direct or indirect access to a percentage of the capital of the issuing corporate body or to a general claim on its property, excluding shares and interests.

SECTION 3.- (1) Undertakings for collective investment in transferable securities, hereinafter abbreviated and referred to as "UCITS", shall comprise open-ended investment companies (SICAVs) and mutual investment funds (MIFs).

(2) UCITS shall be classified into categories, notably according to investment strategy, composition and asset types.

(3) The various categories of UCITS shall be fixed by order of the minister in charge of finance, upon the recommendation of the Financial Markets Commission.

CHAPTER II **COMMON PROVISIONS APPLICABLE TO UNDERTAKINGS FOR** **COLLECTIVE INVESTMENT IN TRANSFERABLE SECURITIES**

SECTION 4.- (1) The establishment and transformation of an UCITS shall be subject to authorization by the Financial Market Commission.

(2) The conditions for obtaining authorization to carry out the operations referred to in Sub-section (1) above shall be defined by a regulation of the Financial Market Commission.

(3) The refusal of such authorization by the Financial Market Commission must be justified.

(4) The authorization to operate may be withdrawn from any UCITS by a reasoned decision of the Financial Market Commission.

(5) The applicant shall reserve the right of recourse provided for by the laws and regulations in force.

(6) The liquidation of a UCITS shall be subject to authorization by the Financial Market Commission.

SECTION 5.- (1) The UCITS, the management company and the depositary shall, in the performance of their respective duties, act independently and solely in the interest of subscribers.



(2) They shall produce sufficient guarantees regarding their organization, technical and financial resources, as well as the integrity and experience of their managers.

SECTION 6.- The shares of SICAVs and units of mutual funds may be listed for trading on a regulated transferable securities market approved by the Financial Market Commission under the conditions laid down by law.

SECTION 7.- (1) The creditor whose certificate of indebtedness stems from the custody or management of the assets of a UCITS shall have an interest only in such assets.

(2) The creditor of the depositary may not seek payment of his debts from the assets of a UCITS kept by the said depositary.

CHAPTER III **SPECIAL PROVISIONS RELATING TO OPEN-ENDED INVESTMENT** **COMPANIES (SICAVs)**

SECTION 8.- (1) A SICAV shall be a joint stock company, with a board of directors, whose sole purpose shall be to manage a portfolio of transferable securities and deposits.

(2) The head office and central administration of the SICAV must be located in Cameroon.

(3) SICAVs shall be governed by the laws and regulations applicable to joint stock companies and public calls for capital, subject to the waivers provided for by this law.

(4) The information and specifications contained in the draft articles of association of a SICAV shall be those provided for in the "OHADA" Uniform Act relating to Commercial Companies and Economic Interest Groups and those defined by the Financial Market Commission.

SECTION 9.- (1) The minister in charge of finance shall fix the minimum amount of the initial capital of a SICAV by order, upon the recommendation of the Financial Market Commission.

(2) The capital amount shall at all times be equal to the value of the net assets of the company, less the distributable amounts specified in Section 55 of this law.



(3) The registered capital may be revised upward through the issue by the company of new shares or downward through the redemption by the company of shares sold by shareholders who so request.

(4) Without prejudice to the provisions of Section 10 below, the company shall issue and redeem SICAV shares, as the case may be, at the request of subscribers or shareholders, at the net asset value plus or less expenses and fees, where applicable.

SECTION 10.- (1) The articles of association shall fix the minimum level of registered capital below which a SICAV may not redeem its shares. The amount may not be less than that fixed by a regulation of the Financial Market Commission.

(2) Where the registered capital is less than the minimum amount fixed in the articles of association for a period of 30 (thirty) days, the Board of Directors shall convene an extraordinary general assembly of shareholders to dissolve the SICAV or undertake one of the actions provided for in Section 16 below.

SECTION 11.- Changes in the registered capital due to redemption and issuance of SICAV shares shall not require amendment of the articles of association or disclosure before the Extraordinary General Assembly or any special publicity.

SECTION 12.- (1) SICAVs may receive only transferable securities and other real estate debt securities, as contribution in kind.

(2) The provisions of Sub-section (1) above notwithstanding, the buildings needed specifically for operating SICAVs may be accepted as contributions in kind.

(3) Contributions in kind shall be evaluated for a value fixed by, and under the responsibility of, a shares auditor designated in accordance with the provisions of the Uniform Act relating to Commercial Companies and Economic Interest Groups. The evaluation report must be communicated to the Financial Market Commission.

(4) Shares representing contributions in kind, other than buildings, shall be immediately tradable.

SECTION 13.- In accordance with the Uniform Act which provides for a special regime for some commercial companies, the following provisions shall apply to SICAVs:

1. shares shall be fully paid up upon subscription;



2. contributions in kind shall be evaluated by a shares auditor, and certified by the statutory auditor who shall submit them to the General Assembly and the Financial Market Commission for approval;
3. the articles of association shall contain the evaluation of contributions in kind. The evaluation report of the said contributions shall be appended to the articles of association;
4. the Ordinary General Assembly Meeting may deliberate validly without the need for a quorum; the same shall apply to an Extraordinary General Assembly Meeting, convened for the second time;
5. no natural person may serve more than 5 (five) consecutive terms as General Manager of a SICAV whose head office is located in Cameroon. The tenure of the General Manager of a SICAV shall not be taken into account in the concurrent functions rules provided for by the laws and regulations in force;
6. the terms of office of a permanent representative of a corporate body on the Board of Directors shall not be taken into account in the application of the laws and regulations in force;
7. the Board of Directors shall appoint an Auditor for a three-year term from the list of auditors approved by the Financial Market Commission. In the absence of such list, the Board of Directors shall appoint the Auditor upon approval by the Financial Market Commission;
8. distributable profits must be paid out within one (1) month of the holding of the general meeting that approved the annual accounts;
9. the Extraordinary General Assembly Meeting which adopts a resolution relating to transformation, merger or separation shall authorize the Board of Directors to evaluate the assets and set the exchange ratio on a date it shall fix. Such transactions shall be conducted under the control of the Auditor without any need to appoint a merger auditor;
10. in the event of capital increase, shareholders shall not enjoy preferential subscription right over new shares;
11. the Annual General Meeting must be held within no more than 4 (four) months of the close of the financial year.

SECTION 14.- (1) A SICAV may self-manage its assets or delegate the management of its portfolio to a management company meeting the conditions set out in Section 31 below.

(2) The initial capital of a SICAV whose management is delegated may not be less than the amount fixed by the Financial Market Commission.

(3) The head office of the management company of a SICAV must be located in Cameroon.

(4) The liability of a SICAV whether wholly or partially managed by a company shall remain unchanged.

SECTION 15.- (1) The assets of a SICAV shall be kept by a depositary meeting the conditions set out in Section 36 below.

(2) The depositary shall be designated in the articles of association of the SICAV and its head office and central administration must be located in Cameroon.

SECTION 16.- (1) The Board of Directors may temporarily suspend the repurchase by the SICAV of its own shares and the issuance of new shares due to exceptional circumstances and where the interests of shareholders or of the public so warrant, under the conditions laid down by the articles of association of the company.

(2) Under the same circumstances, where the sale of some assets happens to be against the interest of shareholders, the said assets may be transferred to a new SICAV.

(3) In accordance with the OHADA Uniform Act relating to Commercial Companies and Economic Interest Groups, the separation of a SICAV shall be decided by the Extraordinary General Assembly Meeting of its shareholders.

(4) In accordance with the waivers to the provisions of the OHADA Uniform Act relating to Commercial Companies and Economic Interest Groups, the General Assembly Meeting may validly deliberate when convened for the first time without the need for a quorum.

(5) Such separation shall not be subject to approval by the Financial Market Commission, but must be declared to it without delay.

(6) Each shareholder shall receive a number of shares of the new SICAV equal to the number of shares he held in the former one. The SICAV established may not issue new shares. Its shares shall be amortized as its assets are transferred, under the terms and conditions defined by a regulation of the Financial Market Commission.

(7) A regulation of the Financial Market Commission shall specify the other cases and conditions where the articles of association of the SICAV stipulate, where appropriate, that the issuance of shares shall be temporarily or permanently suspended.

SECTION 17.- (1) A SICAV may acquire another that is even under liquidation, or negotiate with another to establish a new SICAV, through a merger.

(2) SICAVs may undertake mergers or scissions only with or for other SICAVs.

(3) A SICAV may contribute its assets to other SICAVs through a merger or scission or through the partial contribution of assets.

SECTION 18.- The transactions provided for in Section 17 above shall be subject to prior approval by the Financial Market Commission.

CHAPTER IV **SPECIAL PROVISIONS CONCERNING MUTUAL FUNDS**

SECTION 19.- (1) The mutual fund shall be a co-ownership of transferable securities and deposits whose shares are issued and redeemed, as the case may be, at the request of subscribers or shareholders, at the net asset value plus or less expenses and fees, where applicable. The fund shall not have legal personality.

(2) The provisions of the Civil Code relating to co-ownership shall not apply to the Fund; neither shall the provisions relating to joint ventures provided for by the OHADA Uniform Act relating to Commercial Companies and Economic Interest Groups.

(3) The provisions of Sub-section (2) above shall apply to heirs, their rightful claimants and creditors.

(4) Wherever the provisions of the laws governing companies and transferable securities require the specification of the full name and domicile of the security holder, as well as for all transactions undertaken on behalf of the co-owners, the name of the fund may be validly substituted for the names of all the owners.

(5) Mutual funds shall be governed by the laws and regulations applicable to public calls for capital, subject to the provisions of this law.

SECTION 20.- The shares of mutual funds shall be transferable securities.

SECTION 21.- (1) The mutual fund shall be formed through the joint initiative of 2 (two) distinct corporate bodies, namely:

- a management company responsible for managing the fund, in accordance with the conditions provided for in Section 31 below;
- a depositary meeting the conditions specified in Section 36 below responsible for safekeeping of the assets of the fund.

(2) The management company and the depositary shall jointly appoint the auditor of the mutual fund from the list drawn up by the Financial Market

Commission and, in the absence of such list, upon the approval of that Commission.

SECTION 22.- (1) The management company and the depositary shall draw up the management regulations of the mutual fund.

(2) The management regulations shall determine notably the lifespan of the investment fund, the rights and obligations of shareholders, the management company and the depositary, the terms and conditions for safekeeping of the assets of the fund, as well as the rules and procedures for amending the management regulations.

(3) The regulations of the Fund shall stipulate that its assets shall be kept by a single depositary, distinct from the management company, and which shall ensure the regularity of the decisions of the said company.

(4) The subscription or acquisition of the shares of a mutual fund shall imply acceptance of its management regulations.

(5) A regulation of the Financial Market Commission shall specify the mandatory information to be included in the fund's management regulations.

SECTION 23.- (1) The mutual management regulations of the fund shall come into force only after its approval by the Financial Market Commission.

(2) The amendment of the management regulations of the Fund shall be subject to prior approval by the Financial Market Commission. The amendment shall enter into force after a period of 3 (three) months following its notification to shareholders.

SECTION 24.- (1) The minimum amount of assets a mutual fund must have at the time of its incorporation shall be fixed by order of the minister in charge of finance, upon the recommendation of the Financial Market Commission.

(2) The auditor shall evaluate and enter the assets in a report, under the conditions laid down by regulation of the Financial Market Commission. The auditor shall verify and ascertain the value of contributions in kind and prepare a report thereof.

SECTION 25.- (1) Prior to receipt of security or cash deposits by the mutual fund, the management company shall prepare a background note based on the model adopted by the Financial Market Commission.

(2) The acceptance of security or cash deposits shall be subject to the approval of the management regulations of the mutual fund by the Financial Market Commission.

SECTION 26.- (1) The management regulations of the Fund shall fix the minimum amount of net assets below which it shall not be authorized to redeem shares. Such amount may not be less than the threshold fixed by order of the minister in charge of finance, upon the recommendation of the Financial Market Commission.

(2) Where the net assets remain less than the minimum amount fixed by the management regulations for a period of 30 (thirty) days, the management company shall dissolve the fund or take one of the actions provided for in Section 16 of this law.

SECTION 27.- (1) Mutual fund co-ownership rights shall be exclusively represented by registered units.

(2) Each unit shall correspond to a share of the assets value of the mutual fund.

(3) The management company shall be bound to issue to each subscriber a statement showing the amount of securities belonging to him, according to a periodicity fixed by the Financial Market Commission.

SECTION 28.- (1) Shareholders, their heirs, rightful claimants or creditors may not cause the sharing of the Fund.

(2) Shareholders shall be liable only for the co-ownership debts corresponding to the assets of the mutual fund and in proportion to their shares.

SECTION 29.- (1) Where exceptional circumstances and shareholder interests so warrant, the management company may temporarily suspend the buyback by the mutual fund of its own shares and the issuance of new shares, under the conditions laid down by management regulations of the Fund.

(2) Under the same circumstances, where the transfer of some assets is found not to be in the interest of shareholders, the said assets may be transferred to a new fund.

(3) Assets separation shall be decided by the management company. Notwithstanding the provisions of Section 30 below, separation shall not be subject to the approval of the Financial Market Commission, but shall be declared to it without delay.

(4) Each shareholder shall receive a number of shares of the new fund equal to the shares he held in the former fund. The fund established may not issue new shares. The shares of the new fund shall be amortized as and when its assets are traded, under the conditions defined by a regulation of the Financial Market Commission.

(5) A regulation of the Financial Market Commission shall determine the other cases where and conditions under which the management regulations of the mutual fund stipulate, as appropriate, that the issuance of shares shall be temporarily or permanently suspended.

SECTION 30.- (1) The management company may, in agreement with the depositary, contribute all or part of the assets of a mutual fund, even where under liquidation, to one or more other funds it manages.

(2) The management company may, in agreement with the depositary, split a fund, even where under liquidation, into two or more others which it manages.

(3) Contribution or separation transactions may be effected only upon prior authorization by the Financial Market Commission.

(4) All shareholders of the mutual fund absorbed or split shall become holders of shares of the fund(s) accepting the assets.

CHAPTER V **OBLIGATIONS OF THE MANAGEMENT COMPANY, THE** **DEPOSITARY AND THE AUDITOR OF UCITS**

SECTION 31.- (1) The exclusive purpose of the management company shall be to manage the SICAV and mutual funds governed by this law.

(2) Only investment service providers authorized by the Financial Market Commission may act as mutual fund management companies.

(3) The conditions for exercising the activities of a UCITS management company shall be laid down by a regulation of the Financial Market Commission.

(4) The head office and administration of a management company shall be located in Cameroon.

SECTION 32.- The management company shall represent the mutual fund with third parties and may go to law to defend or assert the rights or interests of shareholders.

SECTION 33.- The management company may not carry out transactions on behalf of the mutual fund other than those necessary for the management of the fund. A management company shall not be authorized to sell securities not included in the mutual fund, or contract loans on behalf of the latter.

SECTION 34.- The managers of a management company may hold other management positions concurrently in similar entities for no more than 5 (five) terms, unless waived by the Financial Market Commission.



SECTION 35.- (1) The assets of a UCITS shall be kept by a single depositary distinct from the SICAV or the management company of the mutual fund.

(2) The depositary shall be designated in the articles of association of the SICAV or the management regulations of the mutual fund.

(3) The depositary shall be selected by the management company from a list of investment service providers approved by the Financial Market Commission for safekeeping of assets.

(4) The fact that the depositary entrusts all or part of the assets in his custody to a third party shall not affect or preclude his responsibility.

(5) The head office of the depositary shall be located in Cameroon.

SECTION 36.- (1) The depositary shall ensure the regularity of the decisions of the SICAV or the mutual fund management company.

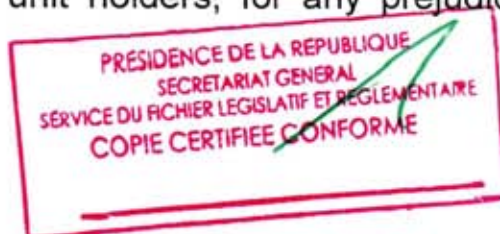
(2) Under the conditions laid down by a regulation of the Financial Market Commission, the depositary shall in particular:

- ensure that the sale, issuance, buyback, reimbursement and cancellation of units or shares undertaken by a UCITS or on its behalf, are consistent with applicable laws and regulations and with the background note of the UCITS;
- ensure that the calculation of the value of units or shares is consistent with applicable laws and regulations and with the information notice of the UCITS;
- carry out the instructions of the SICAV or the management company, unless such instructions are contrary to the laws or regulations and background note of the UCITS;
- ensure that in transactions involving assets of the UCITS, the counterpart is remitted to him within the normal time-frame;
- ensure that the income of the UCITS is allocated pursuant to the laws or regulations and the information notice issued by the UCITS.

SECTION 37.- (1) The depositary shall keep a chronological statement of the transactions undertaken on behalf of a UCITS and prepare, at least once every three months, the inventory of assets managed by the UCITS.

(2) Such documents may be consulted by the auditor and by shareholders or unit holders, as well as any sworn officer specifically authorized for this purpose by the Financial Market Commission.

SECTION 38.- (1) The depositary of a UCITS shall be responsible, vis-à-vis the management or SICAVs and shareholders or unit holders, for any prejudice



they may suffer due to non-performance or improper performance of his obligations.

(2) The responsibility of a depositary of a mutual fund vis-à-vis shareholders may be invoked directly or indirectly through the management company, according to the legal nature of the relationship existing between the depositary, the management company, and the shareholder.

SECTION 39.- (1) Without prejudice to the provisions of the OHADA Uniform Act relating to Commercial Companies and Economic Interest Groups, the conditions for liquidating and terms of assets sharing shall be laid down by the articles of association or regulations of the UCITS.

(2) Management companies or depositaries shall act as liquidator. Failing this, the competent court of the place where the management company's head office is found shall appoint a liquidator at the request of any interested person.

(3) However, notwithstanding the provisions of the OHADA Uniform Act relating to the Law on Commercial Companies and Economic Interest Groups, where management companies or depositaries show proof of serious difficulties in performing their duty as liquidator, such duty shall be performed by a third party appointed by the President of the competent court at the request of the President of the Financial Market Commission.

SECTION 40: The management company or depositary shall be jointly or severally liable, as appropriate, to third parties or unit holders, for either breaches of laws or regulations applicable to Mutual Investment Funds, violation of the fund management regulation or their errors.

SECTION 41: (1) The accounts and financial statements of a UCITS shall be audited by an auditor.

(2) The UCITS statutory auditor shall be subject to the professional obligations provided for by the laws and regulations in force.

SECTION 42: (1) The UCITS statutory auditor shall be designated for 3 (three) financial years by the SICAV Board of Directors or jointly designated by the trust company and the depositary of the Mutual Investment Fund, as the case may be.

(2) The UCITS statutory auditor must be chosen from among accountants approved by the Financial Market Commission to work with issuers of public call for capital.

(3) At the incorporation of the UCITS, the first statutory auditor shall be designated by the founders of the SICAV or mutual fund in the articles of incorporation or the management regulation, as appropriate.

(4) The appointment of a UCITS statutory auditor shall be subject to the prior declaration of the Financial Market Commission.

SECTION 43: (1) The statutory auditor shall be bound to immediately report to the Financial Market Commission any fact or decision regarding UCITS which he is aware of in the discharge of his duty, and that may:

- constitute a breach of the laws and regulations applicable to this undertaking and likely to have a significant impact on its financial position, results and assets;
- affect the conditions or continuity of its operation;
- lead to the issuance of reserves or refusal of account certification.

(2) The statutory auditor shall not be bound to professional secrecy vis-à-vis the Financial Market Commission.

(3) The statutory auditor may not be held responsible for information or disclosures provided in the performance of the obligations imposed by this Section.

SECTION 44: The Financial Market Commission may forward to the statutory auditors of the UCITS, information required to discharge their duties. Information transmitted under such circumstances shall be covered by professional secrecy.

SECTION 45: (1) The statutory auditor may, at any time, conduct audits and controls within the UCITS which he deems appropriate, and may request immediate presentation of all documents which he deems useful in the discharge of his duties.

(2) The statutory auditor shall be held responsible for providing false or misleading information to the Financial Market Commission or violation of professional secrecy.

(3) The statutory auditor shall be bound to submit to the Financial Market Commission, within 6 (six) months of the end of each financial year, a report on the control conducted in the UCITS.

(4) The statutory auditor shall report to the SICAV Board of Directors or the trust company of the Mutual Investment Fund, as well as the Financial Market Commission any irregularities and inaccuracies noted in the discharge of his duties.

SECTION 46: (1) In case of failure to appoint the statutory auditor, or unavoidable absence of or misconduct by the appointed auditor, the President of the Court of First Instance of the place where the head office of the SICAV or management company of the mutual investment fund is located shall, ruling in

summary proceedings, appoint or replace him by order at the request of any shareholder or unit holder or the Financial Market Commission, board members or managers duly summoned.

(2) The term of office thus conferred shall end upon appointment of the statutory auditor.

CHAPTER VI
INVESTMENT RULES GOVERNING UNDERTAKINGS FOR COLLECTIVE
INVESTMENT
IN TRANSFERABLE SECURITIES (UCITS)

SECTION 47: Under the conditions and limits set by order of the Minister in charge of finance, assets of a UCITS may be composed of:

1. transferable securities issued through public call for capital or private investment and/or listed on a stock market;
2. fungible treasury bills and fungible Treasury bonds issued on the money market of the Bank of Central African States;
3. shares or stocks of undertakings for collective investment in transferable securities authorized in Cameroon or other CEMAC member-States which are proposed for buyback at the request of unit holders or shareholders;
4. securities issued or guaranteed by the State of Cameroon or other CEMAC member-States;
5. deposits made with lending institutions authorized in Cameroon and in other CEMAC member-States or foreign countries;
6. negotiable certificates of indebtedness issued in Cameroon and in other CEMAC member-States;
7. treasury bonds acquired under repurchase contracts or reverse repurchase contracts signed in CEMAC member-States;
8. ancillary liquid assets;
9. any other assets determined by the Financial Market Commission.

SECTION 48: SICAVs may acquire movable and immovable property required for the direct conduct of their activities.

SECTION 49: Under conditions and limits fixed by the Financial Market Commission regulation, a UCITS may carry out temporary acquisitions or transfers of financial instruments and cash borrowings.



CHAPTER VII
ACCOUNTING OBLIGATIONS OF UNDERTAKINGS FOR COLLECTIVE
INVESTMENT IN TRANSFERABLE SECURITIES (UCITS)

SECTION 50: The fiscal year of a UCITS shall be 12 (twelve) months and shall run from 1 January to 31 December. However, the first fiscal year may cover a period not exceeding 18 (eighteen) months.

SECTION 51: The SICAV and the management company in respect of each of the funds managed by the latter, shall carry out an assets inventory under the control of the depositary within 45 (forty-five) days of the end of each half of the financial year.

SECTION 52: The SICAV and/or management company shall be bound to publish the asset mix within 8 (eight) weeks of the end of each half of the financial year. The statutory auditor shall check the asset mix before publication. Upon expiry of this deadline any shareholder or unit holder who so requests, shall be entitled to disclosure of the document.

SECTION 53: The SICAV shall be bound to publish its income statement and balance sheet in a legal notices newspaper and in the official bulletin of the Commission at least 30 (thirty) days prior to the General Assembly Meeting which must approve them. It shall be exempted from publishing them *de novo* after the General Assembly Meeting, save where they have been amended by the latter.

SECTION 54: The net income of a UCITS shall be equal to the amount of interests, arrears, bonuses and lots, dividends, directors' fees and all other income from securities that make up the portfolio, plus earnings from amounts currently available and less the amounts of management expenses and borrowing costs.

SECTION 55: (1) The amounts distributable by a UCITS shall be composed of:

- the net income plus carried forward, and plus or minus the income adjustment account balance;
- capital gains net of costs, less capital losses incurred net of costs, recorded during the financial year, plus net capital gains of the same nature recorded during previous financial years which were not distributed or capitalized and less or plus the capital gains adjustment account balance.

(2) The amounts mentioned in Section 55(1) above may be wholly or partially distributed, independently of each other.



(3) The distributable amounts shall be paid within no more than 5 (five) months of the end of the financial year.

CHAPTER VIII

DISCLOSURE REQUIREMENTS OF UNDERTAKINGS FOR COLLECTIVE INVESTMENT IN TRANSFERABLE SECURITIES (UCITS)

Section 56: (1) All deeds, invoices, notices, publications or other documents of any UCITS must bear its name, followed, as appropriate, by the indication SICAV, Mutual Investment Fund, as well as the reference of its authorization to operate issued by the Financial Market Commission.

(2) The documents of any UCITS must also bear the names and addresses of the depositary and management company.

SECTION 57: The SICAV and the management company shall, for each UCITS that they manage, publish:

- a background note including the articles of association of the UCITS or the Management Regulations of the Fund;
- an annual report for each financial year;
- a report covering the first 6 (six) months of the financial year.

SECTION 58: (1) The content of and conditions for publishing the background note and the annual and half-yearly reports shall be laid down by regulation of the Financial Market Commission.

(2) The background note, and the annual and half-yearly reports published shall be provided free of charge to investors upon request.

(3) The annual and half-yearly reports must be provided to shareholders or unit holders, the Financial Market Commission, the stock exchange and all institutions responsible for collecting subscriptions.

SECTION 59: (1) The accounting documents contained in the annual and half-yearly reports shall be certified beforehand by the statutory auditor.

(2) The accounting documents provided for in this section shall be presented for certification to the statutory auditor within no more than 45 (forty-five) days of the end of the financial year for the annual report and 30 (thirty) days of the first half of the year for the half-yearly report.

SECTION 60: (1) The SICAV and the management company shall, for each undertaking for collective investment in transferable securities that the company manages, prepare a simplified background note including the appropriate information on the essential features of the UCITS concerned.

(2) Such background note shall be provided to investors prior to subscription.

(3) The information contained in this background note shall be clear, accurate, truthful and consistent with the relevant parts of the background note.

(4) A regulation by the Financial Market Commission shall specify the mandatory information to be included in the simplified background note.

SECTION 61: UCITS shall be required, under the conditions laid down by the Financial Market Commission, to post share subscription and redemption prices in their premises as well as the premises of institutions responsible for share subscription and buyback on the first business day following the determination of the net asset value.

SECTION 62: (1) The Financial Market Commission shall lay down the conditions under which UCITS should inform their subscribers and may be advertised or marketed directly.

(2) The articles of incorporation or management regulations of UCITS, as well as documents intended to inform their unit holders or shareholders shall be drafted in English or French.

SECTION 63: UCITS must provide to the Bank of Central African States and the National Credit Council the information required for the compilation of monetary statistics.

CHAPTER IX **CONTROL OF UNDERTAKINGS FOR COLLECTIVE INVESTMENT IN** **TRANSFERABLE SECURITIES (UCITS)**

SECTION 64: (1) The Financial Market Commission shall be responsible for controlling UCITS, management companies, depositories provided for under this law, their managers and persons placed under their authority.

(2) It shall carry out such duties solely in the public interest.

(3) The Minister in charge of Finance may, where necessary and after informing the Financial Market Commission, order any documentary or on-the-spot inspection of any UCITS it deems necessary.

SECTION 65: (1) The Financial Market Commission shall have authority to request from UCITS all documents and information required for the discharge of its duties.

(2) It may also request disclosure of all documents issued by the UCITS and have the presentation and content of such documents modified at any time.

SECTION 66: The Financial Market Commission shall be competent to receive complaints from shareholders or unit holders of UCITS and to negotiate with them in view of a settlement.

SECTION 67: (1) The Financial Market Commission shall draw up and keep an updated list of approved UCITS, depositories, management companies and the mutual investment funds or SICAVs that they manage.

(2) At its behest, the initial list and the changes to it shall be published in a legal notices newspaper and in the official bulletin of the Financial Market Commission.

CHAPTER X **TAX AND FINANCIAL PROVISIONS**

SECTION 68: The tax provisions applicable to UCITS shall be governed by the General Tax Code.

SECTION 69: The fees and costs levied upon issuance and buyback of shares and UCITS units shall be calculated in accordance with the conditions laid down by order of the Minister in charge of Finance, on the proposal of the Financial Market Commission.

SECTION 70: (1) UCITS shall be subject to payment of an annual fee to the Financial Market Commission. This fee shall be calculated on the basis of their net assets.

(2) The rates and calculation and payment terms of the annual fee shall be fixed by order of the Minister in charge of finance.

SECTION 71: Failure to pay the fee within the prescribed deadline shall lead to a 2 (two) percent increase per month or fraction of a month of delay calculated on the fee amount due.

CHAPTER XI **PENALTIES**

SECTION 72: Without prejudice to the penalties applicable to public limited companies under financial markets, the Financial Market Commission may impose administrative and monetary penalties against a UCITS, trust company, depository or managers for failure to comply with the provisions of this law.

SECTION 73: (1) The Financial Market Commission may impose the following administrative penalties:



- warning;
- formal notice.
- caution;
- reprimand;
- suspension consisting of a restriction or temporary ban on activities, not exceeding 12 (twelve) months;
- withdrawal of authorization;

(2) The withdrawal of authorization referred to in Section 75(1) above shall be carried out on the basis of a detailed and reasoned report.

SECTION 74- (1) The Financial Market Commission may, on its own initiative or at the request of the beneficiary, withdraw the authorization of any UCITS, management company or depository that:

- fails to use the authorization within 12 (twelve) months from the date of its notification;
- stops operating for 12 (twelve) months;
- is found guilty of serious breach of the law or regulations in force.

(2) In case of withdrawal of authorization, the undertaking or the company shall, in accordance with the regulation in force, enter into liquidation within 1 (one) year from the notification of the decision to withdraw the authorization.

SECTION 75: (1) Any statutory auditor who fails to fulfil his professional obligations under this law or under the regulation in force may be liable to temporary or permanent ban from exercising his duties in any UCITS.

(2) The temporary or permanent ban shall be pronounced by the Financial Market Commission after summoning and hearing the statutory auditor in question.

(3) The duration of the temporary ban shall not exceed 3 (three) years.

(4) The statutory auditor shall be summoned by any means leaving a paper trail within a minimum period of 30 (thirty) days before the date of their hearing. He shall have the right to consult the case file no later than 7 (seven) days prior to their hearing by the Financial Market Commission. The offender may be assisted by a member of his corporation or any counsel of his choice.

(5) The decision of the Financial Market Commission may be tantamount to a complaint to the State Counsel. In that regard, it shall be authorized to institute civil proceedings.

SECTION 76: (1) Any penalty decision by the Financial Market Commission shall be immediately enforceable notwithstanding any appeal before the administrative judge. Such appeal should be lodged in accordance with the procedures and deadlines laid down by the laws in force.

(2) Any stay of enforcement decision by the administrative judge shall be subject to payment by the company or the person sanctioned, of twenty-five percent (25%) of the amount of the monetary sentence imposed by the Financial Market Commission.

SECTION 77: Without prejudice to the disciplinary sanctions provided for in Sections 73 and 74 above, the Financial Market Commission may impose monetary penalties of up to 5 (five) times the amount involved, with a minimum of CFAF 1 (one) million,

SECTION 78: Anyone who, either in his/her individual capacity or as a partner to an auditing company, accepts, performs or keeps the mandate of statutory auditor in violation of the incompatibility rules provided for under the regulation in force shall be punished with fine of from CFAF 1 (one) million to CFAF 5 (five) million.

SECTION 79: Any SICAV manager or board member who violates the provisions of Sections 886 to 891 of the Uniform Act relating to the Law on Commercial Companies and Economic Interest Groups shall be punished with fine of from CFAF 5 (five) million to CFAF 15 (fifteen) million or imprisonment for from 3 (three) months to 5 (five) years, or with both such fine and imprisonment,.

SECTION: 80- Any manager of a depositary, as well as anyone under his/her authority, who implements the regulations of a SICAV or management company in violation of the provisions of this law or of the articles or management regulation of the said undertakings shall be punished with imprisonment for from 1 (one) to 12 (twelve) months or fine of from CFAF 1 (one) million to CFAF to 10 (million), or with both such imprisonment and fine.

SECTION 81: Any manager of a SICAV or trust company or any depositary of a UCITS who



- indulges in operations other than those related to the purpose of these companies;

- fails to comply with obligations relating to UCITS investment policy.

shall be punished with fine of from CFAF 5 (five) million to CFAF 20 (twenty) million.

SECTION 82: Any manager of a trust company of a mutual investment fund who fails to appoint a statutory auditor of the Fund in accordance with the provisions of this law shall be punished with imprisonment for from 2 (two) years or with fine of from CFAF 1 (one) million to CFAF 10 (ten) million, or with both such imprisonment and fine.

SECTION 83: Any statutory auditor who, either in his/her individual capacity or as a partner in a firm of statutory auditors, provides or confirms misleading information on the situation of the UCITS, or who fails to reveal to the public prosecutor criminal offences known to him/her, shall be punished with imprisonment for from 2 (two) to 5 (five) years or with fine of from CFAF 1 (one) million to CFAF 10 (ten) million, or with both such imprisonment and fine.

SECTION 84: Any manager of a management company or the corporate body that is depositary of a UCITS and anyone under their authority, who obstructs the conduct of audits or control by statutory auditors or refuses on-the-spot disclosure of documents that are useful in the discharge of their duties and, in particular, contracts, books, accounting documents and minutes registers, shall be punished with imprisonment for from 2 (two) to 5 (five) years or with fine of from CFAF 1 (one) million to CFAF 10 (ten) million, or with both such imprisonment and fine.

SECTION 85: Without prejudice to prosecution for misappropriation of corporate assets, managers of a SICAV or of a trust company or the depositary of a Mutual Investment Fund who deduct or are accessory to the deduction of fees or management fees exceeding the amounts provided for in the articles of incorporation or management regulations shall be punished with fine of from CFAF 1 (one) million to CFAF 10 (ten) million.

SECTION 86: (1) Any de jure or de facto manager of a body who undertakes transactions falling under the activities of undertakings for collective investment in transferable securities without authorization from the Financial Market Commission in accordance with the provisions of this law, or who continues such activities after withdrawal of their authorization, shall be punished with imprisonment for from 6 (six) months to 2 (two) years or with fine of from CFAF 10 (ten) million to CFAF 20 (twenty) million, or with both such imprisonment and fine.

(2) In case of a repeat offence, the criminal penalties provided for in this law shall be doubled.

SECTION 87: (1) Any final conviction, pursuant to the provisions of this law, of managers of the management company or the depositary shall automatically result in the termination of their duties and their disqualification from performing such duties.

(2) The statutory auditor shall accordingly inform the Financial Market Commission which shall take all the necessary measures to convene the General Assembly Meeting of the company to replace the disqualified manager.

(3) The court seized for liability action provided for Section 38 above may, at the request of any unit holder, order the dismissal of the managers of the management company or the depositary.

(4) In the two (2) cases above, the competent court shall, on the proposal of the President of the Financial Market Commission, appoint an interim administrator till the appointment of new managers or liquidation, where such appointment seems impossible.

SECTION 88: In the event of a final conviction of an administrator, the shareholders shall be bound to convene an extraordinary General Assembly Meeting within thirty (30) days to decide on the changes to be made to the management of the company or its dissolution, where appropriate.

SECTION 89: Final conviction judgments resulting from the penalties provided for under this law shall be published in full or in the form of excerpts in the Official Bulletin of the Financial Market Commission and in legal notices newspapers, at the expense of those convicted.

PART XII **TRANSITIONAL AND FINAL PROVISIONS**

SECTION 90: UCITS that have been operating prior to the enactment of this law shall have 1 (one) year to comply with its provisions.

SECTION 91: The provisions governing closed-end investment companies and special purpose vehicles provided for under Section 4 (1) of Law No. 99/15 of 22 December 1999 to lay down the establishment and organization of a financial market shall be laid down by a separate instrument.



SECTION 92: All previous provisions repugnant hereto are hereby repealed.

SECTION 93: This law shall be registered, published according to the procedure of urgency and inserted in the Official Gazette in English and French.

YAOUNDE, 12 JUL 2016

