

Notice N° AV-2016-140

(Only the french version prevails)

Event

Modalities of Minimum Block Size calculation

- NOTICE SUBJECT

Modalities of Minimum Block Size calculation

- REFERENCES

In accordance with the Royal Decree (Dahir) No. 1-93-211 dated September 21, 1993 relating to the Stock Exchange, as modified and completed by Laws No. 34-96, 29-00, 52-01 and 45-06, namely Section 4 ;

Considering the provisions of the Stock Exchange Regulation, approved by Order of Economy and Finance Ministry No. 1268-08 dated July 7, 2008 as modified and completed by Order No.1156-10 of April 7, 2010 No.30-14 of January 6, 2014 and No.1955-16 of July 4, 2016 namely Section 3.7.8;

The following has been decided:

- ARTICLE 1

The Minimum Size of Blocks (MSB) is determined for every security based on the evolution, during the three preceding months, of the below criteria:

- The average daily shares traded on the central market ;
- The average price recorded on the block market ;
- The average price recorded on the central market ;
- The average traded quantity on the block market.

ARTICLE 2

If the volume of five times the average amount of shares traded on the central market during the past three months is greater than the average volume of the block market, the MSB is equal to five times the daily average of securities traded on the central market.

In the opposite case, the MSB is the amount obtained by dividing the average volume of the block market by the average price of block market during the last three months.

ARTICLE 3

For newly listed securities, the Minimum Size of Blocks is determined by the following criteria:

- floating capitalization during the issuer's listing ;

Floating Capitalization =

Number of shares issued by the company X Stock market capitalization of the issuer at the first day of listing

	Number of shares corresponding to the company's equity
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- Average MSB of comparable securities, which is part of the T_i to which the value to be listed belongs; determined based on market capitalization.

The equity capitalization ranges are defined based on the below table :

Range	Capitalization in MAD
T1	Below 1 000 000 000
T2	1.000.000.000 – 5.000.000.000 [
T3	5.000.000.000 – 10.000.000.000 [
T4	Above 10 000 000 000

The average MSB of the T_i range is calculated according the below formula :

$\text{Average } T_i \text{ MSB} = \frac{\text{MSB } v_1 + \text{MSB } v_2 + \dots + \text{MSB } v_k}{N}$

Where $\text{MSB } v_k$ = The MSB of the value k belonging to the T_i range

And n = number of securities belonging to the T_i range

ARTICLE 4

For newly listed securities, the retained MSB is the one with the highest V_1 and V_2 volumes [$\max(V_1 ; V_2)$] :

- $V_1 = X\% * \text{Floating Capitalization}$

$X = 2$	For a market capitalization of the security to be introduced belonging to the range T1
$X = 1.5$	For a market capitalization of the security to be introduced belonging to the range T2
$X = 1$	For a market capitalization of the security to be introduced belonging to the range T3
$X = 0.5$	For a market capitalization of the security to be introduced belonging to the range T4

- $V_2 = \text{Average MSB} * \text{introduction price}$

If the volume V_1 is greater than the volume V_2 , the retained MSB is the amount obtained by dividing V_1 by the listing price. Otherwise, the retained MSB is the average TMB.

The retained MSB is applied during the first three months following the security's introduction. Subsequently, the MSB will be updated according to the usual rules.

ARTICLE 5

The MSB of a security is rounded up to the nearest multiple of 100 of the calculated MSB.

ARTICLE 6

The MSB of a security cannot be lower than one of the minimum thresholds below:

- 100 shares, for debt securities, and 10,000 shares for capital securities with a nominal value of 100 dirhams, or an equivalent amount according to their nominal value ;
- 2.5% of the number of shares forming the share capital of the company.

ARTICLE 7

The MSB of an instrument may not be higher than 2.5% of the number of shares forming the

share capital of the company.

ARTICLE 8

The subscription or attribution rights may not be subject of block transactions.

ARTICLE 9

The current notice repeals and replaces notices n°195/08 and 105/10

ARTICLE 10

The current notice will come into effect as from 01/08/2016

