

Section : Legal
Subject: Insider Dealing
Issued by: General Counsel

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|1| Introduction

The freedom of managers and employees of ALSTOM (the "Company") and any of its direct or indirect subsidiaries (together, the "Group") to deal in ALSTOM shares or other quoted financial instruments and more generally, what managers and employees of the Group can and cannot do, with inside information relating to the Group, is restricted by French applicable laws and stock market regulations. These persons are regarded as "insiders".

The purpose of such laws and regulations is to ensure that managers, employees and persons connected with them, do not abuse, and do not place themselves under suspicion of abusing, non-public price-sensitive information that they may have or be thought to have, notably in periods leading up to an announcement of financial results or a material transaction.

If a manager or employee of the Group fails to comply with applicable laws and regulations, such person could face administrative and criminal proceedings and sanctions, and the image, reputation and credibility of ALSTOM would be damaged.

Strict compliance with the Code of Conduct set forth below under paragraph 2 is therefore required from managers and employees of the Group who must carefully read this Instruction.

The provisions of the Code prevent or limit trading in ALSTOM securities (or related financial instruments) at certain times, and for this reason too must be carefully read.

The Code will be modified from time to time to reflect changes in applicable legislation.

What is an « insider » ?

An insider means any person who inside or outside the Group is in possession of inside information which relates to the Company or to the Group.

It can mean the managers or employees of all the Group but also third parties who have access to such inside information within the framework of their professional relationship with the Group : ALSTOM's bankers, lawyers, auditors, communication agencies, rating agencies ...

It can also mean persons linked to them who happen to receive such inside information outside any professional relationship while knowing that it has not been made public : spouses, husbands, children, parents ...

What is inside information ?

Inside information is defined as a precise information which has not been made public, which relates, directly or indirectly to ALSTOM or its subsidiaries or any of their financial instruments, and which, if made public, would be likely to have a significant effect on the price of the relevant financial instruments or on the prices of related financial instruments.

Such information is information that a reasonable investor would be likely to use as part of the basis of his investment decision.

For examples of inside information (non public price-sensitive information), see "Code of conduct – Definitions".

In practice, it must be considered that any information which could have an impact on the market price must be treated as confidential and shall not be disclosed unless the disclosure is made in the normal course of the exercise of a person's employment or functions within the group.

Information is no longer classified as inside information after it has been disseminated in the public by the Company via the press.

What type of conduct is prohibited from insiders ?

A person in possession of inside information (non public price-sensitive information) relating to ALSTOM or its subsidiaries:

- must not deal or try to deal, whether directly or indirectly through a person acting for his/her account, in any financial instrument of the Company or its listed subsidiaries which may be impacted by this information (including any related financial instruments);
- must not pass on such inside information other than in the course of exercise of his/her functions;
- must not encourage another person to deal or to have dealt by another person in these financial instruments on the basis of such inside information.

See "Code of Conduct – Rules n° 2,3,6 and 7".

The use of inside information in contravention of the above prohibitions may lead to huge administrative sanctions at the request of the French *Autorité des marchés financiers* ("AMF"), as well as to criminal sanctions (See "Code of Conduct – 2.5 – Sanctions incurred").

In addition to these abstention requirements which only apply to insiders (See "Code of Conduct – Rules 2 and 3"), the persons who receive free shares under the Company's free shares plans are not allowed, even if they are

not considered as insiders, to sell their free shares during the specific periods defined by Article L. 225-197-1 of the French commercial code (See the relevant Rules of the Company's free shares plans").

Cautious measures

A safe approach is, in case of doubt on the inside nature of an information, that such information must be regarded and treated as being inside information.

Managers and employees who wish deal in the Company's financial instruments are also requested to seek prior advice from the Company (See "Code of conduct – Rule n° 5").

Lists of insiders

The Company as any French listed company, must draw up and keep updated, the lists of the persons who working for it as employees or otherwise, have access to inside information relating to the Company or to the Group, whether on a regular or occasional basis.

These lists called "list of insiders" must be sent to the AMF upon its request.

Their purpose is to facilitate during the course of AMF investigations, the identification of the persons who are considered by the Company as permanent or occasional insiders, as well as to make these persons aware of the duties linked to the possession of inside information.

Permanent insiders are persons who have on a regular basis access to inside information (such as members of the ALSTOM's Board of Directors, members of ALSTOM's Executive Committee). Occasional insiders mean as an example, persons who occasionally participate to the preparation of a significant non-public operation (a significant contract, a merger or acquisition, a tender offer, or any other financial operation) or who have access to the inside information related to such project: these persons will be requested to sign a confidentiality undertaking.

Therefore, a person inscribed on the list of permanent insiders may simultaneously be inscribed on a list of occasional insiders at certain times.

In addition, the persons who are inscribed on the lists of insiders only represent part of the persons requested to refrain from using inside information as set forth in the Code, as the absence of a person from one of these lists does not prejudice in any way his or her possible qualification as an insider.

In addition to the setting of lists of insiders, other declaration requirements are set forth by applicable regulations in order to detect and prevent insider dealings:

- declaration to the AMF by financial institutions of suspicious transactions which might constitute insider dealing or market manipulation;
- declaration to the AMF by managers and persons having the capacity to make management decisions concerning the group's evolution and strategy, of their transactions in ALSTOM financial instruments (See "Code of Conduct – 2.4 – Obligations to declare transactions in ALSTOM equity securities).

|2| ALSTOM's Code of Conduct

ALSTOM's Code of Conduct concerning the misuse of inside information and operations on transferable securities

This is a free translation into English of the Code of Conduct issued in French language which is provided solely for convenience. The official French version is provided hereafter.

Until made public, any information concerning the ALSTOM group which could have a significant effect on the share price or the price of any other ALSTOM's financial instrument or on related financial instruments is regarded as inside information and has to remain strictly confidential. This makes any person holding this information an insider.

Its use for personal reasons or disclosure before it has been communicated to the public is prohibited by the rules issued by the French Stock market authority ("*Autorité des marchés financiers*" or "AMF") and the provisions of French criminal law, and liable to sanctions.

The purpose of this Code of Conduct is to make managers or employees in the ALSTOM group and others dealing with the Group, aware of their legal and statutory obligations in this respect and prevent any misuse or communication of inside information. It also set forth the obligations for certain persons who have access to inside information relating to ALSTOM to declare their transactions on ALSTOM securities as well as the obligation for the Company to draw up lists of insiders.

Non-compliance with the rules contained in this Code, and more generally with applicable regulations, could expose the persons concerned to criminal, administrative, civil and disciplinary sanctions.

2.1 Definitions

For the purpose of this Code of Conduct :

"Inside Information":

Inside Information shall mean an information of a precise nature (i) which has not been made public (ii) relating, directly or indirectly, to ALSTOM or its subsidiaries or to one or several of their financial instruments, and (iii) which if it were made public would be likely to have a significant effect on the price of those financial instruments or on the price of financial instruments relating to them, that is to say information which a reasonable investor could apply as one of the factors making his decision to buy, sell or hold the relevant financial instruments.

Information is considered made public when it has been the subject of an official release or when it has been issued in an official document filed with a stock exchange authority and made public, or sent to shareholders.

The following non-limiting elements may be regarded as Inside Information:

- ALSTOM or ALSTOM group's earnings or forecasts,
- A proposed merger, joint-venture, sale or acquisition,
- Major financial transactions,

- Significant changes of shareholding,
- Decision to pay or not to pay dividends,
- A change in control or a material change in ALSTOM's management,
- Signature of major new contracts or agreements,
- A new significant investigation or litigation, or the closing of a significant litigation or investigation.

"Insiders":

Insiders shall mean the managers of ALSTOM (Board members, CEO, delegated CEOs), any person exercising duties or functions in the ALSTOM group who holds Inside Information and any third party who has access to such information due to his professional relationship with the ALSTOM group.

Insiders shall include Permanent and Occasional Insiders.

"Permanent Insiders":

The following persons who have regular access to Inside Information are considered Permanent Insiders:

1. members of ALSTOM's Board of Directors and their assistants
2. members of ALSTOM's Executive Committee and their assistants, their direct collaborators and their assistants
3. persons involved in the ALSTOM group at Corporate and Sector level in the preparation of budgets, forecasts, accounts, internal audits, in projects control and internal controls, and their assistants, who are designated as such by the CFO of ALSTOM or the CFO of Sectors
4. Heads of the Finance, Investor Relations, Strategy, Mergers and Acquisitions, Legal, Human Resources and Communications Departments at Corporate and Sector level and Head of the Corporate Tenders & Projects Control Department, and collaborators of their Departments who are designated as such by the Head of these Departments
5. ALSTOM group's external auditors
6. ALSTOM's usual advisors who are designated by the CFO and the General Counsel of ALSTOM
7. any other person within the ALSTOM group or any other third party designated as such by any member of ALSTOM's Executive Committee.

"Occasional Insiders":

Occasional Insiders shall mean persons working in the ALSTOM group or third parties in the context of their professional relationships, who have occasional access to Inside Information due notably to the preparation and execution of a financial or strategic operation.

2.2 Rules of conduct when Inside Information is held

Rule 1

Any manager of ALSTOM as well as any person working within the ALSTOM group and any third parties with regular or occasional professional relations with the ALSTOM group, shall comply with all applicable laws and regulations relating to the misuse or improper circulation of inside information and the related prohibitions, which are summarized in the present Code of Conduct.

Whenever the Inside Information relates to a subsidiary of the group listed on a foreign stock exchange, the aforementioned persons shall also, as the case may be, comply with any applicable obligations resulting from foreign stock exchange laws in addition to the obligations described below.

Any person holding Inside Information must protect and treat as strictly confidential and protect such Information with the same degree of protection and care than that with which such person handles his or her own confidential information while ensuring, in particular, that safekeeping and authorized distribution are secured.

Rule 2

From the day when he/she comes in possession of Inside Information through the second trading day inclusive following the date on which this information is made public, any Insider is prohibited from executing, directly or indirectly by any interposed person, on his own behalf or on behalf of third parties, any operation on ALSTOM's financial instruments or on financial instruments to which such Inside Information relates or related financial instruments.

Rule 3

Any Insider is also prohibited from executing, directly or indirectly by any interposed person, on his own behalf or on behalf of third parties, any operation on ALSTOM's financial instruments during the following black-out periods:

- for 30 calendar days preceding the publication of ALSTOM's annual and half-year results through the second trading day inclusive following the date of such publication;
- for 15 calendar days preceding the publication of ALSTOM's first and third quarters orders and sales (or other quarterly results) through the second trading day inclusive following such publication.

The dates set for these publications are available on ALSTOM Internet and Intranet Web sites.

The black-out periods in respect of each current fiscal year are communicated to all Permanent and Occasional Insiders and are available upon request directed to the General Counsel of ALSTOM.

A special notice may be disseminated prior to the commencement of any such black-out period for convenience only.

Rule 4

Operations on ALSTOM's financial instruments which are prohibited by rules of this section 2.2 are the subscription, purchase or sale, or attempted purchase or sale of (i) ALSTOM's shares, (ii) financial instruments giving access to ALSTOM's share capital (bonds redeemable into shares, convertible bonds, warrants to subscribe for shares, ...), (iii) debt securities and financial instruments giving access to debt securities, (iv) forward financial instruments on these securities (such as options), or forward transactions on these financial instruments.

The prohibitions do not apply to subscriptions and purchases of shares through the exercise of stock options but do cover the ensuing sale of the shares thus acquired.

Rule 5

In the event of any doubt regarding the inside nature of the information or the ability to execute an operation, the person concerned shall consult the General Counsel and the Chief Financial Officer of ALSTOM before dealing on any relevant financial instruments but will remain ultimately liable for his/her action.

Rule 6

Any Insider shall refrain from disclosing Inside Information to anyone else, within or outside the ALSTOM group, apart from in the normal exercise of his employment, functions, duties or profession, or for any other purposes than those for which it was disclosed to him.

Rule 7

Any Insider shall refrain from recommending another person to purchase, sell or hold, or, to have purchased, sold or held by another person, on the basis of an Inside Information, any financial instruments to which this information relates or securities which are related to these financial instruments.

Rule 8

Any Insider who receives in the course of his mandate or functions with the ALSTOM group, an inside information which has not yet been made public about a company which is not part of the ALSTOM group, must not perform any operation on the financial instruments of this company based on this information, and must conform in an identical manner to Rules 2, 5, 6 and 7 as well as complying with foreign stock exchange laws which may be applicable.

Rule 9

Insiders must take reasonable steps to ensure that persons linked to them do not perform operations on any ALSTOM's or relevant financial instruments when they become aware of Inside Information and during any black-out periods.

Rule 10

When any Insider becomes aware that an Inside Information has been disclosed outside the ALSTOM group without any proper authorisation, he/she must immediately inform the General Counsel and the CFO of ALSTOM.

Rule 11

Any disclosure of Inside Information to the press or financial community must exclusively be made through the ALSTOM's representatives authorised to do so, or be expressly authorised by the Chairman and CEO of ALSTOM.

Rule 12

The AMF recommends that ALSTOM's managers and any assimilated persons (defined under Rule 14), set up trading plans managed by third parties (*mandat de gestion programmée*) which will allow them to benefit from a refutable assumption of not having engaged in insider misconduct subject to the conditions indicated by the AMF.

Each such manager has full discretion in whether to set up such a trading plan which may continue to be carried out during the no-trading periods set by the Company under Rules 2 and 3.

2.3 List of Insiders

Rule 13

In accordance with applicable regulations, ALSTOM draws up and keeps updated nominal lists of Permanent Insiders and Occasional Insiders.

The persons mentioned on one of these lists are informed either on the day they take up their duties or functions, or the day of their name is included in one of these lists.

The lists detail in particular the identity of each person, the reasons for his inclusion on the list and the dates of creation and updating of the list. These lists are rapidly updated, in particular on a change of the grounds for which a person was registered, when a new person is added to the list, or by mentioning when a person registered on one of these lists ceases to have access to Inside Information and has to be excluded from it.

The absence of a person from one of these lists does not prejudice in any way his or her possible status as an Insider.

These lists are retained by ALSTOM for five years from their creation or their updating.

They are communicated to the AMF by ALSTOM upon request from the former.

2.4 Obligations to declare transactions in ALSTOM equity securities

Rule 14

ALSTOM's managers (Board members, CEO, delegated CEOs), assimilated persons (defined as any Permanent Insider considered by the Chairman and CEO of ALSTOM as having the capacity to make management decisions concerning the group's evolution and strategy), and Connected Persons (as defined below), must declare to the AMF and ALSTOM, any acquisition, sale, subscription or exchange of ALSTOM's equity securities or financial instruments giving access to ALSTOM's equity securities or listed debt securities or forward instruments on these securities, as well as any transactions on these securities by means of forward financial instruments which they have performed whether on their own behalf or on behalf of third parties.

Only transactions whose amount exceed, individually or cumulatively, € 5,000 per person and per year shall be declared.

In compliance with applicable rules, ALSTOM draws up and updates the list of such assimilated persons considered by the Chairman and CEO of ALSTOM as having the capacity to make management decisions concerning the group's evolution and strategy and discloses it simultaneously to such persons and to the AMF.

"Connected Persons":

Connected Persons shall mean persons who have close personal ties with one of the above mentioned insider, i.e. (i) their non-separated spouse or partner to whom they are bound by a Civil Solidarity Pact, their dependent children or any of their relatives sharing their household for at least a year on the date of the transaction, (ii) any legal entity or trust incorporated in France or outside France, controlled directly or indirectly by or set up for the benefit of such insider or a person referred to in (i), or (iii) any legal entity or trust incorporated in France or outside France managed and operating by such insider or a person referred to in (i) and in the interest of one of these person, or (iv) any legal entity or trust incorporated in France or outside France in which such an insider or person referred to in (i) benefits from the majority of the economic benefits.

The reporting obligation notably applies to subscriptions and purchases resulting through the exercise of stock options, whether or not followed by the sale of the shares so obtained, to subscriptions or sales of shares of mutual funds invested exclusively in the Company's securities as well as to transactions completed by intermediaries by virtue of a mandate exercised in the context of the management of a portfolio on behalf of third parties or by virtue of specific mandates such as those referred to in Rule 12.

The reporting obligation does not apply to allocations of free shares but to the subsequent sales of such shares.

Rule 15

The nominal reporting must be made by using the model form of declaration contained in Appendix 1 to the present Code.

In accordance with applicable regulations, this form (in French language) shall be sent directly to AMF by the person concerned, within 5 trading days from the completion of the transaction, by mail (electronic address: ***declarationdirigeants@amf-france.org***), with a copy sent simultaneously to the General Counsel of ALSTOM.

If the declaring person so wishes, this document may be sent to the AMF on his/her behalf by ALSTOM, subject to the effective prior receipt of this document by ALSTOM's General Counsel at the latest on the third trading day following the day of the transaction.

The nominal forms will be published on AMF's Web site in compliance with applicable regulations.

For further details, please refer to the Q&A List pertaining to disclosure requirements for transactions carried out by managers, their peers and family, and assimilated persons, published by the AMF in May 2009 (http://www.amf-France.org/documents/general/8277_1.pdf).

2.5 Sanctions incurred

Any insider who has carried out, or had carried out, either directly or by interposed person, one or more operations before the public has been communicated this information, will be liable to two years' imprisonment and a fine of €1,500,000, the amount of which could be increased by ten times the profit and without the fine being less than this same profit (French Monetary and Financial Code Article L. 465-1, al.1).

Any insider who has communicated an inside information to a third party outside the normal context of his profession or his functions, is liable to one year's prison sentence and a fine of €150,000 (French Monetary and Financial Code – Article L. 465-1, al.2).

Separately from these penal sanctions, the communication of inside information and non-compliance with the obligations of non-disclosure enacted by the General Regulations ("Règlement Général") of the AMF and set out in this Code of Conduct, exposes their authors to administrative penalties, the amount of which may reach €100 million or, if profits were made, ten times their amount (French Monetary and Financial Code – Article L. 621-15, II c et III c).

Moreover, any breach of the regulations for this Code of Conduct will expose its author to disciplinary sanctions.

The main legal and regulatory applicable provisions are set forth in Appendix 2 to this Code.

ACCEPTANCE

I confirm that I have received and read the ALSTOM's Code of Conduct and its appendices concerning prohibition on the use of inside information and operations on ALSTOM securities and I undertake to apply it fully.

Name:

Function:

Signature:

Date:

APPENDIX 1: STANDARD NOTIFICATION MODEL (*Free translation for convenience only*)

Individual notification of trading in ALSTOM securities by persons referred to in article L. 621-18-2 of the French Monetary and Financial Code	
IDENTIFICATION OF THE NOTIFYING PERSON	
a/ Surname and first name(s) of the notifying person; in the case of a legal entity, its corporate name. b/ If the notifying person is a person mentioned in a) ¹ and b) ² of article L. 621-18-2 of the French Monetary and Financial Code, state his/her functions within the issuing company. c/ If the notifying person is a person mentioned in c) ³ of article L. 621-18-2 of the French Monetary and Financial Code, add "One of the persons connected with" and the surname, first name(s) and functions of the person with whom they have a close personal relationship.	
FINANCIAL INSTRUMENT	
Shares	<input type="checkbox"/>
Other types of financial instruments	<input type="checkbox"/> (<i>indicate</i>)
NATURE OF THE TRANSACTION	
Purchase	<input type="checkbox"/>
Sale or transfer	<input type="checkbox"/>
Subscription	<input type="checkbox"/>
Exchange	<input type="checkbox"/>
Exercise of stock options	<input type="checkbox"/>
Others	<input type="checkbox"/>
DATE OF THE TRANSACTION	Day/Month/Year (<i>one declaration per day</i>)
PLACE OF THE TRANSACTION	
UNIT PRICE (<i>duplicate the data as necessary in case of several unit prices : unit price 1 ; unit price 2...</i>)	
AMOUNT OF THE TRANSACTION (<i>indicate as many gross amounts as unit prices, if any</i>)	

Contact details of the notifying person or his/her representative:

Address:

Telephone:

Fax:

¹ "a) The members of the board of directors, the management board and the supervisory board, the CEO, the sole CEO, the delegated CEO or the manager of this entity;" (Article L.621-18-2 of the Monetary and Financial Code).

² "b) Any other person who, in the terms defined in the General Regulations of the French Autorité des marchés financiers has the capacity to make management decisions in the issuing company concerning its development and strategy and also has regular access to inside information relating directly or indirectly to this company;" (Article L. 621-18-2 b) of the Monetary and Financial Code).

³ "c) Persons having close personal relationships with any of the persons mentioned in a and b, in terms defined by decree in Council of State." (Article L. 621-18-2 b) of the Monetary and Financial Code. Article R. 621-43-1: The persons mentioned in c) of article L. 621-18-2 that have close personal relationships with any of the persons mentioned in a or b of this article are:

1° Their spouse, unless separated and living apart, or any partner to whom they are bound by a Civil Solidarity Pact;

2° The children over which they exercise parental authority or who usually or alternately live with them or for whom they are effectively and permanently responsible;

3° Any other blood relative or other relatives who have shared the same household for at least one year on the date of the transaction concerned;

4° Any legal entity other than a person referred to in the first subparagraph of article L.621-18-2, governed by French or foreign laws, and:

a) which is managed, administered and operating by one of the persons referred to in a and b of article L. 621-18-2 or in 1°, 2° or 3° and acting in the interest of one of these persons; or

b) which is controlled, directly or indirectly as defined in article L. 233-3 of the French commercial code, by one of the persons referred to in a and b of article L.621-18-2 or in 1°, 2° or 3°;or

c) which is set up for the benefit of one of the persons referred to in a and b of article L. 621-18-2 or in 1°, 2° or 3°;or

d) in which, one of the persons referred to in a and b of article L.621-18-2 or in 1°, 2° or 3° benefits at least from the majority of the economic benefits."

APPENDIX 2 : Reminder of the main legal and regulatory applicable provisions (non-exhaustive)

(free translation for convenience only)

French Monetary and Financial Code (provisions related to lists of insiders) :

- **Article L. 621-18-4.**

I. - Any issuer whose financial instruments are admitted to trading on a regulated financial market or for whom an application for admission to trading on such a market has been submitted, draws up, keeps updated and at the disposal of the *Autorité des marchés financiers* (“AMF”), in the conditions set forth by the General Regulations (“Règlement Général”) of the latter, a list of persons working for them and having access to inside information relating, directly or indirectly to this issuer, as well as of third parties having access to this inside information within the framework of their professional relationship with the latter.

In the same conditions, these third parties draw up, keep updated and maintain at the disposal of the “AMF”, a list of the persons working for them and having access to inside information related directly or indirectly to the issuer, as well as of third parties having access to this inside information within the framework of their professional relationship with the latter.

II. -The General Regulations of the *Autorité des marchés financiers* (French stock market authority), can also set the terms and conditions applicable to requirements to draw up, update, and disclose lists of persons who have access to privileged information concerning the assets referred to in paragraph II of Article L. 421-1. It also describes the persons who are responsible for preparing such lists.

General Regulations of the French *Autorité des marchés financiers* (“AMF”) (provisions related to the lists of insiders)

- **Article 223-27.** Any issuer whose financial instruments are admitted to trading on a regulated financial market or for whom an application for admission to trading on such a market has been submitted, disclose in writing to the AMF upon request of the latter, the list established pursuant to the first paragraph of article L. 621-18-4 of the Monetary and Financial Code, of the persons and third parties having access on a regular or occasional basis to inside information as defined under article L. 621-1.

The lists of persons and third parties having access on a regular or occasional basis to these inside information, established by third parties in compliance with the second paragraph of article L. 621-18-4 mentioned above, is disclosed to the AMF in the same conditions.

- **Article 223-28.** The lists mentioned in article 223-27 notably state :

1° the name of each person,

2° the reason why any such person is on the list,

3° the dates at which the list was created and updated.

- **Article 223-29.** The lists referred to in article 223-27 shall be quickly updated in the following situations :

1° whenever there is a change in the reason why any person is already on the list,

2° when a new person has to be added to the list,

3° by mentioning whether and when any person on the list has no longer access to inside information.

- **Article 223-30.** The issuer informs the persons concerned that they have been inscribed on the list, of the rules applicable to the holding, transmission and use of inside information and of the sanctions attached to the violation of these rules.

Third parties mentioned in the second paragraph of article 223-27 make the same information with respect to the persons inscribed in their lists.

- **Article 223-31.** The lists mentioned in article 223-27 are kept for at least five years after being drawn up or updated.

French Monetary and Financial Code (provisions related to violations of the transparency of the markets)

- **Article L. 465-1.** Executives of a company referred to in Article L. 225-109 of the Commercial Code, or persons who, through the practice of their profession or the performance of their functions, have inside information concerning the prospects or the situation of an issuer whose securities are admitted to trading on a regulated market or the likely performance of a financial instrument admitted to trading on a regulated market, and who carry out or facilitate, either directly or through an intermediary, one or more transactions before the public has knowledge of that information shall incur a penalty of two years' imprisonment and a fine of 1,500,000 euros, which amount may be increased to a figure representing up to ten times the amount of any profit realised and shall never be less than the amount of that same profit.

Whoever, through the practice of his profession or the performance of his functions, has access to inside information concerning the prospects or the situation of an issuer whose securities are admitted to trading on a regulated market or the likely performance of a financial instrument or of an asset referred to in paragraph II of Article L. 421-1 admitted to trading on a regulated market, and communicates that information to a third party outside the normal framework of his profession or his functions shall incur a penalty of one year's imprisonment and a fine of 150,000 euros.

Any person, other than those referred to in the previous two paragraphs, who knowingly obtains inside information concerning the situation or the prospects of an issuer whose securities are admitted to trading on a regulated market or the likely performance of a financial instrument or of an asset referred to in paragraph II of Article L. 421-1 admitted to trading on a regulated market and, carries out or facilitates, directly or indirectly, a transaction or communicates that information to a third party, before the public has knowledge thereof, shall incur a penalty of one year's imprisonment and a fine of 150,000 euros. If the information in question is used in

the commission of a crime or an offence, the sentence shall be increased to seven year's imprisonment and a fine of 1,500,000 euros if the amount of the profit realised is below that figure.

- **Article L. 465-2.** The penalties imposed by the first paragraph of Article L. 465-1 also apply to whoever carries out or attempts to carry out, directly or through an intermediary, a manoeuvre intended to impede the normal operation of a regulated market by misleading others.

The penalties imposed by the first paragraph of Article L. 465-1 apply likewise to whoever publicly disseminates, via whatever channel or means, any false or deceptive information concerning the prospects or the situation of an issuer whose securities are traded on a regulated market, or the likely performance of a financial instrument or of an asset referred to in paragraph II of Article L. 421-1 admitted to trading on a regulated market, which might affect the price thereof.

- **Article L. 465-3.** Legal entities may be declared criminally liable for the offences indicated in Articles L. 465-1 and L. 465-2, as stated in Article 121-2 of the Penal Code.

The penalties thus incurred by the legal entities are :

1° a fine as provided for in Article 131-38 of the Penal Code.

2° the penalties referred to in Article 131-39 of that same Code.

The disqualification referred to in 2 of Article 131-39 of the Penal Code relates to the activity in connection with which, or in parallel with which, the offence was committed.

General regulations of the French Autorité des marchés financiers (provisions on insider dealing)

- **Article 621-1.** Inside information is any information of a precise nature that has not been made public, relating directly or indirectly to one or more issuers of financial instruments, or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of the relevant financial instruments or on the prices of related financial instruments.

Information is deemed to be precise if it indicates a set of circumstances or event that has occurred or is likely to occur and a conclusion may be drawn as to the possible effect of such set of circumstances or event on the prices of financial instruments or related financial instruments.

Information which, if it were made public, would be likely to have a significant effect on the prices of financial instruments or related derivative financial instruments is information that a reasonable investor would be likely to use as part of the basis of his investment decisions.

- **Article 621-2.** For commodity derivatives, inside information shall mean precise information that has not been made public, that concerns, directly or indirectly, one or more such derivatives, and that users of markets on which the derivatives are traded would expect to receive, in accordance with accepted practices in such markets, where such information :

- 1° is routinely made available to their users; or
- 2° is made public, pursuant to law, market rules or regulations, contracts or customary practice on the market in the underlying commodity or on the market in the relevant commodity derivative.

- **Article 621-3.** For persons charged with the execution of orders concerning financial instruments, inside information shall also mean information conveyed by a client and related to the client's pending orders, which is of a precise nature, which relates directly or indirectly to one or more issuers of financial instruments or to one or more financial instruments and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

- **Article 622-1.** The persons referred to in Article 622-2 shall refrain from using inside information when acquiring or selling or when trying to acquire or sell, for their own account or on behalf of others, either directly or indirectly, the financial instruments to which that information pertains or related financial instruments.

Such persons shall also refrain from :

- 1° disclosing such information to another person otherwise than in the normal course of his employment, profession or duties, or for a purpose other than that for which the information was disclosed to them;
- 2° advising another person to buy or sell, or to have bought or sold by another person, on the basis of inside information, the financial instruments to which such information pertains or related financial instruments.

The abstention requirements set forth in this article do not apply to transactions effected in discharge of an obligation that has become due to acquire or sell financial instruments, where such obligation stems from an agreement entered into before the person concerned held inside information.

- **Article 622-2.** The abstention requirements provided for in Article 622-1 apply to any person holding inside information by virtue of :

- 1° his membership of the administrative, management or supervisory bodies of the issuer;
- 2° his holding in the issuer's capital;
- 3° his access to such information through the exercise of his employment, profession or duties, as well as his participation in the preparation or execution of a corporate finance transaction;
- 4° his activities that may be characterised as crimes or offences.

These abstention requirements apply also to any person who holds inside information and who knows, or should know, that is inside information.

Where the person referred to herein is a legal person, these abstention requirements shall also apply to natural persons taking part in the decision to effect the transaction on behalf of said legal person.

French Monetary and Financial Code (provisions related to injunctions and sanctions)

- **Article L. 621-14.**

I - The board may, after giving the person concerned an opportunity to present his explanations, order the cessation, in France and abroad, of all breaches of the obligations imposed by the laws or regulations or by professional rules intended to protect investors from insider trading, price manipulation and dissemination of false information, and any other breach likely to jeopardise investor protection or the proper operation of the market. Such decisions may be made public.

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II - The chairman of the Financial Markets Authority (*Autorité des marchés financiers*) may ask the court or order the person responsible for the practice detected to comply with the laws or regulations and end the irregularity or eliminate its effects.

The request is brought before the presiding judge of the *Tribunal de grande instance* of Paris ruling on a summary basis, whose decision is immediately enforceable. He may automatically take any protective measure and impose a coercive fine payable to the Trésor public for execution of his order.

If criminal proceedings are brought, the coercive fine, if one has been imposed, is not collected until the decision in the public action becomes final.

- **Article L. 621-15.**

I –

II – Following an adversary procedure, the disciplinary commission may impose a penalty on the following persons:

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c) Any person who, in France or abroad, has carried out or attempted to carry out an insider deal or has manipulated prices, circulated false information or is guilty of any other breach referred to in the first paragraph of I of Article L. 621-14, when such acts relate to:

- a financial instrument or asset referred to in paragraph II of Article L. 421-1, admitted to trading on a regulated market or on a multilateral trading platform subject to the legal or regulatory provisions aimed at protecting investors against insider trading, share price manipulation, and the circulation of false information, or for which an application for admission to trading on such a market has been submitted, under the conditions set forth in the General Regulations of the Financial Markets Authority (*Autorité des marchés financiers*);
 - a financial instrument linked to one or more instruments referred to in the previous paragraph;
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e) Any person who, in France or abroad, has circulated out or attempted to circulate false information in a public offer of financial instruments.

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III – The penalties applicable are:

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c) For persons other than those referred to in II of Article L. 621-9 who perpetrate facts referred to in c) and d) of II, a financial penalty of an amount not exceeding 100 million euros or ten times the amount of any profit realised; the sums are paid to the Trésor public.

The amount of the penalty must be commensurate with the seriousness of the breaches committed and any advantages or profits derived from those breaches.

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IV– The disciplinary commission rules on the basis of a reasoned decision and the “rapporteur” is not present. No penalty may be imposed unless the person concerned or this representative has been heard or, failing that, duly summoned.

IV bis.- The meetings of the disciplinary commission are public.

However, either as a mandatory requirement or upon request of a interested party, the chairman at the meeting reviewing the matter can deny public access to the meeting room for all or part of the meeting, in the interest of public order, national security, or as required for the protection of business secrets or of any other secret protected by law.

V – The decision of the disciplinary commission is published in the publications, journals or other media it sees fit, and in a format that is proportionate to the offense and corresponding sanction. The cost thereof is borne by the persons penalized. However, when publishing such information could significantly impact the stability of the financial markets or inflict a disproportionate amount of prejudice on the interested parties, the commission can elect not to publish this decision.
