

## Update on French transfer tax treatment of block trades

As outlined in our legal update dated 30 January 2012, “Recent changes in French transfer tax treatment impact structuring of block trades” the entry into force on 1 January 2012 of certain provisions of the French Finance Act for 2012 included a significant increase of the rate of registration duties (droits d’enregistrement) applicable to certain transfers of equity interests in corporations listed or headquartered in France.

The French Government published last week a draft Amended Finance Bill for 2012 which would cancel the increase in registration duties and reinstate the status quo ante, i.e. a rate of 3% with a cap of € 5,000 per sale. The change, if enacted, would become effective on August 1, 2012.

This change would be concomitant with the introduction of a new tax on financial transactions provided under the draft Amended Finance Bill. This tax, at a rate of 0.1%, would apply to the acquisition of shares of French companies (i.e. with a head office in France) listed on a regulated market and whose market capitalization is above € 1 billion on January 1st of the year in question. If this provision is enacted, the tax would become effective on 1 August 2012.

We will continue to closely follow the discussion before the French Parliament and keep you informed of the latest developments on these issues.

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