Translation of the Capital Market Law No. 95 of 1992

ترجمة قانون سوق رأس المال
رقم ٩٥ لسنة ١٩٩٢

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ANDERSEN

In the name of the people President of the republic

Preamble

The People's Assembly has decided upon the following Law, and we have promulgated it:

Articles of Promulgation

Article (1):

This Law shall apply in accordance with the provisions of the annexed Law concerning the regulation of the Capital Market.

The provisions of the Companies Law concerning Joint Stock Companies, Partnerships Limited by Shares, Limited Liability Companies, and Sole Proprietorship Companies issued by Law No. 159 of 1981 shall apply to any matters not specifically addressed by this Law.

Article (2):

For the purposes of applying the provisions of the annexed Law, the term "the Authority" or "the Administrative Body," wherever mentioned in this Law, its Executive Regulations, or Law No. 159 of 1981 and its Executive Regulations, shall mean the Financial Regulatory Authority (FRA). The term "Chairman of the Authority" shall mean the Chairman of the Board of Directors of the Financial Regulatory Authority, and the term "Minister" shall mean the Minister of Economy and Foreign Trade.

Article (3):

The Executive Regulations of the annexed Law shall be issued by the Minister of Economy and Foreign Trade based on a submission by the Chairman of the Financial Regulatory Authority, within three months from the date of entry into force of this Law.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Until the issuance of the Executive Regulations and implementing decisions of this Law, the current rules, regulations, and procedures in effect at the date this Law comes into force shall continue to apply insofar as they do not conflict with its provisions.

Article (4):

Without prejudice to the provisions of Article (25) of the annexed Law, Law No. 161 of 1957 regarding the General Regulation of Stock Exchanges shall be repealed.

Any provision contrary to the provisions of the annexed Law is hereby repealed.

Article (5):

This Law shall be published in the Official Gazette and shall come into force on the day following its publication.

This Law shall be sealed with the Seal of the State and shall be enforced as one of its laws.

Capital Market Law

Part One: Issuance of Securities

Article (1):

The capital of a joint stock company and the share of non-general partners in partnerships limited by shares shall be divided into nominal shares of equal value.

The company's articles of association shall determine the nominal value of each share, provided it is not less than ten piasters and does not exceed one thousand Egyptian Pounds.

Shares shall be indivisible.

It is permitted to issue new shares at a value differing from previous issues upon capital increase. The new shares shall have the same rights and obligations as shares from previous issues.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

The Executive Regulations shall set out the data to be included on share certificates, procedures for replacing lost or damaged certificates, and the measures to be followed upon amending the company's articles of association.

Article (2):

Any legal entity wishing to issue securities must notify the Authority accordingly. If the Authority does not object within seven working days from the date of notification, the issuance procedures may proceed.

The Executive Regulations of this Law shall specify the particulars of the notification and the documents to be attached thereto.

Article (3):

(Repealed by Law No. 13 of 2004)

Article (4):

No Egyptian or foreign legal entity, regardless of its nature or the legal system it is subject to, may offer securities or financial instruments for public subscription except based on a prospectus approved by the Authority, using forms prepared by the Authority and in accordance with the conditions and procedures set forth in the Executive Regulations of this Law.

A summary of the prospectus or offering document or disclosure report intended for the offering must be published according to the publication methods determined by the Board of Directors of the Authority.

Without prejudice to the foregoing, the Board of Directors of the Authority shall issue the rules governing public or private offerings of any securities or financial instruments, according to their nature.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (4) bis:

For the purposes of this Law and its implementing decisions, the following terms shall have the meanings assigned thereto:

- **Public Subscription:** Offering securities or financial instruments to unspecified natural or legal persons at the time of issuance.
- **Public Offering:** Offering issued securities or financial instruments to unspecified natural or legal persons.
- **Private Offering:** Offering securities or financial instruments to specified natural or legal persons meeting certain conditions at or after issuance.
- **Financial Instruments:** Documents distinct from securities, capable of being listed and traded on stock exchanges.

Article (5):

The prospectus for the subscription of a company's shares upon incorporation must disclose the following information:

- The company's purpose and duration.
- The company's issued and paid-in capital.
- Specifications of the shares offered, their advantages, and conditions of the offering.
- Names of the founders and the value of their contributions, including any contributions in kind.
- The company's plan for using the proceeds from the subscription and its expectations concerning the results of such use.
- Places where the approved prospectus may be obtained.
- Any other information specified by the Executive Regulations.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Subsequent subscription prospectuses shall additionally disclose:

- The company's track record.
- Names and qualifications of board members and key executives.
- Names of shareholders owning more than 5% of the company's shares and the proportion held by each.
- A summary of audited financial statements for the past three years or since the company's incorporation, whichever is shorter, prepared in accordance with disclosure standards stipulated in the Executive Regulations and Authority templates.

Article (6):

Any company that has offered securities to the public through a subscription must submit to the Authority semi-annual reports on its operations and results of business. These reports must accurately reflect the company's true financial position.

The company's financial statements shall be prepared in accordance with accounting standards and auditing rules specified or referenced in the Executive Regulations.

The company must notify the Authority of its financial statements, along with the reports of its board of directors and auditor, at least one month prior to the date set for its general assembly meeting.

The Authority may review these documents or assign a specialized entity to do so. The Authority shall notify the company of its observations and may require amendments consistent with the review findings. Should the company fail to comply, it shall bear the costs of the Authority's publication of its remarks and required amendments, which shall be published accordingly.

The company must publish a summary of its financial statements and accompanying notes, along with the auditor's report, through means of publication according to the rules set by the Board of Directors of the Authority.

Furthermore, any company facing material circumstances affecting its operations or financial standing must immediately disclose such circumstances through publication methods determined by the Board of Directors of the Authority.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (7):

The company and its auditors shall provide the Authority with any information or documents requested for verifying the accuracy of data included in subscription prospectuses, periodic reports, and the company's financial statements.

Article (8):

The Executive Regulations of this Law shall regulate takeover offers and acquisition operations involving shares and other securities convertible into shares of companies whose securities are listed on stock exchanges, or which have offered securities through public subscription or public offering, even if not listed. Specifically, the regulations shall address:

- Measures and requirements for protecting minority shareholders.
- Cases requiring mandatory takeover offers.
- Procedures and disclosure requirements for takeover offers or acquisitions.
- Cases requiring prior or subsequent disclosure of securities transactions on stock exchanges.

Article (9):

No shareholder may represent, by proxy, a number of votes at a general meeting exceeding the limit specified in the Executive Regulations.

Article (10) bis:

Entities with securities or financial instruments listed on stock exchanges must enable shareholders to participate in general meetings, record proceedings, and vote remotely via electronic systems, in accordance with the conditions, controls, and procedures issued by the Board of Directors of the Authority.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (10):

The Board of Directors of the Authority may, upon serious grounds presented by shareholders holding at least 5% of the company's shares and after verification, suspend resolutions of the general assembly which are deemed to favor certain shareholders, harm others, or confer special benefits upon members of the board or others.

Interested parties must submit a request to annul such resolutions before the arbitration panel provided for in Part Five of this Law within fifteen days from the date of the resolution. If this period lapses without action, the suspension shall be deemed void.

Article (11):

The Authority shall establish a register listing auditors authorized to audit companies with securities listed on stock exchanges, public subscription companies, securities companies, and investment funds established by banks and insurance companies.

The Board of Directors of the Authority shall set the conditions and rules for registering and deleting auditors from the said register.

Article (12):

Bonds, sukuk, and other securities shall be issued by a decision of the company's general assembly and in accordance with the rules and procedures specified in the Executive Regulations of this Law.

Such securities may be offered to the public subject to the Authority's approval.

If the bonds, sukuk, or other securities are of short-term duration not exceeding two years, their issuance may be based on a decision of the board of directors, provided it has prior authorization from the general assembly, or the competent authority in case of other legal entities, and according to the rules and procedures set by the Authority's Board of Directors concerning public or private offerings.

In all cases, the issuance decision must specify the yield of the bond, sukuk, or security, and the basis for its calculation, without being bound by limits set by any other law.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (13):

Holders of bonds, sukuk, and other single-issue securities in a company may form an association to protect their common interests. This association shall have a legal representative chosen from among its members, appointed and removed according to the conditions set out in the Executive Regulations. The representative must not have any direct or indirect relationship with the company and must not have any conflict of interest with the association's members.

The representative shall exercise the necessary actions to protect the association's interests, whether against the company, third parties, or before courts, within the limits of resolutions adopted by the association in duly convened meetings. The Authority must be notified of the formation of this association, the name of its representative, and copies of its resolutions.

The Executive Regulations shall specify the procedures for convening the association, the rights of attendance, meeting procedures and venue, voting rules, and the association's relationship with the company and the Authority.

Article (14):

(Repealed by Law No. 123 of 2008)

Article (14 Bis):

Definitions:

For the purposes of this law and its implementing regulations:

- **Sukuk**: Nominal securities of equal value, issued for a term not exceeding 30 years, representing common ownership in assets, usufructs, rights, a specific project, or its cash flows, as defined in the prospectus.
- **Project**: An income-generating economic activity based on a feasibility study.
- **Securitization**: A financial process where ownership of assets or rights is acquired, and sukuk are issued against them.
- **Securitization Company**: An Egyptian joint-stock company established solely for issuing sukuk, acquiring the financed assets on behalf of sukuk holders.
- **Beneficiary Entity**: The legal person benefiting from the funds raised via sukuk, including assets, usufructs, services, money, debts, and other rights.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- Issuer: The securitization company or, in its absence, the beneficiary entity.
- Issuance Organizer: A bank, securities company, or other licensed financial institution managing the issuance.
- Payment Agent: A licensed bank or central depository coordinating sukuk payments and redemptions.
- Issuance Contract: Governs the relationship between the issuer, beneficiary, organizer, and sukuk holders.
- Usufruct Right: The right to use the assets backing the sukuk without depleting them.

Article (14 Bis 1):

Types of Sukuk:

Sukuk are issued according to issuance contracts under the following models:

- Mudarabah Sukuk: Based on a Mudarabah contract for project financing; returns are derived from project profits.
- Murabaha Sukuk: Based on Murabaha contracts for purchasing goods; returns come from resale profits.
- Musharaka Sukuk: Based on partnership contracts; returns come from shared project profits.
- Ijarah Sukuk: Based on leasing assets or services with eventual transfer of ownership; returns come from lease profits.
- Other structures: As specified by the Executive Regulations.

Principal guarantees or fixed returns are prohibited except in cases of breach of law or prospectus.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (14 Bis 2):

Shariah-Compliant Sukuk:

Sukuk labeled "Shariah-compliant" may be issued if:

- A Shariah Supervisory Board is established per Authority and Al-Azhar rules.
- The project is approved as Shariah-compliant.
- All contracts and prospectuses are approved as Shariah-compliant.
- Listing requests are approved by the Shariah Board.

The Shariah Board must certify ongoing compliance quarterly.

Article (14 Bis 3):

Project Conditions for Sukuk Financing:

Eligible projects must:

- Be income-generating per a feasibility study.
- Be managed by qualified professionals.
- Be located in Egypt unless the issuer is Egyptian.
- Maintain separate financial accounts.
- Be audited by an Authority-approved auditor.
- Prepare accounts per recognized standards.
- Be issued in EGP or convertible currencies, respecting foreign currency laws.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (14 Bis 4):

Role of Securitization Company:

Acts as agent for sukuk holders, manages funds, oversees investments, distributions, and participates in all contracts on their behalf. The Authority sets rules for direct issuance by beneficiaries.

Article (14 Bis 5):

A securitization company may handle multiple sukuk issuances simultaneously, subject to Authority approval and maintaining separate accounts for each issuance.

Article (14 Bis 6):

Eligible Entities for Sukuk Issuance (with Authority approval):

- Egyptian companies governed by company law.
- Banks (with Central Bank approval).
- Public authorities (with Cabinet and Finance Ministry approval).
- International or regional financial institutions (with Central Bank approval).

The Authority sets issuance limits and conditions.

Article (14 Bis 7):

Issuers must:

- Appoint an issuance organizer.
- Obtain extraordinary general meeting approval.
- Submit offering documents per Article (14 Bis 9).

The Authority sets maximum issuance limits based on project nature.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (14 Bis 8):

Public Sector Sukuk Issuance Conditions:

- Ministry of Finance approves all documents.
- Accounts audited by the Central Auditing Organization and another Authority-approved auditor.
- Securitization company owned by public-sector entities.
- Audited by the Central Auditing Organization.

Article (14 Bis 9):

Issuance Procedures:

Executive Regulations govern:

- Public/private offerings.
- Disclosure, including credit ratings.
- Issuer liability for information accuracy.

Public offerings require Authority-approved prospectuses.

Article (14 Bis 10):

Issuers are responsible for sukuk holders' rights per law and the prospectus and must appoint a payment agent.

Article (14 Bis 11):

Underwriting guarantees may be provided by licensed entities. Banks require Central Bank approval. Purchase commitments are allowed per the prospectus.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (14 Bis 12):

If the issuance fails, all subscription funds must be refunded within two business days or as specified in the prospectus.

Article (14 Bis 13):

Sukuk must be registered and deposited with the central depository and held through licensed custodians. The payment agent handles distributions and redemptions.

Article (14 Bis 14):

Publicly offered sukuk must be listed on Egyptian exchanges. Foreign listings require Authority approval. Privately placed sukuk may also be listed. Off-exchange trading is subject to Authority regulations.

Article (14 Bis 15):

Sukuk holders may form an association for their common interests and appoint a conflict-free representative. Notifications must be made to the Authority, issuer, and securitization company.

Article (14 Bis 16):

The Executive Regulations specify disclosure obligations for issuers and beneficiaries, including:

- Audit reports, financial statements, credit ratings.
- Material events and contract changes.

The Authority sets standards and timelines.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (14 Bis 17):

The Authority sets accounting and auditing standards for issuers and beneficiaries and may recognize international standards.

Article (14 Bis 18):

Beneficiaries must pay the sukuk principal at maturity and may repurchase assets early per prospectus terms.

Article (14 Bis 19):

Transactions between beneficiaries and securitization companies regarding assets are exempt from VAT and other taxes if assets are not transferred to third parties. Exemptions include:

- Real estate transfers and registrations.
- Registration of assets or usufructs.

Sukuk returns are taxed similarly to corporate bonds.

Part Two: Securities Exchanges

Article (15):

Securities are traded on exchanges called Securities Exchanges. Dual listings require Authority approval per its regulations.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (16):

Securities shall be listed on the stock exchange schedules based on a request submitted by the issuing entity. Listing and delisting shall be affected by a decision from the stock exchange management in accordance with the rules, conditions, and provisions set by the Board of Directors of the Authority. A separate schedule shall be dedicated to foreign securities.

The listing rules may include specific conditions for certifying certain resolutions of the general assemblies of companies whose securities are listed on the stock exchange.

Article (17):

Securities listed on any stock exchange may not be traded outside that exchange; otherwise, such trading shall be deemed null and void.

The Board of Directors of the Authority shall issue decisions regarding the rules and procedures for dealing with unlisted securities in Egyptian exchanges and the procedures for transferring their ownership.

The stock exchange must provide the Authority with the data and periodic reports specified in the Executive Regulations.

Article (18):

In the event securities are registered with a licensed company for central custody or securities register management, the documents issued by such companies shall replace the securities certificates in dealings, attendance of general assemblies, dividend collection, pledging, exercising preemptive rights, and other matters as per the conditions and procedures set by the Executive Regulations.

Trading in securities listed on the stock exchange must be conducted through a licensed company; otherwise, such trading shall be null and void. The licensed company shall guarantee the validity of the transactions conducted through it. The Executive Regulations shall define the activities prohibited for these companies.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (19):

Each stock exchange shall maintain a register of licensed companies engaged in securities activities operating within it. Registration shall require a fee of EGP 10,000 and an annual subscription fee amounting to 1% of the company's capital, up to a maximum of EGP 5,000.

Article (20):

The Executive Regulations shall set forth the rules governing the execution and settlement of securities transactions and the publication of trading information.

Article (20 Bis):

Persons who possess information about the financial positions of listed companies, their performance results, or any other information that may impact the status of such companies are prohibited from trading on such information for their personal benefit before it is publicly announced or disclosed.

These individuals are also prohibited from disclosing such information to others, whether directly or indirectly.

The Executive Regulations and the stock exchange listing rules shall define the types of information that could influence trading activities.

Article (21):

The head of the stock exchange may suspend offers and bids aimed at manipulating prices. He may also cancel transactions executed in violation of laws, regulations, and decisions or transactions conducted at unjustifiable prices.

He may suspend trading on a security if continued trading would harm the market or its participants.

The Chairman of the Authority may take any of the aforementioned measures as appropriate.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (21 Bis):

The Chairman of the Authority may suspend a trader from purchasing securities on Egyptian stock exchanges, whether acting for his own account or for the benefit of another, if he commits a violation related to price manipulation or any other violation of this law, based on investigations conducted by the Authority. Such suspension shall be for a reasoned period not exceeding six months.

The head of the stock exchange may take the same measures under the conditions established by the Board of Directors of the Authority.

Article (22):

The Chairman of the Authority may, in exceptional circumstances, set a maximum and minimum price limit for securities based on the closing prices of the previous day, and these prices shall be binding for all transactions on all exchanges.

The decision must be immediately communicated to the minister, who may suspend its implementation. The decision shall specify the method of setting prices and monitoring exchange activities.

The minister may independently issue decisions concerning measures for such circumstances.

Article (23):

A special fund shall be established by a decision of the Prime Minister based on a proposal from the Authority's Board of Directors to protect investors from non-commercial risks related to the activities of companies whose securities or financial instruments are listed on Egyptian exchanges or operating in the securities and financial instruments markets.

The fund shall have its own legal personality.

The establishing decision shall set forth the fund's governance, rules for companies' participation in its management, their contribution ratios to its resources, penalties for delayed contributions, amounts due to the fund after specified deadlines, as well as the rules for spending and investing the fund's resources, the risks covered by the fund, the basis for compensation, procedures regarding specific accounts for each category of participants, and disbursement rules related to the risks covered for each category.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (24):

The competent minister, based on the Authority's Board of Directors' proposal, shall issue decisions on the brokerage commission system, maximum fees for services related to stock exchange transactions, and fees for the listing of securities and financial instruments, provided that these do not exceed 2‰ per annum of the value of shares and related financial instruments, up to a maximum of EGP 500,000, and EGP 50,000 as a maximum for bonds, sukuk, and other debt instruments.

The fees specified in this article shall not apply to the listing of securities or financial instruments issued by the State.

Article (25):

The Cairo and Alexandria Stock Exchanges shall continue to operate as a single public legal entity under the name "The Egyptian Exchange (EGX)."

A presidential decree shall set forth the regulations governing its management and financial affairs.

Article (26):

With the approval of the Authority's Board of Directors, stock exchanges may be established as joint-stock companies with separate legal personality, where trading is restricted to one or more types of securities. The exchange may not operate without a license from the Authority.

The Authority's Board of Directors shall issue a decision specifying the conditions required for licensing such joint-stock companies to operate as exchanges, including requirements for shareholders, capital, board composition, governance, and other technical and administrative elements.

It shall also issue decisions on procedures for submitting applications to establish private exchanges, which must include technical, administrative, and financial feasibility studies and mechanisms for verifying compliance.

The Board shall determine the license fee, which shall not exceed EGP 100,000.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

The Authority shall issue a model statute for such companies, setting out management rules, particularly:

- Conditions for shareholders, board members, executives, membership committees, and other committees.
- Rules for avoiding conflicts of interest among board members and employees, and prohibiting the use of privileged information for personal benefit or disclosure to others.
- Organization and operation of exchange committees.
- The board's responsibility for preparing financial statements per Egyptian accounting standards.

The company must have two auditors registered with the Authority's auditors' register, selected and compensated by the general assembly.

The Executive Regulations shall regulate voluntary cessation of exchange activities, its consequences, and liquidation procedures.

Such companies shall be subject to Article (31) of this law.

Part Two (Bis): Futures Exchanges

Article (26 Bis):

Futures Exchanges

For the purposes of this chapter, the following terms shall have the meanings assigned:

- **Futures Exchange**: An exchange established under Article (26), for trading contracts whose value is derived from financial or tangible assets, price indices, securities, commodities, financial instruments, or other indices specified by the Authority, including futures, options, swaps, and other standardized contracts.
- **Futures Contracts**: Standardized contracts for buying or selling commodities, securities, or approved financial instruments for future delivery at an agreed price at the time of contracting, with specifications aligned with exchange rules.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- Options Contracts: Similar to futures but grant the buyer the right to buy or sell a specified quantity of goods, securities, or financial instruments at a set price within a defined timeframe.

- Swap Contracts: Agreements to exchange an asset, index, or financial instrument at defined swap prices and dates, as per the contract.

- Trading: Buying or selling futures, options, swaps, or other listed contracts according to exchange rules approved by the Authority.

- Brokerage Company: Licensed to broker futures and all related contracts for clients.

- Order Executor: A licensed individual within a brokerage company executing purchase and sale orders.

- Authorized Members: Exchange members authorized to trade on commodity contracts under Authority regulations.

- Clearing House: A licensed entity handling settlement of positions arising from trading and executing various contracts.

- Certified Warehouses: Authorized storage facilities for commodities under supervision per Article (26 Bis 6).

- Commodity Grading Experts: Licensed experts to assess quality and grading of commodities under contracts.

Article (26) Bis (1):

Subject to the provisions of Article (26) of this Law, a Futures Exchange must have Articles of Incorporation and Bylaws in accordance with the model set by the Authority, and its issued and fully paid-up capital in cash must not be less than twenty million Egyptian pounds.

The Egyptian Exchange may establish a joint-stock company to engage in Futures Exchange activities. It may also conduct trading in derivative contracts related to securities listed on it without the need to establish a separate company.

The Board of Directors of the Authority shall issue a decision on the rules, standards, and shareholder structure of the Futures Exchange.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (26) Bis (2):

The Board of Directors of the Authority shall issue a decision specifying the rules, conditions, and procedures for licensing Futures Exchanges, including the requirement to provide a security deposit to the Authority, its value, the rules and procedures governing deductions from it, the cases and procedures for replenishment, and the management of its proceeds.

The license application must be accompanied by:

- Types of contracts to be traded (futures, options, swaps, or other standardized contracts).
- Rules and conditions of membership.
- Methods for determining prices and values of instruments, indices, or commodities subject to contracts.
- Procedures for publishing execution and settlement prices for each type of contract.
- The Exchange's trading regulations.
- Minimum margin requirements for execution.
- Financial standards ensuring fairness among participants and preventing market manipulation.
- Description of the trading system and operational procedures through to settlement.
- Sample agreements the Exchange will use (membership, trading, clearing, and advisory agreements, etc.).
- Measures to be taken in case of violations of membership or trading rules and dispute resolution mechanisms.
- A copy of the Code of Ethics outlining obligations of board members, employees, and Exchange members.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

The Authority shall review the application and may require further documents to verify compliance, particularly regarding:

- Suitability of premises.
- Availability of technical infrastructure.
- Management qualifications and experience.
- Adequate systems for data security and protection.

The Board shall set the licensing fee not exceeding one hundred thousand Egyptian pounds.

No regulations, rules, agreements, or procedures may be amended post-licensing without the Authority's prior approval.

Article (26) Bis (3):

Trading on contracts shall be conducted on the Futures Exchange in accordance with the formats and conditions approved by the Board of the Authority.

The Board of the Futures Exchange shall establish trading rules to ensure the integrity of transactions and procedures. These must include:

- Principles for determining execution prices.
- Reference prices for instruments, products, commodities, or indices.
- Trading hours.
- Collateral requirements and conditions.
- Procedures for dealing with non-compliant or unsettled contracts.

These rules are effective only upon approval by the Authority.

The Exchange may obtain information from its licensed member firms and must take measures to protect competition and ensure equal treatment of participants.

The Exchange must publish relevant market information to investors and the public via its website or other means.

It must also provide the Authority with periodic data and reports as specified by the Authority.

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46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
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Article (26) Bis (4):

The competent Minister shall, upon the Authority's recommendation, issue a decision determining service fees for transactions conducted on the Futures Exchange.

The Exchange's resources shall include:

- Revenues collected under this Law.
- Service fees from participants.
- Investment returns on its funds.
- Grants, donations, local and foreign loans under applicable regulations.

Article (26) Bis (5):

Clearing and settlement of Futures contracts shall be conducted in accordance with the Central Securities Depository and Registry Law No. 93 of 2000 and its Executive Regulations, through a clearing and settlement company licensed by the Authority.

The clearing entity shall issue regulations governing clearing and settlement, subject to the Authority's approval.

For physical delivery of commodity contracts, delivery shall occur according to rules set by the Supervision and Control Unit on Approved Warehouses.

Provisions of the Central Depository and Registry Law shall apply unless otherwise provided.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (26) Bis (6):

A special independent unit called the "Supervision and Control Unit on Approved Warehouses" shall be established within the Ministry responsible for Internal Trade to oversee and supervise approved warehouses and commodity classification experts. Its responsibilities include:

- Setting licensing conditions for warehouses and classification experts.
- Issuing licenses for warehouses and experts.
- Establishing procedures for physical settlement in coordination with the clearing entity.
- Providing reference prices for spot commodity trades.
- Inspecting warehouses and classification experts.
- Handling disputes concerning commodity quality and standards.
- Requesting criminal proceedings against violators.

Article (26) Bis (7):

The Supervision and Control Unit shall have a Board of Trustees appointed by the Minister responsible for Internal Trade. The Board shall include representatives from:

- Ministry of Supply and Internal Trade (2 members).
- Ministry of Trade and Industry (1 member).
- Ministry of Finance (1 member).
- Central Bank of Egypt (1 member).
- Financial Regulatory Authority (1 member).
- Futures Exchange (1 member).
- Three experts (two appointed by the Minister, one by the FRA).

The Minister shall appoint the Chairperson and issue the Unit’s internal regulations.

Maher Milad Iskander & Co.
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email info@eg.Andersen.com

The Unit's statutes shall include:

- Scope of work and responsibilities.
- Internal structure.
- Powers of the Board of Trustees.
- Meeting procedures.
- Appointment and remuneration of its Executive Director.

Article (26) Bis (8):

The Unit's resources shall include:

- Allocations from the State.
- Licensing fees from warehouses and classification experts.
- Service fees and supervision charges.
- Investment returns.

The Minister shall set service fees upon the Board of Trustees' proposal.

The Unit shall have an independent budget aligned with the State's fiscal year and separate bank accounts in licensed banks.

Article (26) Bis (9):

Futures trading shall be executed through brokers on behalf of clients or members trading on their own account.

The Exchange shall maintain a registry of members and participants. Membership rules, registration fees, and annual subscriptions shall be defined in its bylaws.

Futures brokerage firms shall be established under Article (27) of this Law. Securities brokerage firms may also be licensed for Futures trading per Authority regulations.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
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Article (26) Bis (10):

Minimum paid-up capital for Futures brokerage firms shall be ten million Egyptian pounds.

The Board of the Authority shall set licensing requirements, including:

- Premises, internal reports, compliance systems, management qualifications, and IT systems.
- Financial solvency standards.
- Insurance requirements and procedures.
- Licensing fees not exceeding ten thousand Egyptian pounds.
- No founders, managers, or board members shall have recent criminal convictions or bankruptcy declarations.

The Board shall also define licensing requirements for members trading Futures.

Article (26) Bis (11):

Brokerage firms may not open accounts for clients without disclosing the risks associated with Futures trading. They are prohibited from guaranteeing clients against losses or setting maximum losses or restricting deductions from client margin accounts.

The Authority-approved rules must cover:

- Advertising of services and contract types.
- Disclosure requirements for client categories.
- Complaint handling procedures.
- Client file requirements.
- Client notification methods and timelines.

Brokerage firms must participate in the Investor Protection Fund under Article (23) to cover non-commercial risks.

The Prime Minister shall issue rules on Fund membership, contribution ratios, late payment penalties, and resource management.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (26) Bis (12):

Brokerage firms may trade for their own account but must disclose all such trades to the Exchange and the Authority.

Client orders take priority. Brokers may not transact with clients without written prior consent, subject to Authority regulations.

Article (26) Bis (13):

Provisions of Article (20) Bis apply to individuals at the Futures Exchange, Futures brokerage firms, and commodity traders with access to undisclosed information.

Article (26) Bis (14):

Provisions of Articles (21) and (21) Bis shall apply to participants in Futures Exchanges.

Article (26) Bis (15):

In emergencies, the Authority may require the Futures Exchange or clearing entities to take necessary measures to stabilize the market or liquidate Futures, Options, or Swap contracts.

Article (31) shall apply to the Futures Exchange.

The Authority may suspend or revoke the Exchange's license in cases of repeated violations.

Article (26) Bis (16):

Articles (30) and (31) shall apply to Futures brokerage firms and commodity traders.

The Authority Chair may revoke a trader's license for repeated violations based on reports by the Exchange or Authority.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (26) Bis (17):

Futures brokerage firms are subject to provisions governing securities companies under Chapter Three unless otherwise specified.

Part Three: Companies Operating in the Field of Securities

Chapter One: General Provisions

Article (27):

The provisions of this Chapter shall apply to all companies operating in the field of securities, meaning companies that engage in one or more of the following activities:

- Promotion and underwriting of securities offerings.
- Participation in establishing companies that issue securities or in increasing their capital.
- Venture capital.
- Clearing and settlement in securities transactions.
- Formation and management of securities portfolios and investment funds.
- Brokerage in securities.
- Dealing, brokerage, and intermediation in bonds, with the Executive Regulations specifying the conditions and requirements for practicing this activity.
- Securitization of financial rights.
- Financial consultancy on securities.
- Market making activity, which means providing continuous liquidity for securities listed on one of the stock exchanges for which the market maker is responsible, by ensuring tradability during the trading session.
- Management services related to investment funds.

Maher Milad Iskander & Co.
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eg.Andersen.com
email info@eg.Andersen.com

- Direct investment companies, provided that this activity is practiced under the following conditions:

    - **Legal Form:** A joint-stock company or partnership limited by shares, with a fixed duration.

    - **Capital:** The issued and paid-up capital shall not be less than EGP 10 million. The share of the general partner shall not be less than half of one percent of the capital contributed by the shareholder partners. The company may determine an authorized capital, and the issuance and increase of issued capital shall be carried out through successive resolutions in proportion to the volume of investments executed by the company.

    - **Shareholders:** The company's capital (except for the share of the general partner) shall be offered through private placement to qualified investors, whether individuals, legal entities, or financial institutions (banking and non-banking).

    - **Purpose of the Company:** Practicing direct investment by investing the company's funds in listed or unlisted securities or shares in simple partnerships. The purpose may also include venture capital activities.

    - **Management of the Company and its Investments:** The managing director (CEO) in joint-stock companies or the general partner in partnerships limited by shares shall manage the company, particularly its investments.

    - **Investment Ratios:** The information memorandum shall specify the ratios and fields of investment, the maximum limit for investment in a single company, and the conditions under which majority shares in one or more companies may be acquired. It shall also specify whether exceeding the investment limit in a single company is permissible at the start of the investment.

    - **License to Practice the Activity:** Granting a license to a direct investment company requires adherence to the aforementioned provisions and to the provisions of Article (29) of Capital Market Law No. 95 of 1992. The Financial Regulatory Authority's Board of Directors shall issue the license template, including other licensing requirements and the registration details in the register of direct investment companies.

The Minister, following the approval of the Authority's Board of Directors, may add other activities related to the field of securities.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Applications for establishing such companies shall be submitted to the Authority. The Executive Regulations shall specify the procedures and conditions for establishing these companies, as well as the rules governing their activities and the scope of their operations.

Article (28):

No person may engage in the activities set forth in the preceding Article without obtaining a license from the Authority and registration in the designated register maintained for this purpose.

The Authority shall decide on the licensing application within a maximum of sixty days from the date of receiving complete documentation. In case of refusal, the decision must be justified. Appeals may be lodged before the Grievances Committee referred to in Chapter Five of this Law.

The Executive Regulations shall determine the rules, procedures, and fees for granting licenses, provided such fees do not exceed ten thousand Egyptian pounds.

The Board of Directors of the Authority shall set the license form and the register data.

The Chairman of the Authority must suspend any activity subject to this Law if carried out without a license. The suspension order may include the administrative closure of the premises where the activity is conducted.

Article (28) Bis:

The Authority shall establish a register in which companies licensed to perform financial valuation and prepare fair value studies shall be recorded, in all cases required by this Law, its Executive Regulations, or implementing decisions.

Such companies must comply with the financial valuation standards issued by the Authority's Board of Directors when conducting valuations and preparing fair value studies.

The Board shall set the rules for registration and delisting from the register.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (29):

To obtain the license provided for in the previous Article, the following conditions must be met:

- The applicant must be a joint-stock company or a partnership limited by shares
- The company's sole purpose must be to engage in one or more of the activities stated in Article (27) of this Law.
- The company's issued capital, and paid-up capital at incorporation, must not be less than the minimum specified in the Executive Regulations according to the company's type and purpose.
- The company's management must possess the necessary expertise and competence, as determined by a decision of the Authority's Board.
- A security deposit must be provided, the value of which, and the rules, procedures for deductions, replenishment, management, and refund, shall be determined by the Authority's Board.
- None of the founders, directors, or board members shall, within the five years prior to the license application, have been convicted of a felony, a crime involving dishonesty or breach of trust, or any of the crimes stipulated in company or trade laws, or have been declared bankrupt, unless rehabilitated.

Article (30):

A company's activity may be suspended if it violates the provisions of this Law, its Executive Regulations, or the decisions of the Authority's Board, or if it loses any of the licensing conditions and fails to rectify the violation or meet the licensing requirements after due warning within the time limits specified by the Chairman of the Authority.

The suspension shall be by a reasoned decision from the Chairman for no more than thirty days. The decision shall specify measures to be taken during the suspension and must be delivered to the company or notified by registered mail with acknowledgment of receipt. The suspension shall also be announced in two widely circulated daily newspapers at the company's expense.

If the company fails to rectify the reasons for suspension within this period, the matter shall be presented to the Authority's Board to decide on revoking the license.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (31):

If a threat arises to the stability of the capital market or to the interests of the company's shareholders or those dealing with it, the Authority's Board may take any of the following measures:

- Issue a warning to the company.
- Prohibit the company from conducting all or some of its licensed activities.
- Require the Chairman of the company's Board to convene the board to address violations. A representative of the Authority shall attend such meetings.
- Appoint an observer board member for a period determined by the Authority's Board.

  The observer shall participate in discussions and record their opinion on decisions.
- Dissolve the board and appoint a temporary trustee to manage the company until a new board is legally appointed.
- Require the violating company to increase the value of its deposited security.

Article (32):

Grievances against decisions issued under the preceding Articles shall be submitted to the Grievances Committee referred to in Chapter Five of this Law within fifteen days from the date the concerned party was notified of the decision or became aware of it.

No legal action for annulment of such decisions shall be admissible without first submitting such a grievance as stipulated above.

Article (33):

No company may cease its activities or liquidate its operations without the approval of the Authority's Board, which shall ensure the company has fully discharged its obligations in accordance with procedures and conditions determined by the Board.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (34):

Any person engaged in any of the activities listed in Article (27) on the date this Law comes into force must regularize their status in accordance with this Law and its implementing decisions within six months from the date the Executive Regulations take effect. The Authority's Board may extend this period for another six months.

Part Three: Companies Operating in the Field of Securities

Chapter Two: Investment Funds

Article (35):

Investment funds may be established to invest savings in securities within the limits and under the conditions set by the Executive Regulations of this Law.

The Authority's Board may authorize a fund to deal in other transferable financial securities or other investment fields, per rules set by the Executive Regulations.

An investment fund must take the form of a joint-stock company with paid-in cash capital.

The Authority's Board shall set the rules for the board structure considering the nature of investment fund activities.

Article (36):

The articles of association of an investment fund shall specify the ratio between its paid-up capital and investors' funds, not exceeding the limit set by the Executive Regulations.

The fund shall issue financial securities in the form of investment certificates, the holders of which share in the fund's investment results.

Subscription in these certificates shall be through a bank or a licensed securities company as per the Authority's approval, under the rules set by the Authority's Board.

The Authority's Board shall also determine procedures for issuance, redemption, disclosure requirements, and listing and trading rules for these certificates on the stock exchange.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (37):

Prospectuses for publicly offered investment fund certificates must include the following additional information:

- Investment policies.
- Method of distributing annual profits and treatment of capital gains.
- Name and profile of the entity managing the fund.
- Method of periodic valuation of the fund's assets and procedures for redeeming investment certificates.

Article (38):

Securities invested in by the fund must be held with a bank licensed by the Authority for custody services and supervised by the Central Bank of Egypt. The bank and its affiliates must not control or hold more than the limit specified by the Authority in the fund management company. Conflict of interest rules shall apply as set by the Authority's Board.

The fund must submit a statement of these securities, certified by the custodian, in the format and within the deadlines set by the Authority.

Article (39):

The Chairman of the Authority must be notified within thirty days of any decisions appointing board members or managers responsible for the fund's operations, along with relevant information, using the Authority's prescribed form.

The Authority's Board may, to protect investors' interests, issue a reasoned decision disqualifying any such appointee.

Appeals against such disqualification may be submitted to the Grievances Committee within sixty days from the notification date.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (40):

The fund's accounts shall be audited by two auditors selected from a register prepared in consultation between the Authority and the Central Auditing Organization. An auditor may not audit more than two funds simultaneously.

The provisions of Article (6) of this Law apply to the fund even if it does not offer securities for public subscription.

Article (41):

Banks, with the approval of the Central Bank of Egypt, and non-banking financial companies specified by the Authority's Board, may establish and operate investment funds alone or jointly with others upon licensing by the Authority.

The Authority's Board shall issue rules, conditions, and procedures for licensing, operation, and supervision.

Part Three: Companies Operating in the Field of Securities

Chapter Three: Securitization Companies

Article (41) Bis:

A securitization company is one that issues tradable bonds backed by assigned financial rights and receivables with associated guarantees. Under this Law, such a company is considered a securities company.

The assigned rights, receivables, and guarantees are called the "securitization portfolio."

These companies' sole purpose is securitization, and no more than one portfolio may be assigned, nor more than one bond issuance undertaken, without the Authority's Board's approval, under rules set by the Board.

Securitization companies may issue tradable bonds to finance public or private legal entities, subject to the approval of the competent authority, based on expected future cash flows.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

These cash flows must:

- Arise in favor of a public or private legal entity.
- Not be conditional or restricted.
- Be free from existing or future third-party rights.

The Authority's Board shall issue the executive decisions necessary for issuing such bonds.

Article (41) Bis (1):

The assignment of a securitization portfolio shall be made via an agreement between the assignor and the securitization company per the Authority's model. Such assignment must be unconditional, effective, and transfer all rights and guarantees. The assignor warrants the existence of these rights at the time of assignment but is not responsible for their fulfillment thereafter. The Authority must be notified, and a summary of the agreement published in two widely circulated daily newspapers, at least one of which must be in Arabic.

The assignor shall collect the assigned receivables on behalf of the securitization company and for the benefit of the bondholders unless agreed otherwise. If so, the assignor must notify the debtors via registered mail.

Assignments are valid and effective without debtor consent or notification.

The securitization portfolio related to future cash flows shall be based on an assignor-certified statement and an auditor's report detailing the present value, valuation methods, payment irregularities, and any additional guarantees. Bondholders shall have a lien over the securitization portfolio to secure their rights.

Article (41) Bis (2):

The payment of the nominal value of the bonds issued by the securitization company and their returns shall be made from the proceeds of the securitized portfolio. Payment may also be guaranteed by other contractual guarantees in addition to such proceeds.

The securitization company shall be obligated to provide a certificate of the credit rating for the securitized portfolio against which bonds are issued. This rating shall not be less than the level indicating the ability to meet obligations, in accordance with the rules determined by the Board of Directors of the Authority.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

The securitization company shall deposit the documents evidencing the assignment of the securitized portfolio and the amounts collected, after deducting the securitization company's dues and the securitization process expenses, for the account of the bondholders with a licensed custodian in accordance with the provisions of the Central Securities Depository and Registration Law No. 93 of 2000.

The custodian, upon the securitization company's approval, may invest the amounts deposited with it in accordance with the terms and procedures specified by the Executive Regulations of this Law.

The amounts, documents, securities, and commercial papers deposited with the custodian under the provisions of this Article shall be deemed the property of the bondholders. They shall not form part of the securitization company's assets or the general security of the assignor's or the company's creditors. Other than the securitized portfolio, the bondholders shall have no right to enforce execution against the company's assets.

Article (41) Bis (3):

The securitization company shall exercise the care of a prudent person in preserving the rights of the bondholders. The assignor of the portfolio shall also exercise such care if it continues to collect the assigned rights on behalf of the securitization company.

Article (41) Bis (4):

The provisions of Article (40) of this Law shall apply to the securitization company.

Article (41) Bis (5):

The Executive Regulations of this Law shall specify the obligations of the securitization company and the records and books it must maintain, in addition to the provisions stipulated in this Law regarding companies operating in the securities field.

Article (41) Bis (6):

The assignment of securitized portfolios shall be exempt from stamp duty.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (41) Bis (7):

The assignor must disclose to the securitization company the information and data contained within the securitized portfolio without being restricted by the provisions related to account confidentiality stipulated in the Central Bank, Banking Sector, and Monetary System Law No. 88 of 2003.

Article (41) Bis (8):

Without prejudice to the provisions of Article (12) of this Law, joint-stock companies other than securitization companies may, upon the approval of the Authority's Board of Directors, issue bonds whose repayment of nominal value and returns is secured by an independent portfolio of the company's financial rights and the guarantees related thereto.

Except for the right of securitization bondholders to participate in execution against the company's rights, the provisions of this Chapter shall apply to the company and the referenced securitized portfolio.

All of the foregoing shall be in accordance with the terms and procedures specified by the Executive Regulations of this Law.

Part Three: Companies Operating in the Field of Securities

Chapter Four: The Egyptian Securities Federation

Article (41) Bis (9):

A federation shall be established comprising companies operating in the securities field subject to the provisions of this Law or the provisions of the Central Securities Depository and Registration Law No. 93 of 2000, under the name "The Egyptian Securities Federation." It shall have independent legal personality.

The Federation shall be responsible for providing recommendations on the development of the capital market, raising awareness of it, adopting initiatives supporting the industry, providing recommendations on regulations governing the work of its members, enhancing the skills of those working in the securities field, and coordinating between its members.

The Federation's statutes shall be issued by a decision of the Authority's Board of Directors and shall include determining the Federation's resources and the representation ratios of activities within its Board of Directors.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

The Federation must be registered in a special register at the Authority after paying a fee of five thousand pounds. The establishment decision and its statutes shall be published in the Egyptian Gazette at the Federation's expense.

All companies licensed to engage in any securities-related activities must join the Federation and comply with its statutes.

The Federation may take administrative measures against its members as stipulated in its statutes in cases of violations of its rules or sound professional practices, provided such measures are not within the competence of the Authority, its Board of Directors, or its chairman in accordance with this Law.

Part Four: The Financial Regulatory Authority

Article (42):

The Financial Regulatory Authority is a public authority affiliated with the Minister of Economy and Foreign Trade, headquartered in Cairo. By a decision of the Minister and with the approval of the Authority's Board of Directors, branches and offices may be established inside or outside the country.

Note:

The affiliation of the Financial Regulatory Authority and its headquarters was later amended by Presidential Decree No. 192 of 2009 to be affiliated with the Minister of Investment and headquartered in Sixth of October City.

Article (43):

The Authority shall, in addition to the powers vested in it under any other legislation, implement the provisions of this Law and the decisions issued for its execution. It may enter into transactions and take measures necessary to achieve its objectives, in particular:

- Organizing and developing the capital market; the Authority's opinion must be sought on draft laws and decisions related to the capital market.

- Organizing or supervising training courses for workers in or intending to work in the capital market.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- Supervising the provision and dissemination of adequate information and data about the capital market and ensuring its accuracy, clarity, and disclosure of relevant facts.

- Monitoring the capital market to ensure transactions are carried out on sound securities and are free from fraud, deception, exploitation, or fictitious speculation.

- Taking necessary measures to follow up on the implementation of this Law and the decisions issued for its implementation.

Article (44):

The Board of Directors of the Authority is the competent authority for its affairs and management and has the right to take all necessary final decisions to exercise the Authority's competencies and achieve its objectives, in particular:

- Setting the policies for carrying out its competencies and the related plans and programs.

- Establishing rules for inspection and supervision over companies subject to this Law.

- Determining the fees for the services provided by the Authority.

- Establishing rules for hiring experts and seeking advice to assist the Authority in its functions.

- Approving the Authority's annual budget.

The Board of Directors shall also have the competencies prescribed under Law No. 73 of 1976.

The Board may delegate one or more of its members to carry out specific tasks.

Article (45):

The Board of Directors of the Authority shall consist of:

- The Chairman of the Authority as President.

- The Deputy Chairman of the Authority as Vice President.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- The Deputy Governor of the Central Bank as a Member.
- Four experienced members appointed by a decision of the Prime Minister based on the Minister's proposal for a renewable term of two years.

The Chairman and Deputy Chairman of the Authority shall be appointed and their financial treatment determined by a decision of the President of the Republic for a renewable term of three years.

Article (46):

The Chairman of the Authority shall manage it, conduct its affairs, represent it before courts and in dealings with others. The Chairman may delegate one or more senior officials some of his competencies.

Article (47):

The Authority's resources shall consist of:

- Allocations from the state budget.
- Fees collected under this Law.
- Proceeds from services it provides.
- Fines imposed under this Law.
- Local and foreign loans and grants approved by the Board of Directors after ratification by the competent authority.

Article (48):

The Authority shall have an independent budget. Its financial year shall start and end with the state's financial year. The Authority shall maintain a special account where it deposits its revenues from fines, fees, service proceeds, and other income. The balance of this account shall be carried forward from one year to another. The Authority's financial regulations shall organize the use of this account, provided the usage reflects as income and expenditure in the Authority's budget and final accounts.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (49):

Employees of the Authority designated by a decision from the Minister of Justice in agreement with the competent Minister shall have judicial seizure authority to prove crimes committed in violation of this Law, its Executive Regulations, and decisions issued thereunder.

For this purpose, they may inspect records, books, documents, and data at the company's premises, the stock exchange, or any relevant entity.

Responsible persons at such entities must provide the requested information, extracts, and copies of documents.

Part Five: Dispute Settlement

Article (50):

A Committee for Grievances shall be formed by a decision of the Minister, chaired by a Deputy President of the State Council and comprising two State Council judges nominated by the Council, one senior-level official of the Authority nominated by its Chairman, and one expert nominated by the Minister.

Article (51):

The Committee referred to in the preceding Article shall consider grievances submitted by concerned parties against administrative decisions issued by the Minister or the Authority under this Law, its Executive Regulations, and the decisions issued for its implementation.

Unless otherwise specified in this Law, the period for submitting a grievance shall be thirty days from the date of notification or knowledge of the decision.

The Executive Regulations shall set out the procedures for reviewing and deciding on grievances.

The Committee's decision on the grievance shall be final and enforceable. No action to annul such decisions may be brought before submitting a grievance as provided in this Article.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (52):

Note:

This Article and others (Articles 53 through 62) were declared unconstitutional by the Supreme Constitutional Court in Case No. 55 of Judicial Year 23 (Constitutional) and are therefore void.

Article (53):

Annulled by Supreme Constitutional Court Ruling No. 55 of Judicial Year 23 (Constitutional) published in the Official Gazette on 24/01/2002.

Article (54):

Annulled by Supreme Constitutional Court Ruling No. 55 of Judicial Year 23 (Constitutional) published in the Official Gazette on 24/01/2002.

Article (55):

Annulled by Supreme Constitutional Court Ruling No. 55 of Judicial Year 23 (Constitutional) published in the Official Gazette on 24/01/2002.

Article (56):

Annulled by Supreme Constitutional Court Ruling No. 55 of Judicial Year 23 (Constitutional) published in the Official Gazette on 24/01/2002.

Article (57):

Annulled by Supreme Constitutional Court Ruling No. 55 of Judicial Year 23 (Constitutional) published in the Official Gazette on 24/01/2002.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (58):

Annulled by Supreme Constitutional Court Ruling No. 55 of Judicial Year 23 (Constitutional) published in the Official Gazette on 24/01/2002.

Article (59):

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Article (60):

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Article (61):

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Article (62):

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46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (63):

Without prejudice to any severer penalty stipulated by any other law, imprisonment for a period not exceeding five years and a fine of no less than fifty thousand Egyptian pounds or the illicit gain obtained by the offender or the avoided losses, whichever is greater, and not exceeding twenty million pounds or twice the illicit gain or the avoided losses, whichever is greater, or either of these penalties, shall be imposed on anyone who:

- Conducts activities subject to the provisions of this Law without obtaining the required license.
- Offers securities or financial instruments via public offering, private placement, or collects funds in any form in violation of this Law or the decisions issued in its implementation.
- Intentionally includes false information or information in contravention of this Law in prospectuses, incorporation documents, licenses, reports, documents, or advertisements related to the company, or alters such information after approval by the Authority.
- Intentionally issues false information about securities subject to subscription through an authorized entity.
- Falsifies company records, or deliberately includes false information therein, or presents reports to the general assembly containing false data.
- Manipulates market prices through fictitious transactions or fraudulent methods.
- Lists securities or financial instruments on the stock exchange in violation of this Law and its Executive Regulations.
- Willfully fails to fulfill commitments concerning the rights of minority shareholders or sukuk holders.
- Willfully violates financial valuation standards issued by the Authority.
- Issues or trades sukuk contrary to the provisions of this Law.
- Violates the provisions of Articles (14 Bis - 18) of this Law.
- Fraudulently evaluates assets or their benefits.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (64):

Without prejudice to any severer penalty stipulated by any other law, imprisonment for not less than two years and a fine of no less than fifty thousand pounds or the illicit gain obtained or avoided losses, whichever is greater, and not exceeding twenty million pounds or twice the illicit gain or avoided losses, whichever is greater, or either of these penalties, shall be imposed on anyone who discloses confidential information accessed by virtue of his work under this Law, benefits from such information for himself, his spouse, or his children, includes false facts in his reports, omits facts affecting the report's outcome, or deals in securities or financial instruments in violation of Article (20 Bis) of this Law.

Article (65):

Without prejudice to any severer penalty stipulated by any other law, imprisonment and a fine not less than twenty thousand pounds and not exceeding one million pounds, or either of these penalties, shall be imposed on whoever violates the provisions of Articles (6, 7, 17, 33, 39) and the second paragraph of Article (49) of this Law.

A fine of no less than twenty thousand pounds and not exceeding one hundred thousand pounds shall be imposed on whoever violates the provisions of Article (10 Bis) of this Law.

Article (65 Bis):

A fine of two thousand pounds shall be imposed for each day of delay in submitting the financial statements in accordance with disclosure rules related to listing and delisting rules stipulated in Article 16 of this Law.

The Chairman of the Authority's Board of Directors, or his delegate, may settle this violation at any stage in exchange for half the due fine.

Settlement and its execution shall result in the extinction of the criminal case.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (66):

A fine of not less than five thousand pounds and not exceeding one hundred thousand pounds shall be imposed on anyone who trades securities or financial instruments contrary to the rules established by this Law.

A fine of not less than one hundred thousand pounds and not exceeding five hundred thousand pounds shall be imposed on anyone who acquires securities or financial instruments without submitting a mandatory purchase offer in cases requiring this under this Law and its Executive Regulations.

The offender shall also be ordered to return the value of the violated securities or financial instruments. Settlement is not permitted in this violation except after submitting the mandatory offer and paying a fee to the Authority not less than 1% and not exceeding 10% of the value of the violated securities or financial instruments.

Article (66 Bis):

The penalties provided for in Articles (63, 64, first paragraph of 66, 68, 69) shall apply to the futures exchange.

Article (66 Bis 1):

Without prejudice to any severer penalty stipulated by any other law, a fine of no less than ten thousand pounds or no less than the illicit gain obtained or avoided losses, whichever is greater, and not exceeding one million pounds or twice the illicit gain or avoided losses, whichever is greater, shall be imposed on whoever:

- Violates licensing conditions for approved commodity warehouses or their rules of operation.
- Violates licensing conditions for rating experts or their rules of operation.
- Violates rules issued or approved by the Authority related to the futures exchange, including:
    - Provisions and procedures for licensing futures exchanges.
    - Licensing conditions for brokerage companies to operate in this field.
    - Licensing conditions for securities brokerage companies to trade futures.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- Licensing conditions for members trading in commodities.
- Violations of clearing and settlement rules referred to in Article (26 Bis 5) of this Law.

Article (67):

Without prejudice to any severer penalty stipulated by any other law, a fine of no less than two thousand pounds and not exceeding one million pounds shall be imposed on whoever violates any provisions of the Executive Regulations of this Law.

Article (68):

Anyone responsible for the actual management of the company shall be punished with the penalties prescribed for acts committed in violation of this Law's provisions if it is proven that he was aware of them and that the violation resulted from his breach of duties.

The company's funds shall guarantee payment of any imposed fines.

Article (69):

In addition to the prescribed penalties for the crimes referred to in the previous articles, the court may order disqualification from practicing the profession or prohibition from engaging in the relevant activity for a period not exceeding three years.

Such disqualification shall be mandatory in case of repeated offense.

Article (69 Bis):

Criminal proceedings for the crimes stipulated in this Law may only be initiated upon a request from the Chairman of the Authority.

The Chairman of the Authority may settle these crimes at any stage in exchange for payment of an amount to the Authority not less than twice the minimum fine.

Settlement results in the termination of the criminal case regarding the settled crime, and the Public Prosecution shall order the suspension of penalty execution even if the judgment has become final.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Part Seven: Access and Fees

Article (70):

Any interested party may request from the Authority access to the documents, records, minutes, and reports related to the company and obtain certified data or copies thereof against a fee of fifty pounds for each document or data in case of inspection and one hundred pounds for each copy.

Article (71):

The request to inspect or obtain copies of documents or data shall be submitted to the Authority accompanied by proof of payment of the prescribed fee. The request must specify the applicant's capacity, the document or data to be inspected or copied, and the intended purpose.

The Authority may reject the request if disclosure of the data or copies would harm the company, breach public interest, or prejudice investors' interests.

Article (72):

Companies established under the provisions of this Law shall pay to the Authority a formation fee of one per thousand of their issued capital, with a minimum of five thousand pounds and a maximum of fifteen thousand pounds, and an annual fee for services performed by the Authority of two per thousand of their issued capital, with a minimum of one thousand pounds and a maximum of five thousand pounds.

Article (73):

Companies issuing securities shall pay a fee to the Authority equivalent to half per thousand of the value of each issuance, with a maximum of ten thousand pounds.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (74):

Employees in any joint-stock company or partnership limited by shares may establish a union called "Employee Shareholders Union," which shall have legal personality and may own, for their benefit, some of the company's shares with the approval of the company's founders or extraordinary general meetings, as applicable, without prejudice to the Union's right to purchase listed or traded shares on the stock exchange.

The Executive Regulations shall specifically set out the following:

- Conditions required for companies whose employees may establish such unions.
- Types of shares the Union members may own, their valuation procedures, terms and conditions for trading or transfer, and employees' rights thereto during and after service.
- Conditions required for the Union, its functions, competent management authority, and management methods.
- Union's self-financing resources.

The Union may obtain loans, grants, or aids for the purpose for which it was established.

Article (75):

The Union shall be established by a decision of the Financial Regulatory Authority and registered or deregistered by the Authority according to the rules and conditions specified in the Executive Regulations.

The model statute of the Union shall be issued by a decision of the Financial Regulatory Authority's Board of Directors.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Translation of

the Executive Regulations of the Consumer Protection Law Decree No. 822 of 2019

ترجمة اللائحة التنفيذية لقانون حماية المستهلك رقم ٨٢٢ لسنة ٢٠١٩

27 July 2025

ANDERSEN

Minister of Economy's Decree No. 135 of 1993 Concerning the Issuance of the Executive Regulations of the Capital Market Law Issued by Law No. 95 of 1992

In the name of the people President of the republic

Preamble

Minister of Economy and Foreign Trade

Having reviewed:

- Presidential Decree No. 163 of 1957 on the issuance of the Law on Banks and Credit,
- Law No. 120 of 1975 concerning the Central Bank of Egypt and the Banking System,
- Law No. 97 of 1976 concerning Foreign Exchange Transactions and its Executive Regulations,
- The Law on the Supervision and Control of Insurance in Egypt issued by Law No. 10 of 1981,
- The Income Tax Law issued by Law No. 157 of 1981,
- The Law on Joint-Stock Companies, Partnerships Limited by Shares, and Limited Liability Companies issued by Law No. 159 of 1981, and its Executive Regulations,
- The Law on Public Sector Authorities and Companies issued by Law No. 97 of 1983,
- Law No. 146 of 1988 concerning Companies Operating in the Field of Receiving Funds for Investment and its Executive Regulations,
- The Investment Law issued by Law No. 230 of 1989, and its Executive Regulations,
- The Law on Public Sector Companies issued by Law No. 203 of 1991 and its Executive Regulations,
- The Capital Market Law issued by Law No. 95 of 1992,
- Based on the submission of the Chairman of the General Authority for the Capital Market,
- And upon the opinion of the State Council,

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Has Decided:

Promulgation Articles

Article (1):

The provisions of the Executive Regulations of the Capital Market Law issued by Law No. 95 of 1992, annexed hereto, shall apply. In all matters for which no specific provision is stipulated in these Regulations, the provisions of the Executive Regulations of Law No. 159 of 1981 shall apply.

Article (2):

For the purposes of implementing the annexed Regulations, the term "Law" shall refer to Law No. 95 of 1992; the term "Minister" shall refer to the Minister of Economy and Foreign Trade; and the terms "Authority" or "Administrative Authority," wherever mentioned in the annexed Regulations or in the Executive Regulations of Law No. 159 of 1981 relating to public offering companies, or within the scope of the application of Law No. 95 of 1992, shall refer to the General Authority for the Capital Market.

Article (3):

This Decree shall be published in the Egyptian Gazette and shall come into force on the day following the date of its publication.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (4):

The company shall have an issued capital. The company's Articles of Association may stipulate an authorized capital.

The capital of a joint-stock company and the share of non-general partners in partnerships limited by shares shall be divided into registered shares of equal nominal value within each issuance.

In all issuances, issuance expenses shall not exceed the limits set by a resolution of the Authority.

Article (5):

The Articles of Association shall determine the nominal value of each share, provided it is not less than ten piasters and does not exceed one thousand Egyptian pounds. The issued capital must be fully subscribed. Subject to the provisions on in-kind contributions, each subscriber must pay in cash or by any legally accepted means at least one quarter of the nominal value of the cash shares upon subscription, in addition to issuance expenses.

Payment may not be made by promissory note or by providing movables, real estate, or intellectual property rights, even if their value equals the required quarter.

Payment may also not be made by set-off against any debt owed by the founders to the subscriber equivalent to the amount due.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (6):

For a subscription, whether public or private, to be valid, the following conditions must be met:

- Full subscription to all shares representing the company's issued capital in joint-stock companies, or to the shares and stakes in partnerships limited by shares.
- The subscription must be unconditional and immediate, not contingent or deferred; any condition shall be null, and the subscription shall remain binding on the subscriber. If deferred, the deferral shall be null, and the subscription shall take effect immediately.
- The subscription must be genuine and not fictitious.
- Upon incorporation, the subscriber must pay at least one quarter of the nominal value of the cash shares.
- The shares representing in-kind contributions must be fully paid.

Article (7):

Share certificates may be issued in denominations of one share, five shares, or multiples thereof.

Article (8):

Share certificates shall be extracted from a coupon book and bear serial numbers. They shall be signed by two members of the board of directors designated by the board, or by a partner appointed as manager in partnerships limited by shares, and shall be stamped with the company's seal.

The share certificate must state, in particular, the name of the issuing company, its legal form, its registered office address, its brief purpose, its duration, the date, number, and place of its registration in the commercial registry, the value of its capital, the number of shares it is divided into, as well as the type of share, its characteristics, its nominal value, the amount paid thereon, and the name of the owner in the case of registered shares.

The shares shall carry coupons with serial numbers indicating the share number.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (9):

Amounts paid by subscribers shall be recorded on the share certificates.

The board of directors or the managing partner(s), as applicable, shall request the payment of the remaining amounts within no more than five years from the date of incorporation, in the manner determined by the Articles of Association and at dates set by the ordinary general assembly, provided that notification of these dates is made at least fifteen days in advance.

The board of directors or the managing partner(s), as applicable, may sell the shares of those who delay payment of the amounts due beyond the set dates, for their account and at their risk, after a period of at least sixty days from notifying them.

Certificates of the sold shares shall be definitively cancelled in the names of their holders, and the stock exchange where the company's shares are listed shall be notified thereof. New certificates shall be issued to the buyers bearing the same numbers and indicating that they are replacements for the cancelled certificates.

The board of directors or the managing partner(s), as applicable, shall deduct from the sale proceeds the amounts due to the company for expenses. Any surplus shall be returned to the shareholder whose shares were sold, while the shareholder shall be liable for any deficit.

All this is without prejudice to the company's right to exercise all legal remedies available under general law against the delinquent shareholder, whether concurrently or subsequently.

Article (7):

Any company wishing to issue securities must notify the Authority thereof. The notification must include and be accompanied by the following data and documents:

First — For the issuance of shares upon incorporation:

- Types of shares intended to be issued and the terms of offering.
- Total number of shares and details of any portion offered for public subscription.
- Issuance expenses, if applicable, and method of calculation.
- A certificate from the competent administrative authority confirming payment of the required portion of the capital by law.
- Receipt indicating payment of the prescribed Authority fees.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Second — For the issuance of shares for capital increase:

- The valuation of the capital increase shares and the auditor's report in accordance with Articles (17 or 17 bis) of these Regulations, if the shares are offered to non-shareholders.
- Type of shares intended to be issued and terms of offering.
- Statement of capital contributions and distributions, and whether the company is listed on the stock exchange, including the market segment where it is listed.
- Issuance expenses, if applicable, and method of calculation.
- A certificate from the competent administrative authority confirming payment of the required portion of the increase.
- Receipt indicating payment of the prescribed Authority fees.

The Authority may object to the issuance of capital increase shares if the provisions of Articles (17 or 17 bis) of these Regulations are not observed or if the documents and information mentioned in this Article are not fully provided.

Third — For the issuance of other securities:

- A copy of the company's Articles of Association according to the latest amendment.
- The extraordinary general meeting resolution approving the issuance of the securities, along with the relevant documents and reports presented.
- A list of board members or managing partner(s), as applicable.
- A summary of audited financial statements for the last three years or since incorporation, whichever is shorter.
- Type of securities intended to be issued, comprehensive details thereof, whether they will be publicly offered or not, and whether the issuance will be in a single tranche or multiple tranches.
- Receipt indicating payment of the prescribed Authority fees.
- Redemption terms and dates for the securities.
- Statement of capital contributions and distributions, and whether the company is listed on the stock exchange.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- Issuance expenses and method of calculation.

In all cases, the company must notify the Authority of the completion of the issuance procedures within fifteen days of their completion or of registration with the Commercial Registry, where required. The relevant registry must notify the Authority of such registration within the same period.

Any legal entity, Egyptian or foreign, not taking the form of a company but wishing to issue securities other than shares, must notify the Authority accordingly. The notification must include the data and be accompanied by the documents referred to in Section Three (items 4, 5, 6, 7, 9) of this Article, in addition to:

- A copy of the legal instrument establishing the legal entity, its Articles of Association or equivalent according to the latest amendment.

- The legally competent authority's resolution authorizing the issuance of securities, along with the documents and reports presented in this regard.

- A statement of funding sources and equity based on the latest financial statements.

- A statement of the security's term, a summary of cash flow sources, liquidity ratios, and the financial structure of the issuer, along with the auditor's report on future forecasts per Egyptian auditing standards.

- A credit rating certificate for the security issuer or the guarantor (if any), and the credit rating certificate for the intended security issuance must be submitted to the Authority upon submission of the final draft of the public offering prospectus.

The Authority must be notified of the completion of the issuance procedures within fifteen days of their completion. In all cases, the Authority reserves the right to exclude or add any of the mentioned reports or documents as it deems appropriate according to the legal nature of the issuer.

Article (8):

A shareholder may not represent, through proxy, in a general meeting of the company more than 10% of the total nominal shares of the company's capital and not more than 20% of the shares represented at the meeting.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (9):

The Articles of Association may stipulate preferential rights for certain types of nominal shares, whether related to voting, dividends, or liquidation proceeds, provided that all shares of the same type shall enjoy equal rights, privileges, or restrictions.

In such cases, the company's Articles of Association must specify, from its incorporation, the terms and rules governing the preferential shares and the nature and extent of such preferences.

Article (10):

The rights, privileges, or restrictions attached to any class of shares may not be amended except by a resolution of the extraordinary general assembly and after the approval of a special assembly comprising holders of the class of shares concerned with the amendment, by a majority representing two-thirds of the capital represented by such shares.

The special assembly shall be convened in the same manner and under the same conditions as the extraordinary general assembly.

Article (11):

Without prejudice to the position of preference shares or other shares of a special nature, all shareholders shall have equal rights and obligations. Shareholders shall be liable only to the extent of the nominal value of their shares, and under no circumstances may their liabilities be increased.

Article (12):

In the event of loss or damage of a registered security, including shares, the company must issue a replacement to the entitled party as recorded in its registers, upon submission of evidence of such loss or damage, in accordance with procedures followed by the stock exchange, and payment of the actual replacement and advertisement costs. The replacement certificate must indicate that it is a replacement for a lost or damaged certificate, and must reflect all transactions recorded thereon and in the registers. Stock exchanges must be notified of the loss or damage of the original certificate.

No replacement may be issued for a lost bearer security.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

No replacement for a damaged bearer security may be issued unless it is identifiable and its details are clearly discernible. In such cases, the replacement certificate must indicate it is a replacement for a damaged certificate, and the company must withdraw and destroy the damaged certificate and annotate its registers accordingly.

Chapter One: Formation of Share Capital in Joint Stock Companies and Partnerships Limited by Shares

Section Two: Special Provisions Relating to Bearer Shares

Article (13):

Sukuk (Islamic bonds) shall be issued according to the formats and conditions set forth in the provisions of the Law and these Regulations.

Sukuk shall be issued through a securitization company that receives the proceeds of the sukuk subscription and acts as an agent for the sukuk holders in overseeing the investment and use of the funds for the purposes for which the sukuk were issued, monitoring the distribution of returns and redemption value, and acting as a party to all contracts with the beneficiary entity and other participants in the issuance on behalf of the sukuk holders.

The Board of Directors of the Authority shall set the terms and conditions governing the issuance of sukuk directly by the beneficiary entity to finance its projects.

Article (13) Bis:

Without prejudice to Article (14 bis 1) of the Law, Sukuk shall be issued pursuant to an issuance contract under one of the following structures:

- **Istisna'a Sukuk:** Issued based on an Istisna'a contract. Proceeds are used to finance the manufacturing of an asset to be delivered to its purchaser. Each Sukuk represents an undivided share in the ownership of the manufactured asset and its price upon delivery. The return is the difference between the manufacturing cost and the sale price.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- **Investment Agency Sukuk (Wakala):** Issued based on an investment agency contract.

  Proceeds are provided to the agent for investment against a fixed fee. The Sukuk represent undivided shares in the agency's assets, which include tangible assets, usufructs, debts, cash, and other financial rights. Returns are linked to the performance of these assets, proportional to the holders' shares. The agent is entitled to a fixed fee and may also receive an incentive fee from any surplus over a specified threshold. Subscription prospectuses and Shariah contracts shall specify all relevant terms and conditions.

- **Salam Sukuk:** Equal-value certificates issued to collect the capital for a Salam contract.

  Salam goods belong to Sukuk holders upon advance payment. The Salam contract requires full payment upon contract formation or within three business days, with future delivery agreed. It must specify the description, type, quantity, and place of delivery of the goods.

- **Muzara'a Sukuk (Agricultural Partnership):** Issued based on a Muzara'a contract.

  Proceeds finance the cultivation of land provided by its owner. Sukuk represent undivided shares in the agricultural outputs (excluding land ownership) and in proceeds after sale. Sukuk holders are entitled to a known share of the harvest; the landowner receives the remainder. Terms are detailed in the prospectus and Shariah contracts.

- **Musaqah Sukuk (Irrigation Partnership):** Issued based on a Musaqah contract.

  Proceeds finance the care and maintenance of fruit-bearing trees. Sukuk represent undivided shares in the produce (excluding land and trees). Holders receive a known share of the fruits and sale proceeds; the tree owner receives the remainder. Terms are detailed in the prospectus and Shariah contracts.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (14):

The Securitization Company must comply with the following requirements:

- Its articles of association must permit Sukuk issuance.
- Its issued capital must be fully paid.
- It must obtain a credit rating for Sukuk issuance from an Authority-approved agency, no less than a level indicating the capacity to meet obligations.
- Sukuk must be registered and deposited with the Central Securities Depository in accordance with applicable regulations.

Article (15):

Special Provisions for Sukuk Issuance:

With approval from the Extraordinary General Assembly and upon the Board's proposal, a securitization company may issue Sukuk convertible to shares. Issuance must clarify the purpose, return, method of calculation, offering type, convertibility terms, conversion ratio, timeline, and dividend entitlement. A certified auditor's report must accompany it.

Sukuk of a single issuance must have equal value, be tradable, indivisible, and confer equal rights.

Companies may issue Sukuk labeled "Shariah-compliant" provided:

- The project is approved by a Shariah Supervisory Board.
- All related contracts and offering documents are Shariah-approved.
- Listing on an exchange is Shariah-approved.

Article (16):

Special Provisions for Sukuk Offering:

The issuer must offer Sukuk through a public prospectus approved by the Authority or through a private memorandum. A master program may be approved for multiple issuances within 3 years or a shorter period set by the Authority.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Issuers are liable for the accuracy of all disclosed information. Public offerings target unspecified individuals; private offerings target financially capable individuals or institutions.

Definitions of qualified investors and institutions include:

- Public bodies.
- Pension and insurance funds.
- Companies with paid-up capital exceeding EGP 1 million.
- Individuals with at least 3 years of credit, investment, or asset management experience.
- Individuals holding securities valued at over EGP 500,000 from at least two issuers.

Financial institutions include:

- Egyptian banks and foreign bank branches under Central Bank supervision.
- Insurance and reinsurance companies.
- Venture capital firms.
- Direct investment companies.
- Mortgage finance companies.
- Leasing companies.
- Factoring companies.
- Investment funds.
- Foreign financial institutions.

Sukuk may have underwriting guarantees or repurchase undertakings from licensed entities. Banks must obtain Central Bank approval. Early redemption through buy-back by the securitization company is allowed if stated in the prospectus.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (16) Bis (5):

Obligations of the Shariah Supervisory Board (for Shariah-compliant Sukuk): Prepare quarterly reports from issuance until full settlement.

Article (16) Bis (6):

Sukuk must be registered and deposited with the Central Securities Depository per applicable law.

Article (16) Bis (7):

The Authority's Board shall set the listing rules for Sukuk on Egyptian or foreign exchanges, subject to Authority approval. Off-exchange trading is governed by Authority decisions.

Article (16) Bis:

The Securitization Company's Board submits an issuance request signed by an authorized representative, with the following documents:

- Board minutes proposing issuance.
- Extraordinary General Assembly resolution approving issuance, including feasibility study covering purpose, impact, offering type, return, period, listing, redemption, and cash flow forecast.
- Latest audited financials of the securitization company.
- Latest audited financials of the guarantor, if applicable.
- Approved prospectus or memorandum with auditor and legal advisor reports.
- Auditor-certified statement on prior Sukuk repayment.
- Central Bank approval (for banks or foreign financial institutions).
- Credit rating certificate from an Authority-approved agency, meeting minimum requirements. Exemptions allowed under Authority rules.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
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- Independent certified feasibility study and asset valuation.
- Issuance contracts and Shariah Board approvals (if applicable).
- Contracts between the securitization company and beneficiary.
- Guarantees and securities provided.
- Subscription cost breakdown certified by the beneficiary's Board and auditor.
- Insurance details on beneficiary's assets.
- Details of liens or privileges on assets.
- Declaration from both companies of data accuracy and responsibility.
- Beneficiary's undertaking to repurchase assets at maturity or earlier.
- Guarantee declarations and agreements.
- Issuer's declaration of due diligence.
- Shariah compliance declaration if applicable.

The Authority must respond within 15 business days with approval or justified rejection, specifying additional required actions.

Article (16) Bis (1):

Mandatory Contents of Prospectus or Information Memorandum for Sukuk Issuance:

- **Securitization Company Information:** Name, capital, purpose, previous Sukuk, rights and obligations, contracts.
- **Beneficiary Information:** Name, purpose, capital, previous issuances, shareholders, headquarters, auditors, management, three years' financials, projections, litigation status.
- **Shariah Supervisory Board (if applicable):** Names, expertise, approval status.
- **Sukuk Information:** Terms, total value, nominal value, rights, price, returns, redemption, trading procedures, guarantees, use of proceeds, convertibility, risks, and other legal requirements.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- **Funded Project Description:** Feasibility study, project details, costs, management, phases, experience, assumptions, returns, and profit distribution.

- **Subscription Details:** Nominal value, currency, price, period, total value, allocations, requirements, minimum/maximum subscription, allocation method, payment method, receiving entity, expected listing date.

Article (16) Bis (8):

Disclosure Obligations for the Beneficiary Entity

The beneficiary entity must notify the Authority of the following:

- Confirmation of publishing a comprehensive summary of the Board of Directors' report, annual and quarterly financial statements, and related notes in accordance with accounting standards determined by the Board of Directors and Egyptian auditing standards.

- Any amendments to the contracts or undertakings in the Sukuk offering prospectus or information memorandum.

- Any event or information that could materially impact Sukuk trading, pricing, or the beneficiary entity's ability to fulfill its obligations, immediately upon becoming aware.

- Judicial rulings or arbitration awards at any litigation stage that affect the financial position, Sukuk holders' rights, or investors' decisions.

- Material decisions issued by Sukuk holders' groups and any amendments to prospectus or information memorandum data.

- An updated credit rating certificate within 90 days of the fiscal year-end, renewed annually during the Sukuk term, in accordance with Article (16 Bis) of this regulation.

- Any decision not to pay part of the profit due to Sukuk holders.

- Any new issuance of shares, debt instruments, or Sukuk, particularly any guarantees associated with such issuance.

- Any amendments to the beneficiary's incorporation documents.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- Any changes in issued or authorized capital.
- Any decision altering the nature of the beneficiary's purpose or activities.
- Changes in the Board of Directors' membership.
- Changes to auditors.
- Any change in ownership structure resulting in any person, alone or with related parties, owning 5% or more of shares or voting rights.
- Conflicts of interest and their avoidance.

For Sukuk offered via public offering or listed on an Egyptian exchange, the beneficiary entity must notify the Authority and the exchange immediately upon occurrence or awareness of:

- The beneficiary, its parent, or subsidiaries filing for dissolution or appointment of a liquidator.
- A court ruling ordering dissolution or liquidation of the beneficiary, its parent, or subsidiaries.
- A decision by the beneficiary, its parent, or subsidiaries to dissolve.
- Expiration of the beneficiary's, its parent's, or subsidiaries' legal term.
- Any mortgagee seizing, taking possession of, or selling assets exceeding 10% of the beneficiary's net book assets.

This is without prejudice to disclosure obligations under the exchange's listing and delisting rules for listed Sukuk.

Article (16) Bis (9):

The beneficiary entity is obliged to pay the Sukuk value proceeds to holders at maturity and undertakes to purchase the existing assets at the end of the Sukuk term.

Early asset repurchase is permitted if specified in the offering prospectus and according to the stated rules.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (16) Bis (3):

Disclosure Obligations for the Securitization Company

The Securitization Company must notify the Authority of:

- Any change in parties to the securitization transaction or any clause of the issuance contract.
- Quarterly reports on investment monitoring and utilization aligned with the Sukuk's purpose.
- Dates of Sukuk return distributions.

Article (16) Bis (4):

Disclosure Obligations for the Payment Agent:

The Payment Agent must prepare a monthly report on the returns from projects financed by the Sukuk and submit it to the Authority and Sukuk holders or their representatives, attaching the auditor's report.

The monthly report must include:

- Returns realized and collected during the reporting period.
- Amounts paid to Sukuk holders.
- Commissions and expenses deducted.
- Surplus funds held and their investment in line with the prospectus or information memorandum.
- Delays or defaults and related measures taken.
- Any material impacts on Sukuk holders' rights.
- Any changes to agreements with the payment agent or other transaction parties.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (17):

Capital Increase Requirements:

Capital increases shall be through issuing new shares, with a fair issuance value determined as follows:

- For companies with shares publicly offered, listed on the exchange, banks, insurance companies, and those under Article (27)(b) of the law, the fair value shall be determined by an independent financial advisor registered with the Authority and unconnected to the company or its affiliates.

  The valuation report shall follow accepted practices and specify the valuation basis.
- For other companies, the fair value may be determined similarly or through a company-prepared study, under auditor certification and following Egyptian audit standards.

In all cases, the competent authority within the company shall approve the issuance price within the fair value, unless all shareholders agree otherwise if the rights issue is restricted to existing shareholders. If existing shareholders waive their rights, the issuance price must not fall below the fair value.

Additional considerations:

- If the set value exceeds the nominal value, the excess shall be allocated to reserves.
- If the value is below the nominal value, the nominal value of existing shares must be reduced accordingly, adjusting capital.
- If below the statutory minimum nominal value, shares (including existing) must be valued at the minimum with corresponding reductions in the number of shares and capital adjustment.

For bonus share increases, Article (23) of these regulations applies.

The Board must disclose intended uses of proceeds from the capital increase in advance.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (17) Bis:

When issuing bonds, Sukuk, or other securities convertible into shares, the extraordinary general meeting approving the issuance must specify the conversion ratio or the method for determining the share value at the time of conversion per a company-prepared study.

This is without being bound by share valuation rules in the preceding article at the time of conversion maturity.

Article (18):

The authorized capital may be increased by a resolution of the extraordinary general assembly, based on a proposal by the Board of Directors or by the managing partner(s) in partnership limited by shares.

Article (19):

The Board of Directors or the managing partner(s), as the case may be, must include in their proposal for increasing the authorized capital all relevant data and reasons justifying the increase, attaching a business progress report for the year in which the proposal is submitted, along with the approved financial statements of the preceding year.

The Board of Directors' report must be accompanied by the auditor's report confirming the accuracy of the financial information therein.

Article (20):

The issued capital may be increased within the limits of the authorized capital by a decision of the Board of Directors or the managing partner(s), as the case may be.

Such a decision shall only be valid if the issued capital has been fully paid. However, the Chairman of the Authority may permit joint stock companies operating in tourism, housing, industrial, or agricultural sectors to increase their capital by cash or in-kind contributions before the issued capital is fully paid.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (21):

The increase in issued capital must be completed within three years from the date of the resolution, otherwise it shall be null and void unless a new resolution is issued.

An exception applies to capital increases resulting from converting bonds or Sukuk or other securities into shares, where the terms of issuance grant holders the right to request conversion into shares.

Article (22):

The consideration for the capital increase shares may be:

- Cash amounts.
- In-kind contributions.
- Outstanding debts due from subscribers to the company.
- Conversion of bonds or Sukuk held by the subscriber into shares, as per their issuance terms.
- Conversion of founders' shares or profit shares held by the subscriber into shares as compensation under Article (34) of Law No. 159 of 1981.
- Exchange of shares owned by the subscriber in another company for the purpose of acquisition or merger.

"Exchange of shares" refers to the transfer by shareholders of a company targeted for acquisition in return for receiving shares in the capital increase of the acquiring company. Such share exchanges must comply with the following:

- The exchange must aim at acquisition or merger.
- The shares must be transferred through a private placement.
- The valuation of the exchanged shares must be based on the fair value of all the company’s assets, as determined by the company and certified by the auditor.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (23):

The general assembly, based on a proposal from the Board of Directors or the managing partner(s), may decide to convert all or part of the reserve into shares, increasing the issued capital.

The resulting shares shall be distributed free of charge to existing shareholders or partners proportionally to their holdings.

Article (24):

The issued capital may not be increased through preferred shares unless approved by an extraordinary general assembly by a three-quarters majority of shares before the increase and by amending the company's articles of association, based on a proposal by the Board of Directors and a report from the auditor justifying the reasons.

Article (25):

Subscription in the capital increase shares must be recorded on a subscription certificate indicating the subscription date, the subscriber’s name, nationality, address, and the number of shares written in both letters and numbers, signed by the subscriber or their representative.

The certificate must include the data required under Article (33) of this regulation, except items (3) and (4). A copy of the certificate is given to the subscriber.

Allocation of shares and recording of the number allocated shall follow Article (54) of this regulation.

Article (26):

Subscription in the capital increase shares may be effected through set-off between cash debts owed by the company to the subscriber and the value of the subscribed shares, in whole or in part. This requires a Board resolution or an authorized representative confirming such debts, certified by the auditor.

This confirmation must be submitted with the subscription certificate to the receiving entity.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (27):

If the capital increase shares or any part thereof are offered in a public or private subscription, it must be based on a prospectus meeting the legal and regulatory requirements.

Subscription must be through a licensed bank authorized to receive subscriptions or through companies established for this purpose or authorized securities firms, upon the Authority's approval.

For companies whose shares are deposited under the Central Depository Law No. 93 of 2000, subscriptions must be through a custodian bank licensed for such activities.

Subscribers will receive confirmation of payment to present to the Central Depository to receive a statement of their contribution, substituting securities certificates. Such shares may not be traded until registered with the commercial registry and in compliance with allocation rules.

The company must notify the Authority of procedures undertaken for the capital increase, including a bank certificate showing each subscriber's contribution.

Article (28):

If the subscription is not fully covered within the specified period, only the subscribed shares shall be considered.

Subscribers may request a refund of their payments, and the company must refund the full amount, including issuance costs, upon request.

Article (29):

The company and the receiving entity must notify the Authority within two weeks of full subscription coverage.

Upon verifying the validity and completion of the subscription, the Authority shall notify the company to amend the commercial registry.

The company must apply for the amendment within two weeks from such notification. Subscription proceeds may not be withdrawn until presenting a certificate from the registry confirming the amendment.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

This is without prejudice to Article (27) of this regulation.

Article (30):

Companies listed on Egyptian exchanges or those that offered shares through public subscription must grant existing shareholders pre-emptive rights to subscribe to capital increase shares issued as nominal cash shares.

The capital increase resolution may not restrict this right to certain shareholders, without prejudice to any rights granted to preferred shares.

During the subscription period, pre-emptive rights may be traded separately from the original shares unless the extraordinary general assembly waives this right, in accordance with Article (32) of this regulation.

Article (31):

The period during which existing shareholders may exercise their pre-emptive rights to subscribe to capital increase shares shall not be less than fifteen days from the opening of the subscription.

However, this period may conclude earlier if all shareholders exercise their rights in full before the fifteen days elapse.

Article (32):

The extraordinary general assembly, based on a request from the Board of Directors or the managing partner(s), may, with serious justifications supported by the auditor's report, offer all or part of the capital increase shares for public subscription directly, without applying pre-emptive rights, if permitted by the company's articles.

Similarly, it may, under the same conditions, offer the shares via private placement to specified persons or entities without applying pre-emptive rights, whether through cash or debt settlement.

The general assembly must be presented with reasons, auditor's reports, and the benefits to the company from the private placement. Shares and voting rights of those targeted in the private placement and their related parties (if any) must be excluded from voting, unless all existing shareholders agree.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

"Related parties" include individuals up to second-degree relatives, entities jointly owned or controlled, and those acting in concert at shareholder meetings or Board decisions.

Article (33):

Shareholders shall be notified of the issuance of capital increase shares by way of an announcement published in two daily newspapers, at least one of which shall be in the Arabic language, no less than seven (7) days prior to the commencement date of the subscription. The announcement shall include the following particulars:

- The name of the company, its legal form, its registered head office and its address.
- The amount of the capital increase.
- The commencement and closing dates of the subscription period.
- The pre-emptive rights granted to existing shareholders in relation to subscribing to the increase shares and the procedures for exercising such rights.
- The nominal value of the new shares.
- The name and address of the entity where the subscription funds are to be deposited.
- A statement of any in-kind contributions or limited partnership shares, if any, their valuation, and the shares allocated thereto.

If the company has not previously offered shares for public subscription, the notification may alternatively be made by registered mail at least fourteen (14) days prior to the opening of the subscription, including the aforementioned particulars.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (34):

Joint-stock companies and partnerships limited by shares may issue various bonds and financing sukuk to meet the financing needs of the company or to finance specific activities or projects.

Issuance of bonds or financing sukuk with a value exceeding the company's net assets as determined by the auditor in accordance with the latest financial statements approved by the General Assembly, or for public subscription, shall be subject to the following conditions:

- The company must submit to the Authority a credit rating certificate as stipulated in Article (7) - Third - Clause (11) of these Regulations, provided such rating is not below the level indicating the ability to meet the obligations arising from such bonds or sukuk, in accordance with the rules set by the Board of Directors of the Authority.

- The company must disclose in the subscription prospectus or information memorandum, as the case may be, all information included in the credit rating certificate.

- The company must submit to the Authority a renewed credit rating certificate within one (1) month following the end of each fiscal year throughout the term of the bonds or financing sukuk.

- The company must publish the full details of the rating in two widely circulated daily newspapers within fifteen (15) days of the issuance of the original certificate and any subsequent certificate reflecting any change in the rating.

Article (34) bis:

Public legal persons and local administrative units may, subject to the approval of the Ministry of Finance, issue revenue bonds to finance their productive or service-related projects. The repayment of such bonds and their returns shall be made from the cash flows generated by such projects and other revenues determined by the issuing entity.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

The Board of Directors of the Authority shall, after consulting the Ministry of Finance, set the rules and procedures governing the issuance of revenue bonds and the repayment thereof, together with any returns.

Except as otherwise provided in this Article, the provisions of this section shall apply to revenue bonds.

Article (35):

The issuance of bonds or financing sukuk shall be by resolution of the Extraordinary General Assembly based on a proposal from the Board of Directors of the company or the managing partner(s), as the case may be, accompanied by an auditor's report. The resolution shall set out the terms under which these securities are issued, whether they are convertible into shares, and the relevant rules and conditions, subject to the provisions of Articles (165), (166), and (167) of the Executive Regulations of Law No. 159 of 1981.

The resolution of the General Assembly shall specify the return on the bond or sukuk and the basis for its calculation, without being restricted by the limits stipulated in any law.

The General Assembly may include in its resolution the overall value of the bonds or sukuk and any guarantees or securities granted therefor, delegating the Board of Directors to determine any other related conditions.

Such securities must be issued no later than the end of the financial year following the date of the General Assembly's resolution.

Article (35) Bis:

The Extraordinary General Assembly of the company issuing bonds or financing sukuk, or the competent authority in non-corporate entities as applicable, may approve the total value of the issuance and delegate the Board of Directors to implement the issuance in several tranches, subject to the following conditions:

- Approval by the Authority of the subscription prospectus or the information memorandum for the total issuance of the bonds or sukuk in accordance with the provisions of these Regulations and the relevant decisions for public subscription documents.

- The prospectus or memorandum for the total issuance shall include the issuance plan, specifying tranche implementation, whether offered publicly or privately, and any additional data required by the Authority.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
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email info@eg.Andersen.com

- The tranches must be issued within a period not exceeding three (3) years from the date of the Authority's approval of the total issuance.

- The Authority must be notified at least two (2) weeks before each tranche issuance, using the issuance notification template prepared by the Authority, accompanied by the Board of Directors' resolution for the tranche and the credit rating certificate where required. The issuing entity may proceed with the issuance procedures if the Authority raises no objection within one (1) week of the notification.

- Publishing the issuance notification on the issuer's website and notifying the Authority and the Stock Exchange, as well as publishing it according to public offering rules if the total issuance, the new tranche, or any issuer's securities are offered publicly.

- Compliance with the Authority's disclosure rules for phased issuances.

- Payment of the prescribed issuance fees separately for each tranche.

Article (35) Bis (1):

It shall be permissible to issue bonds and financing sukuk without the requirement to obtain a credit rating, provided that such issuance is made through a private placement, in accordance with the rules established by the Board of Directors of the Authority. These rules shall, in particular, include the following:

- Identifying financial institutions and financially solvent persons eligible to subscribe to such securities.

- Disclosure requirements to be complied with throughout the term of the bonds or financing sukuk referred to herein.

Such bonds or financing sukuk shall not be listed on any Egyptian stock exchange except with the prior approval of the Authority on a case-by-case basis. Any such approval shall be duly announced in accordance with the rules established by the Board of Directors of the Authority in this regard.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (35) Bis (4):

The following categories of bonds may be issued to finance projects and activities related to sustainable development fields:

- Sustainable Development Bonds: A type of bonds dedicated exclusively to financing sustainable development objectives. The proceeds shall be used to fund green projects and social development projects aimed at achieving sustainability through environmental and social objectives.

- Sustainability-Linked Bonds: A type of bonds structurally linked to the issuer's achievement of sustainability objectives. These bonds are not required to finance specific sustainable projects but finance the overall operations of an issuer with clearly defined sustainability goals. They may be issued in various forms, including those linked to key performance indicators or the Sustainable Development Goals (SDGs).

- Social Bonds: A type of bonds where the proceeds are used to finance or refinance new or existing social projects.

- Women Empowerment Bonds: A sub-category of social bonds structurally linked to the issuer's commitment to funding projects, initiatives, or policies supporting women's empowerment and promoting gender equality across various fields. The issuer must meet at least one of the following conditions:

    - A minimum of 25% female representation on its board of directors;

    - Women owning no less than 51% of its capital;

    - Women comprising at least one-third of its workforce;

    - Adopting workplace policies that promote gender equality;

    - Offering or developing at least one-third of its products or services specifically to improve the quality of life for women.

- Climate Bonds: A type of bonds whose proceeds are allocated to financing or refinancing environmentally friendly projects aimed at reducing carbon emissions and mitigating the effects of climate change and global warming. Issuance of such bonds requires a report from a certified environmental auditor confirming the bonds' alignment with climate bond standards.

Maher Milad Iskander & Co.
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email info@eg.Andersen.com

- **Environmental (Transition) Bonds**: A type of bonds intended to finance environmentally polluting activities that seek to transition their operations towards reduced environmental impact. These bonds are issued by entities not eligible for green bonds due to their involvement in polluting activities, such as industry, aviation, shipping, chemicals, oil and gas, and projects targeting pollution reduction, greenhouse gas mitigation, and energy efficiency improvements. Issuers must have a clear plan and defined targets for pollution reduction and commit to paying additional interest proportionate to the shortfall in achieving the declared environmental objectives.

Article (35) Bis (5):

Without prejudice to the provisions and procedures governing bond issuance under the law and these Regulations, the bonds referred to in Article (35) bis 4 of these Regulations may be issued in accordance with the following rules and procedures:

First: Issuance Procedures

- Obtaining the Authority's approval.
- Appointing one of the investment banks licensed by the Authority and the promoters.
- Obtaining a credit rating in compliance with the provisions of **Article (34)** of these Regulations.
- Preparing a report by an independent auditor registered with the Authority regarding the alignment of the targeted projects with the purpose of the issuance, and, where the bonds relate to environmental matters, a report from an independent advisory firm.
- Pricing the bonds and determining their yield.

Second: Eligible Issuers

Subject to Article (4) of the Law, the following entities may issue the bonds referred to in Article (35) bis 4, in accordance with the applicable categories for each type:

- Egyptian companies, entities, and authorities.
- International and regional companies and institutions, provided that the bonds are issued to finance projects within Egypt.

Maher Milad Iskander & Co.
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eg.Andersen.com
email info@eg.Andersen.com

Third: Projects Eligible for Financing from Bond Proceeds

Without prejudice to Clause (5) of Article (35) bis 3 of these Regulations, such bonds shall finance projects and activities related to sustainable development, including but not limited to:

- Women's empowerment and gender equality.
- Affordable basic infrastructure (e.g., clean water, sanitation, transportation, energy).
- Access to essential services (including education, vocational training, healthcare, financial services).
- Affordable housing.
- Job creation and programs to reduce unemployment.
- Food security and sustainable food systems.
- Combating epidemics and health crises.
- Improving the sustainability of water resources and marine life, preserving coastal areas, maritime tourism, fishing, and marine resource extraction.

Fourth: Issuer's Obligations

The issuer shall utilize the bond proceeds solely for financing or refinancing projects or activities aligned with sustainable development objectives and shall adopt clear procedures indicating the anticipated environmental and/or social benefits. The issuer must submit periodic reports to the Authority throughout the life of the bonds, accompanied by an auditor's report.

For sustainability-linked bonds, proceeds may be used to finance the issuer's operational activities and financial obligations, provided that one or more of the issuer's key performance indicators clearly reflect its commitment to sustainability objectives. The issuer shall disclose these indicators in its annual reports to bondholders.

Fifth: Project Evaluation and Selection Procedures

The issuer shall:

- Establish procedures for evaluating and selecting sustainable projects, supported by a report from an independent advisory firm accredited by the Authority, according to the bond type.

Maher Milad Iskander & Co.
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eg.Andersen.com
email info@eg.Andersen.com

- Provide a brief description of targeted projects, including the percentage of proceeds allocated to each, supported by expert reports or independent advisory firms confirming the feasibility and sustainability of these investments.

- Periodically disclose to bondholders the sustainable environmental and/or social objectives and the procedures adopted for evaluating and selecting projects, managing potential environmental and social risks associated with the targeted projects, supported by a verification report from an independent advisory firm.

- Provide an annual disclosure report on sustainability-linked bonds, detailing the key environmental, social, and governance (ESG) metrics applicable, the issuer's overall sustainability strategy, its alignment with its general strategy, and the timeframe for implementation. If the issuer fails to meet these objectives within the specified timeframe as confirmed by the auditor's report, it shall compensate bondholders by increasing the applicable interest rate on the issued bonds as stipulated in the subscription prospectus or information memorandum.

Sixth: Management of Bond Proceeds

The issuer shall maintain a dedicated sub-account for managing the bond proceeds and a portfolio allocated to investments in the targeted projects.

Seventh: Reporting

The bond issuer shall prepare the following reports:

- Annual reports throughout the life of the bonds until maturity, confirming the implementation of financing steps for the targeted projects, accompanied by the auditor's report.

- Annual reports on the use and allocation of the issuance proceeds to sustainable development projects, disclosing any changes to previously disclosed projects, including descriptions of funded projects, allocated amounts, and their expected impact.

- A report on the issuer's overall sustainability strategy.

- Annual reports prepared by experts and independent advisory firms evaluating and verifying the funded projects' alignment with international sustainability standards, selecting experts from those registered with the Authority. For climate change-related projects, the issuer must provide an annual report from an accredited external environmental auditor confirming the bonds' compliance with climate bond standards.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

For social bonds, women empowerment bonds, and sustainability-linked bonds, the issuer's auditor shall verify compliance with the specified terms and conditions and prepare reports at issuance and throughout the bond's term.

Eighth: Obligations of Experts and Independent Advisory Firms

Experts and independent advisory firms shall prepare periodic reports to assess and verify the targeted projects' alignment with environmental sustainability objectives and their compliance with international standards for each type of bond. These experts shall be selected from those registered with the Authority's roster of environmental auditors and sustainability verifiers.

Ninth: Auditor's Obligations

The auditor shall prepare annual reports in accordance with Egyptian auditing standards on the issuer's compliance with the use of the bond proceeds for the purposes and activities outlined in the subscription prospectus or information memorandum, specifically addressing:

- Implementation of the financing steps for the targeted projects throughout the bond's term until maturity.
- Compliance with the disclosure report regarding ESG metrics applicable to the bonds and alignment with the issuer's strategy and implementation timeframe.
- Verification of the issuer's key performance indicators and their alignment with the issuer's overall sustainability strategy, particularly for sustainability-linked bonds of all types.

Article (35) Bis (6):

It shall be permissible to issue securitization bonds in the fields related to the bonds referred to in Article (35) bis 4 of these Regulations, provided that the policies of the originator entity are aligned with the principles of sustainable development, or that it meets one of the standards related to the Sustainable Development Goals (SDGs), or that the assigned financial rights relate to projects aimed at achieving sustainable development objectives.

It shall also be permissible to issue sukuk in the aforementioned fields to finance beneficiary entities for projects aimed at achieving sustainable development objectives.

The issuance of the aforementioned securitization bonds and sukuk shall be subject to the same rules and procedures provided in Article (35) bis 5 of these Regulations.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (35) Bis (7):

A voluntary market shall be established at the Egyptian Exchange for the trading of "Carbon Emission Reduction Certificates."

These certificates shall be considered tradable financial instruments and shall refer to units of greenhouse gas emission reductions issued in favor of any entity implementing projects to reduce greenhouse gas emissions after obtaining approval from the competent authorities. Each unit shall represent one ton of carbon dioxide equivalent (CO_2e) reduced.

All government entities, public business sector companies, private sector entities, and project developers shall be obligated to notify both the Authority and the Ministry of Environment of all projects that will be issued Carbon Emission Reduction Certificates.

Entities to which Carbon Emission Reduction Certificates are issued shall disclose any events or changes affecting the approvals granted by the competent authorities throughout the issuance period.

Article (35) Bis (8):

A committee named the "Supervisory and Oversight Committee on Carbon Emission Reduction Units" shall be established by a decision of the Board of Directors of the Authority in coordination with the Ministry of Environment, comprising representatives of the competent authorities. This Committee shall be responsible for setting the rules for issuing Carbon Emission Reduction Certificates, making them available for trading, and overseeing and supervising such certificates. The decision establishing the Committee shall specify its powers and working mechanisms.

The Authority shall maintain a database for registering projects for which Carbon Emission Reduction Certificates have been issued and shall provide the Ministry of Environment with updates on such projects on a monthly basis.

The Egyptian Exchange shall issue the rules and procedures governing the trading of such certificates, which shall not come into force until they have been approved by the Authority.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (35) Bis (2):

The Ordinary General Assembly may authorize the Board of Directors of the company to issue bonds, financing sukuk, and other short-term securities (short-term debt instruments) for a period not exceeding two years, whether as a single issuance or under an issuance program, in accordance with the rules and procedures established by the Board of Directors of the Authority governing public or private offerings, subject to the approval of the competent authority in the case of other legal persons.

Article (35) Bis (3):

Without prejudice to the provisions and procedures governing bond issuance under the Capital Market Law and these Regulations, green bonds and green financing sukuk may be issued with proceeds dedicated to financing or refinancing environmentally friendly green projects, subject to the following concepts, rules, and procedures:

Green bonds shall be issued as a type of bond with proceeds allocated to financing or refinancing environmentally friendly (green) projects.

Types of Green Bonds:

- Green Use-of-Proceeds Bonds: Proceeds are used exclusively for environmentally friendly projects, and the issuer remains liable for the principal and interest payments.

- Green Revenue Bonds: Repayment of the obligations arising from the bonds and their yields shall be made from the revenues generated by the projects financed by the green bond proceeds.

- Green Securitization Bonds: Bonds issued against a portfolio of financial rights and future receivables of an environmentally friendly company or project.

Green Bond Issuance Procedures:

- Obtaining approval from the Financial Regulatory Authority.

- Appointing a licensed investment bank and promoters
.
- Obtaining a credit rating in accordance with the provisions of Article (34) of these Regulations.

- Pricing the green bonds and determining their yield.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Subject to the provisions of Article (4) of the Capital Market Law, the following entities may issue green bonds:

- Egyptian companies and entities.
- Foreign companies and institutions for financing projects within Egypt.

Eligible Green Projects include, but are not limited to:

- New and renewable energy projects.
- Climate change adaptation projects.
- Energy efficiency projects.
- Pollution control and prevention projects.
- Green building projects.
- Clean transportation projects (such as electric vehicles).

Obligations of Green Bond Issuers:

- Adopting clear procedures that demonstrate the environmental benefits and viability.
- Establishing procedures for evaluating and selecting environmentally friendly projects.
- Disclosing to investors the sustainable environmental objectives and evaluation procedures for projects targeting environmental protection, supported by monitoring reports from external sources confirming adherence to such procedures.
- Ensuring internal procedures for verifying the compliance of financed projects with environmental standards.
- Using a dedicated sub-account and a dedicated portfolio for investments in green projects.
- Preparing an auditor's report (by an auditor registered with the Authority) on the use of proceeds for green projects.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Reporting:

- Periodic reports on the use of proceeds and their allocation to green projects, identifying the financed projects.
- An annual report from the issuer confirming the implementation of financing steps for the projects linked to the green bond, supported by the auditor's report.
- Reports by independent experts or advisory institutions evaluating the environmental compliance of the financed projects. Experts shall be selected from those registered with the Authority in coordination with the Ministry of Environment.

Article (35) Bis (9):

The Energy Origin Certificate stipulated under the Electricity Law No. 87 of 2015 shall be considered a tradable financial instrument on the Egyptian Exchanges.

Article (36):

If the subscription to all offered bonds or financing sukuk is not fully covered during the designated subscription period, the company's Board of Directors or the managing partner(s), as applicable, may decide to proceed with the covered portion, provided that the Authority is notified within one week of the board's decision.

Article (37):

Bonds or financing sukuk shall be issued in the form of registered certificates that are tradable. Bonds or sukuk from the same issuance shall grant equal rights to their holders in relation to the company.

Bonds and sukuk shall be signed by two members of the Board of Directors designated by the board, or by the managing partner(s), as applicable.

They shall carry serially numbered coupons indicating the number of the bond or sukuk.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (38):

Bonds and financing sukuk shall be issued from books with coupons, given sequential numbers and signed by two designated Board members or managing partners, as applicable, and shall bear the company's embossed seal.

Each certificate shall have a stub retained in the books, indicating, in particular:

- Number and date of issuance.
- Type and characteristics of the security.
- Value and duration of the security.
- Name, nationality, and address of the registered holder for registered securities.

Article (39):

The rules and provisions applicable to shares under the law and these Regulations shall apply to bonds and financing sukuk in all matters not specifically provided for herein.

Chapter One: Formation of Share Capital in Joint Stock Companies and Partnerships Limited by Shares

Section Five: Public Subscription

Article (40):

Shares shall not be offered for public subscription in the primary market or for public offering in the trading market unless persons not previously identified are invited to subscribe. There is no minimum number or value of shares required to be offered in a public subscription or public offering.

Public subscription shall not be made—including by public business sector companies and public sector companies—except pursuant to a prospectus approved by the Authority, using forms prepared or approved by the Authority, which shall explicitly state that such approval does not imply endorsement of the commercial feasibility of the activity or the project's ability to achieve certain results.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (41):

The issued capital upon incorporation of any joint-stock company or partnership limited by shares offering its shares for public subscription shall not be less than one million Egyptian pounds, with founders subscribing to no less than half of the issued capital.

The authorized capital shall not exceed five times the issued capital for companies offering shares for public subscription.

Article (42):

The subscription prospectus for shares upon incorporation shall, in addition to the data stipulated in the Law, include the following:

- Company name, legal form, and purpose.
- Date of the articles of incorporation.
- Nominal value, number, types, and characteristics of shares and related rights.
- Timeframe for founders to apply for incorporation.
- Any founders' shares and related consideration or share in profits.
- Method of subscription for any portion of capital not offered to the public.
- Subscription start and closing dates and location.
- Authority approval date and number for the prospectus.
- Minimum payment upon subscription (no less than 25% of nominal value) plus issuance expenses.
- Names and addresses of the company's auditors.
- Estimated breakdown of establishment costs.
- Summary of any contracts executed by founders over the preceding five years intended for transfer to the company post-incorporation.
- Financial year start and end dates.
- Distribution method for net profits.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- Allocation method in case of oversubscription.
- Timeframes and cases requiring refund of subscription funds.

Article (43):

Subscription prospectuses for capital increases shall, in addition to the data stipulated in the Law, include:

- Company's commercial registry number and date.
- Date and legal basis of the decision approving the increase.
- Amount and structure of the increase, considering Article (17).
- Details of any in-kind contributions.
- Reasons for the capital increase and expected benefits.
- Rights of existing shareholders to subscribe.
- Encumbrances or rights on assets.
- Method of subscription for any portion not offered publicly.
- Timeframes and cases requiring refund of subscription funds.

Article (44):

Subscription prospectuses for other securities shall include, in addition to the data stipulated in the Law and points 1 and 7 of Article (43):

- Date of the General Assembly resolution approving the issuance.
- Type of security, yield, and basis for calculation.
- License number and date for the public offering.
- Issuance and redemption terms.
- Guarantees and securities provided.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- Net assets value per latest audited accounts and confirmation the issuance does not exceed it, unless licensed otherwise.

- Summary of cash flows, liquidity ratios, profitability, and financial structure, supported by auditors' reports.

For legal entities not structured as companies, the prospectus shall include:

- Issuer's declaration of due diligence.

- Status of previous issuances per central depository.

- Information form as prescribed.

- Power of attorney for handling documentation with the Authority.

- Any other documents the Authority deems necessary.

Article (45):

In the event of issuing shares in return for in-kind contributions, whether at incorporation or upon capital increase, the prospectus must include the following:

- A summary statement of the financial and tangible assets provided as in-kind contributions, the names of the contributors, and the conditions for such contributions, indicating whether they are founders, board members, partners, or managing partners, and the extent of benefit to the company from these assets and the value assigned to each type.

- A statement of any contracts of exchange involving the properties contributed to the company during the five years prior to the contribution, along with a summary of the key terms of these contracts and the income these properties generated during this period.

- All rights of mortgage and liens attached to the in-kind contributions.

- A comprehensive summary of the decision of the committee responsible for evaluating the in-kind contribution and the date of its issuance.

- The number of shares issued in exchange for the in-kind contribution.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (46):

Before commencing the subscription process, the founders must submit to the Authority the subscription prospectus signed by all founders or their legal representatives.

Attached to the prospectus must be a report from an auditor verifying the accuracy of the information contained therein and its compliance with the law and regulations, along with the company's preliminary contract and articles of association signed by the founders.

The original prospectus and its attachments must be deposited with the Authority, which shall issue a receipt specifying the deposit date.

Article (47):

The Authority may, within two weeks from the submission of the prospectus, object to any insufficiency or inaccuracy in the data contained therein. The Authority may require the founders to complete or correct the data, or to provide any supplementary data, clarifications, papers, or additional documents.

The objection or request for completion shall be addressed to the founders or their legal representatives, and the entity handling the subscription shall be notified if necessary.

Article (48):

The subscription shall remain open for the period specified in the prospectus, not less than 10 days and not more than two months.

If not all offered shares are subscribed within this period, the Authority's Chairman may extend the subscription period for up to an additional two months.

Article (49):

If, after the Authority’s approval of the prospectus, any circumstances arise that affect the integrity of the subscription process or the accuracy of the prospectus data, or if material or legal circumstances change upon which the approval was based, the Authority’s Chairman may suspend the subscription procedures until the appropriate corrective actions are taken within the period he specifies. Otherwise, the subscription funds must be returned to subscribers.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Subscription procedures must also be suspended and funds refunded if the subscription violates legal provisions or if it is proven that the approval was based on inaccurate data.

Article (50):

A summary of the prospectus and its amendments, after being approved by the Authority, shall be published including the main data according to the format specified by the Authority's Board of Directors and through the means of publication it determines.

This summary must indicate where to obtain the approved prospectus. A certified copy of the prospectus may be obtained from the Authority upon payment of the prescribed fee.

Article (51):

No publication of any kind promoting securities or containing data from the prospectus is permitted before the Authority's approval of the prospectus. However, after submitting the prospectus to the Authority, basic information about the project's activity may be distributed through advertisements, brochures, letters, or other means, provided that it is clearly stated that the prospectus has not yet been approved.

Article (52):

Without prejudice to Article 121 of these regulations, subscription in shares is not permitted if more than four months have passed since the Authority's approval of the prospectus.

Article (53):

Subscription shall be made through subscription certificates indicating the date of subscription and signed by the subscriber in the case of nominal shares, with the number of shares written in words.

Subscribers shall receive a copy of the certificate including the following details:

- Name and purpose of the company.
- The company's capital and the portion offered to the public.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- The nominal value of the share and the amount paid upon subscription.
- Date of the Authority's approval of the prospectus.
- In-kind contributions, if any.
- Type, number, and serial numbers of shares subscribed.
- The entity where subscription funds were paid.
- Subscriber's name, address, and nationality for nominal shares.

For other securities, the certificate shall also include:

- Type of security offered.
- The Authority's license number and date for the offering.

Article (54):

Subscription may be closed after the offered shares are fully covered per the prospectus conditions and after the minimum subscription period specified in Article 48.

If subscriptions exceed the offered shares and the company's system does not specify allocation methods, shares must be allocated proportionally among subscribers based on the ratio of offered shares to subscribed shares, ensuring no subscriber is excluded regardless of the number of shares subscribed. Fractions shall favor small investors.

Any excess amounts paid shall be refunded to subscribers.

Article (55):

The company's incorporation cannot proceed if the subscription period and any extensions lapse without full coverage of the offered shares.

The receiving entity must notify the Authority and the subscribers within one week of the period's expiry and return all amounts paid, including issuance expenses, upon request.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (56):

Founders and the receiving entity must notify the Authority within five working days after the subscription closes of the names, nationalities, addresses of subscribers to nominal shares, amounts paid, number of shares subscribed, and allocated shares.

Any concerned party may obtain a copy from the Authority upon payment of the prescribed fee.

Article (57):

Funds collected from subscribers shall remain with the receiving entity and cannot be withdrawn until the company's articles are registered in the commercial register.

Exceptionally, and as specified in the prospectus, the receiving entity must return all funds to subscribers in the following cases:

- If a court ruling appoints a party to refund these funds due to founders' failure to incorporate the company within six months of filing the incorporation request.
- If one year passes after the subscription closes without the founders or their representatives filing for incorporation.
- If all founders agree to cancel the incorporation and submit a certified declaration of such to the receiving entity.

Affected parties may seek damages from the founders through arbitration as stipulated by law.

Article (58):

Any company offering securities through public subscription must submit to the Authority, at its own responsibility, statements of amendments to its articles and capital contributions as they occur, and semi-annual reports on its activities and results within a month after each period. These reports must include audited financial position and income statements per the attached forms.

Reports must comply with Egyptian accounting standards and financial statement formats in Annex (3). Audits shall follow international standards.

These rules apply to companies undertaking activities under Article (27) of the law, even if they have not publicly offered securities.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (59):

Repealed.

Article (60):

Repealed.

Article (61):

Repealed.

Article (61) Bis (1):

Repealed.

Article (61) bis (2):

Repealed.

Article (61) bis (3):

Repealed.

Article (61) bis (4):

Repealed.

Article (61) bis (5):

Repealed.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (62):

Repealed.

Article (63):

The company or its articles cannot impose restrictions on trading its shares if it is a public subscription company or if the shares are listed on a securities exchange, without prejudice to existing conditions as of this regulation's enforcement date.

Article (64):

If a joint-stock company or partnership limited by shares' capital includes in-kind material or intangible contributions at incorporation, capital increase, or merger, whether from all or some of the founders, subscribers, or partners, the founders or board or managing partners must request valuation of these contributions by the competent committee per the applicable law.

Article (65):

Shares issued against in-kind contributions or mergers must match the value assessed by the competent valuation committee.

Article (66):

The entity receiving the valuation request must notify the founders' representative, the board chairman, or managing partners and the contributor of the committee's decision within 15 days via registered mail.

Any party may appeal this valuation within 30 days to the grievance committee as per Chapter Five of the law; otherwise, the valuation becomes final and binding on the founding or general assembly as applicable.

Contributors may withdraw or pay the difference in cash. Concerned parties must pay the Authority an amount determined for the grievance committee's fees.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (67):

Grievances shall follow the procedures before the grievance committee.

The committee may summon parties for hearings or request documents and clarifications.

Article (68):

Shares cannot be issued against in-kind contributions or merged rights until the grievance period expires or a final decision is issued.

Article (69):

Commercial registry offices must inform the Authority of any registered data on joint-stock or partnership limited by shares companies within two weeks of registration.

Chapter Two: The Body of Holders of Bonds, Sukuk, and Other Securities

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Article (70):

Bondholders, sukuk holders, and holders of other single-issuance securities may form a bondholders' group aimed at protecting their common interests and overseeing the issuance until its conclusion.

The subscription prospectus or information memorandum, as applicable, must include a clause allowing subscribers to indicate whether they wish to join the bondholders' group. A statement of that preference must be attached to the subscription certificate.

For issuances made in tranches under a single issuance program, holders of each tranche are eligible to join the group and participate in all its actions and resolutions in proportion to their holdings as at the date of joining.

The prospectus or information memorandum must specify how such a group is to be formed and how rights of holders in each tranche are to be incorporated.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (71):

The bondholders' group shall appoint a legal representative from among its members at a meeting, by majority vote of the holders present. The representative's name must be communicated promptly to the Authority and issuance-related entities via the publication methods prescribed by the Authority's Board.

The group shall specify the term of representation, a deputy for absence, and the representative's remuneration.

If no representative is chosen within three months of the first meeting, the issuer must request the Authority to appoint one; the Authority's Chairman shall do so within one month of receipt.

The legal representative may be removed by the majority of holders present or by a 5% request of issuance value or by the Authority, with reasoned resolution and election of a successor in the same meeting.

Article (72):

The representative or deputy must be a natural person, either in their personal capacity or as a representative of a legal entity. They must have no direct or indirect ties to the issuer or securitization parties, no conflicting interests with security holders, and must not be a board member, managing partner, supervisory member, employee of any company owning more than 10% of the issuer's capital, nor party to guarantees of its debts.

Article (73):

Within fifteen days of formation, the issuer's Chairman or Managing Director and the group's legal representative must notify the Authority of the group's formation and the representative's identity.

Within fifteen days of any group decision, the legal representative must notify the Authority and the issuer's leadership with a signed copy of the resolution.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (74):

The legal representative shall:

- Chair group meetings, or in their absence, appoint a temporary chair;
- Administer and safeguard group interests per internal rules;
- Represent the group before the issuer, third parties, and the courts;
- Initiate legal proceedings, including challenging harmful decisions by the issuer;
- Convene the group when necessary to protect interests, if issuer decisions harm security holders, or for defaults on payments;
- Exercise any other powers provided in the prospectus or memorandum consistent with group interests.

Article (75):

The issuer must notify the representative of any shareholder or equivalent general meeting dates and provide all relevant materials as provided to shareholders.

The representative has the right to attend such meetings, raise observations (without voting rights), present group decisions or recommendations to the issuer's board or meeting, and have them recorded in minutes. The representative may not interfere with issuer management.

Article (76):

The security holders' group may be convened at any time under any of the following circumstances:

- At the representative's request;
- At the issuer's board or managing partners' request;
- Upon a written request by holders of at least 5% of issuance value; if no meeting occurs within 30 days, the requestors may seek a temporary representative via an emergency court order;
- At the request of the Authority;

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- At the liquidator's request during a liquidation;
- At any other time prescribed in the prospectus or memorandum.
  The request must state agenda items. The group may consider:
    - Prospectus or memorandum amendments;
    - Securitization contract adjustments or terminations;
    - Increases in fees or commissions affecting the securitized asset pool;
    - Default events or breaches of subscription terms;
    - Matters referred by the Authority;

Any matter provided in the prospectus or memorandum.

Group resolutions are taken by majority vote of those present, except items (a), (d), and (e), which require a two-thirds majority.

Article (77):

Anyone convening the group meeting must simultaneously notify the Authority and issuer of the invitation details or publication.

Article (78):

A group meeting is valid with a majority of the issuance value present; if quorum is not met on first call, a second meeting is valid with any number of attendees.

Article (79):

Meeting invitations must include the agenda items required for a company's ordinary general meeting, plus details of the securities issuance in question, identity and capacity of the convener, or court-appointed temporary representative.

The invitation must follow the method stated in the prospectus or memorandum, with prior notice to the Authority and publication according to the Authority's rules.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (80):

The convener sets the agenda. Holders of at least 5% issuance value may request inclusion of additional issues. No decisions can be made on matters not on the agenda.

Article (81):

Every holder of bonds, sukuk, or debt securities may attend meetings either in person or via proxy.

Holders whose securities are impaired due to issuer bankruptcy or disputes over redemption terms are entitled to attend.

Representatives of the issuer, its directors, employees, affiliated companies, guarantors, monitoring board members, or auditors are prohibited from representing holders at these meetings.

Article (82):

The group meets at the issuer's headquarters or another location in the same city designated by the group.

Unless otherwise specified in the prospectus, the issuer bears all meeting costs, including convocation and representative fees.

Article (83):

Subject to the second paragraph, the group may during meetings:

- Take any actions to protect holders' interests and enforce subscription terms;
- Approve expenses related to such actions;
- Issue recommendations to be submitted to the issuer's board or shareholders.
  The group may not take actions that increase burdens on members or create unequal treatment.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (83) Bis:

Formation of Sukuk-holders Group:

Holders of a single-issuance sukuk may establish a sukuk-holders group for protection and oversight until expiry or full redemption, or by agreement.

The prospectus or memorandum must allow sukuk subscribers to opt in to membership. The group begins on formation and ends at sukuk maturity, redemption, or holders' agreement.

The Authority must be notified within fifteen days, including the legal representative's appointment, via prescribed publication channels.

The appointment, removal, or replacement of the representative follows Article 71 conditions, ensuring independence and legal suitability.

Article (83) Bis (1):

The sukuk-holders group's legal representative shall convene meetings at the issuer's premises or other designated site per the prospectus. Group procedures shall follow Article 70–83 rules.

Article (83) Bis (2):

In addition to Article 83 powers, the sukuk-holders group may:

- Monitor use of sukuk proceeds as specified in the prospectus;
- Review issuer or beneficiary actions that conflict with terms and take appropriate measures;
- Track profit distribution or redemption at sukuk maturity per the prospectus;
- Approve amendments to the prospectus, issuance contract, investment strategy, maturity, yield, distribution, tradability, and terms of sukuk;
- Execute any other powers granted in the prospectus, consistent with group interests.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (83) Bis (3):

The legal representative must:

- Perform duties under the prospectus and coordinate with issuance-related entities as needed;
- Convene the group immediately upon receiving material information affecting the sukuk or project progress from beneficiary entities, along with steps taken to address such information.

Article (83) Bis (4):

The issuer must inform the sukuk-holders' representative of any material information affecting the sukuk or project within three business days and bear the meeting costs and representative fees, unless otherwise stated in the prospectus.

Article (83) Bis (5):

Provisions for bond and sukuk holders in this chapter apply to sukuk-holders groups unless stated otherwise.

Article (84):

Rules governing ordinary general meetings of companies under the Executive Regulations of Law No. 159 of 1981 shall apply to bond/sukuk holders' meetings where no special provision is made in this chapter.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (85):

Securities shall be listed and traded on securities exchanges in accordance with the Law, these Regulations, and implementing decisions.

Article (85) Bis:

Applicants for listing and offering securities on the Egyptian Exchange must satisfy registration requirements set by the Authority and file an application per its prescribed form.

Offering prospectuses must include all material data, especially:

- Issuer's capital history (authorized, issued, paid-up);
- Structure of shareholders owning ≥5%, per the Central Depository;
- Board composition (executive, full-time, independent, skilled);
- Executive management and staff;
- Exchange contracts;
- Central depository status;
- Tax position and exemptions;
- Major litigation and financial provisions;
- Encumbrances and loans;
- Asset insurance;
- Investments in subsidiaries/affiliates;
- Summaries of subsidiary activities and investment history;
- Major selling shareholders' data;

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- Shareholder structure pre/post-offering;
- Pledged shares data;
- Freely tradable shares;
- Auditors and legal counsel;
- Company contact information.

Additionally:

- Disclosure of core business nature;
- Offering rationale, major shareholders' positions, lock-up periods;
- Post-offer actions;
- Summary of independent financial advisor's fair-value report and auditor's review, including declarations on assumptions and data integrity;
- Historical financial statements (three years comparatives);
- Offering terms per the placement manager;
- Stabilization mechanisms post-offering.

Article (86):

Every exchange must establish technical infrastructure for listing and trading, and the Cairo and Alexandria exchanges must interconnect their trading systems.

Trading occurs per exchange regulations approved by the Authority.

Article (87):

Every issuer with listed securities must furnish the exchange with:

- Documents for statutory amendments within 15 days of effectiveness;
- Financial statements, board composition, and internal/auditor reports within 15 days of approval;

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- Semi-annual disclosures of board/staff contributions and any shareholders holding ≥10%;
- Any additional documents required by the Authority.

  Non-broker entities may not access these disclosures per Article 101.

Article (88):

Each exchange must maintain a registry of individuals representing brokerage firms in trading, with entries listed by the exchange management and notified to the Authority within one week.

Article (89):

Individuals conducting trading for a brokerage firm must:

- Be legally competent;
- Of good repute;
- Not previously dismissed for misconduct, disbarred from brokerage, convicted of dishonesty/felony or subject to bankruptcy;
- Meet experience or examination requirements set by the Authority;
- Work exclusively for one firm;
- Hold a university degree.

  Exceptions apply for existing brokers/brokers at time of enforcement.

  Decisions to refuse, suspend, or delist may be appealed before the grievance committee.

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Article (89) Bis:

Exchanges shall maintain a registry of all Authority-licensed securities firms operating on the exchange, with registration upon payment of fees under Article 19 of the Capital Market Law.

The exchange's board shall set terms and conditions, subject to Authority approval.

Article (89) Bis (a):

Securities firms registered under the previous Article shall be members of the exchange.

Membership rules shall be established by the exchange's board and approved by the Authority.

Article (89) Bis (b):

Membership categories include:

- Executing margin trades and settlements;
- Executing trades and settlements;
- Executing and settling through a custodian;
- Principal dealers in government bonds;
- Custodians.

Article (89) bis (c):

The exchange shall supervise that each member meets ongoing technical and financial criteria.

Any violations by members, directors or representatives must be reported to the Authority.

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Article (89) bis (d):

In cases requiring inspection of a member's activities, the exchange must immediately notify the Authority and may involve exchange staff as nominated by its Chair.

The exchange's membership committee may:

- Issue warnings;
- Suspend services or impose penalties;
- Restrict trading privileges, services and representation in the trading floor as needed. Appeals may be made within 15 days.

Article (89) bis (e):

Repealed.

Article (89) bis (f):

Exchange members must submit annual audited financial statements within 90 days of fiscal year-end and quarterly reviewed statements within 45 days of quarter-end, prepared in accordance with Egyptian accounting standards.

Chapter Two: Provisions Governing Trading and Execution of Transactions

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Article (90):

Brokerage firms are prohibited from engaging in policies or transactions harmful to their clients or infringing on clients' rights. Proprietary trading is also prohibited.

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Article (91):

Brokerage firms must record client orders immediately upon receipt, detailing the order, identity of requester, timing, delivery, and price. Firms must also maintain facilities necessary to conduct their operations.

Article (92):

Execution of buy and sell orders for securities—whether client orders or transactions executed by brokerage firms—must occur at the place and times determined by the stock exchange management. All orders must be displayed in a transparent manner, including essential transaction details, under rules set by the stock exchange management and approved by the Authority.

Article (93):

The Authority shall monitor trading activities to ensure transactions involve valid securities and that no trades executed through the exchange are tainted by deceit, fraud, manipulation, or fictitious or abusive speculation.

Article (94):

The Authority, in coordination with the stock exchange, shall issue detailed rules regulating market conduct to prevent any practices that might disrupt fair and orderly trading or harm investors' rights. These rules shall address matters such as:

- Prohibited forms of price manipulation.
- Use of confidential or undisclosed information (insider trading).
- Unjustified influence on securities' prices through rumors, misleading information, or fictitious orders.
- Abusive or speculative practices that could disrupt the proper functioning of the market.

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Article (95):

The stock exchange shall issue its internal rules and procedures related to the enforcement of the provisions of these regulations. These rules shall define:

- The measures and penalties applicable to violations of exchange rules and the requirements of good practice.
- The procedures for handling complaints and disputes between market participants.
- The reporting obligations of brokerage firms, traders, and listed companies regarding their activities and any events affecting the securities they issue or trade.

These rules shall be subject to the Authority's prior approval before becoming effective.

Article (96):

The Authority shall set the general rules governing securities trading, including the obligations of brokerage firms, dealers, and other licensed entities towards clients and the market. These rules shall ensure the following:

- Transparency and fairness in executing transactions.
- Preservation of clients' rights and protection of their interests.
- Proper documentation and record-keeping of all transactions and client instructions.
- Ensuring that brokers and dealers act with honesty, competence, and in accordance with professional ethics.

Article (97):

It is permissible to trade any number of securities.

The trading price of a security shall be its last closing price, and the closing price shall be determined according to the rules set by the Exchange and approved by the Authority.

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Article (98):

The Exchange shall register transactions executed by brokerage firms on the same day of receiving notification thereof. The registration shall include the name of the seller and buyer, full details of the security, and the price at which the transaction was executed.

Interested parties may obtain a copy of the registration according to the system in force at the Exchange.

Article (99):

Each Exchange shall register transactions notified to it concerning the trading of securities not listed therein.

The registration shall include the data referred to in the previous Article.

Chapter Three: Settlement of Transactions and Disclosure of Information

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Article (100):

Ownership of registered nominal securities shall be transferred upon completion of the registration of their trading on the Exchange through the means prepared for this purpose.

The Board of Directors of the Authority shall issue decisions setting out the rules and procedures for trading unlisted securities on Egyptian Exchanges and the procedures for transferring their ownership.

Article (101):

Each Exchange shall, within one week from the date of its approval for listing a security, provide the Authority with the requested data and the following information according to the type of security:

For Shares:

- Company name and legal structure.
- Authorized, issued, and paid-up capital.

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- Type of subscription and number of subscribers.
- Type of shares and par value per share, and the paid-up portion at the date of submitting the data.
- Data on each issuance being listed, including issuance number, date, value, par value per share, and number of shares.
- Date of Exchange approval for listing.
- Type of list under which the security was listed.

For Bonds, Sukuk, and Other Securities:

- Issuing entity.
- Value of the bond, sukuk, or other security.
- Return and maturity date.
- Type of subscription.
- Date of Exchange approval for listing.
- Type of list under which the security was listed.
- Date and number of the listed issuance.

Each Exchange shall provide the Authority with the following periodic reports regarding the trading of listed securities:

- **Daily Trading Report:** Including the types of securities traded, prices, quantities traded, transaction types, total number of transactions per day, and number of transactions on unlisted securities.
- **Bi-monthly and Monthly Trading Reports:** Including the volume of securities traded in terms of quantity, total value, number of transactions, last closing price, and nominal value for securities with delisted closing prices in accordance with Article (98) of these Regulations.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
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email info@eg.Andersen.com

- **Annual Trading Report:** Including annual trading volumes by quantity, value, and number of transactions compared to the previous year; highlighting annual market totals, trading activities across sectors, significant developments during the year and their market impact, trading volume in securities, and proposals for remedying any negative impacts. It shall also include data on the impact of trading on the listing status of each security on both the official and unofficial lists and data on transactions of unlisted securities.

Article (102):

Information on trading shall be published daily through a daily price bulletin prepared by the Exchange, containing the following data:

- Sequential prices at which transactions were executed during the session.
- Closing price for each security with publication of bid and ask prices, even if no transactions were executed at those prices.
- Types of securities traded during the session.
- Comparison of today's closing prices with the last previous closing prices for the traded securities.

The Exchange shall prepare a monthly bulletin including details of securities listed during the month, total monthly trading volumes of listed securities distributed by sector, their values, number of transactions both overall and per sector, compared to the previous month, key statistical indicators, and any other information deemed necessary for introducing listed securities.

Article (103):

Companies may be established for clearing and settlement of securities transactions on the Exchange. Their purpose shall be to organize the delivery and receipt of traded securities via brokerage firms, settle the financial positions resulting from these transactions, and perform clearing related thereto, according to a system set by the Exchange and approved by the Authority.

Maher Milad Iskander & Co.
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Until such companies are established, the Exchange's management shall undertake the clearing and settlement of brokerage transactions according to its established system.

Chapter Four: Private Exchanges

Article (104):

Subject to the approval of the Authority's Board of Directors, private exchanges with their own legal personality may be established in the form of joint stock companies, with trading limited to one or more types of securities.

Such exchanges may not commence operations without obtaining a license from the Authority.

Article (105):

Private exchanges shall be established according to the rules, procedures, and conditions stipulated in these Regulations for the establishment of companies operating in the field of securities, and in accordance with any guidelines set by the Authority's Board of Directors.

The approval for establishing a private exchange shall be issued by a decision of the Authority's Board of Directors.

Article (106):

The articles of incorporation and by-laws of private exchanges shall comply with the templates set by the Authority.

The accounts of private exchanges shall be audited by auditors registered with the Authority's auditors' register, selected and their fees determined by the general assembly of the exchange company.

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Article (107):

Private exchanges shall comply with all rules and regulations governing the application for approval of their establishment, the required structure of their shareholders, board members, executive management, membership committees, and other committees. They shall also adhere to rules for avoiding conflicts of interest among board members and staff, and the prohibition on using or disclosing non-public information for personal gain. These requirements shall be specified by a decision from the Authority's Board of Directors.

Article (108):

Trading of securities or financial instruments listed on private exchanges shall be conducted according to rules set by the Board of Directors of the exchange and approved by the Authority.

Article (109):

A futures exchange may be established to trade contracts whose values are derived from the value of financial or tangible assets, price indices, securities, financial instruments, or other indices determined by the Authority. These may include futures contracts, options contracts, swaps, or other standard contracts.

Article (110):

The Board of Directors of the Authority shall issue a decision specifying the rules, conditions, and procedures for licensing futures exchanges to carry out their activities. This includes the obligation to provide security to the Authority, the amount of such security, the procedures for deductions therefrom, the circumstances and procedures for replenishment, and the Authority's management of its proceeds.

Article (111):

Trading in contracts on the futures exchange shall be carried out in accordance with the forms and conditions approved by the Board of Directors of the Authority.

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Article (112):

The Egyptian Exchange may establish a joint stock company to carry out futures exchange activities. It may also engage in the trading of derivative contracts on the securities listed on it without the need to establish a separate company.

Article (113):

Clearing and settlement operations for contracts traded on futures exchanges shall be conducted in accordance with the provisions of the Central Securities Depository and Registration Law and its executive regulations through a clearing and settlement company licensed by the Authority.

The entity licensed to carry out clearing and settlement operations shall issue a set of rules governing the clearing and settlement processes. These rules shall not come into force until approved by the Authority.

In the case of physical settlement of commodity contracts, the commodities shall be delivered in accordance with the rules established by the Supervisory and Regulatory Unit for Accredited Commodity Warehouses.

Other than the aforementioned, the Central Securities Depository and Registration Law and its executive regulations shall apply.

Article (114):

An independent unit with a special nature shall be established at the Ministry responsible for internal trade under the name "Supervisory and Regulatory Unit for Accredited Commodity Warehouses." This unit shall be responsible for regulating, supervising, and monitoring accredited commodity warehouses and experts in commodity classification.

Article (115):

The Supervisory and Regulatory Unit for Accredited Commodity Warehouses shall have a Board of Trustees, whose formation and the financial treatment of its members shall be determined by a decision from the Minister responsible for internal trade.

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Article (116):

Transactions within futures exchanges shall be executed by order executors at brokerage firms on behalf of clients and members trading on their own behalf. Brokerage firms for futures contracts shall be established in accordance with the provisions of Article (27) of the Capital Market Law. The Board of Directors of the Authority shall set the licensing requirements.

Article (117):

Brokerage firms in futures contracts must comply with the disclosure requirements to clients as stipulated in the Capital Market Law. A brokerage firm may trade contracts on its own behalf provided it discloses to the futures exchange and the Authority all its proprietary trading activities or those conducted on behalf of its employees, in accordance with procedures established by the exchange and approved by the Authority.

Article (118):

In cases where a private exchange wishes to voluntarily suspend its activities, the Board of Directors of the exchange must, after obtaining approval from an extraordinary general assembly by a three-fourths majority of the company's shareholders, submit a request to the Authority to obtain approval to proceed with the suspension procedures. The following must accompany the request:

- Reasons and justifications for suspending the activity.
- A commitment to fully discharge the exchange’s obligations to all counterparties upon the Authority’s approval within a timeframe set by the Authority.
- A certified statement from the exchange’s legal representative regarding its financial and non-financial obligations, whether to the Authority or any other entity.
- A statement of any ongoing legal cases involving the exchange.
- A statement of the status of fulfilling all buy and sell orders submitted to the exchange for securities or financial instruments licensed for trading.
- The proposed date for suspending trading in securities or financial instruments licensed for trading by the exchange.

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- A commitment to notify the entity licensed by the Authority to conduct clearing and settlement, brokerage firms, proprietary members, and the Supervisory and Regulatory Unit for Accredited Commodity Warehouses of the suspension immediately upon the Authority's approval.

- An auditor's report on the proposed suspension of activities.

- A study outlining how the exchange will liquidate its operations.

- A commitment to comply with all rules and procedures determined by the Authority regarding the suspension of activities.

Article (119):

The Authority shall examine the suspension request after ensuring that all necessary information and supporting documents have been submitted. It may request additional documents, data, or information deemed necessary for deciding on the request.

The prepared study shall be submitted to the Board of Directors of the Authority for a decision, taking into account the following:

- The importance of the securities or financial instruments involved and sectors likely to be adversely affected by the suspension.

- The volume and value of trading on the exchange and whether the activity has been consistently unprofitable.

- Whether members of the Board of Directors, key shareholders, or their relatives up to the fourth degree stand to benefit from the suspension.

  The Board of Directors of the Authority shall issue its decision on the suspension request in one of the following forms:

  - Approving the request and determining the effective date, including the necessary steps the exchange must take to complete the suspension process, such as ceasing to accept new client transactions except those aimed at closing accounts and contracts. A suspension period may also be specified.

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- Requiring the exchange to continue its activities until its activities are transferred to the Egyptian Exchange or another licensed exchange within a period not exceeding one year.

  To preserve market stability and protect participants, the Board may appoint a commissioner to manage the exchange during the suspension period.

Article (119) Bis:

The exchange shall publish the Authority's decision approving the suspension of activities and the related rules and procedures issued by the Authority through the means of publication determined by the Authority's Board.

The publication must include an invitation for concerned parties, such as clients, brokerage firms, the entity licensed for clearing and settlement, and others, to submit their comments on the suspension within a period not exceeding one month from the date of publication.

The Authority shall review these comments and direct the exchange's management on how to address them.

Article (119) Bis (2):

The liquidator shall carry out all necessary activities during the liquidation period and is prohibited from accepting any new requests or orders for securities or contracts being traded.

The liquidator shall submit quarterly reports to the Authority on the progress of the liquidation.

The Authority may, on its own initiative or upon request from concerned parties, request the removal or replacement of the liquidator if they fail to fulfill their legal duties or if they are negligent.

The exchange's general assembly shall take the necessary steps to remove or replace the liquidator and appoint a replacement, with the decision registered in the commercial registry as required by law.

Maher Milad Iskander & Co.
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Unless otherwise provided, the rules and procedures for liquidating companies operating in the securities field and the provisions for joint stock companies, partnerships limited by shares, limited liability companies, and sole proprietorships shall apply.

Article (119) Bis (3):

The provisions of Articles (118) to (119 bis 2) of these regulations shall apply in cases where the Egyptian Exchange establishes a company to engage in futures exchange activities.

Article (119) Bis (4):

In cases where the Egyptian Exchange wishes to suspend its activities in trading derivative contracts on listed securities, while conducting such activities itself, the Chairman of the Egyptian Exchange must, after obtaining Board approval, submit a request to the Authority to approve the suspension procedures. This request must include the requirements listed in points (1) to (10) related to the trading of derivative contracts on securities as stipulated in Article (118) of these regulations, along with the following commitments:

- Notify the entity licensed by the Authority for clearing and settlement and brokerage firms, as well as proprietary members, of the intention to suspend the activity.

- Specify the method for liquidating all contracts currently being traded.

  The previous provisions on suspension and license revocation shall apply, excluding those related to liquidation procedures, and all in accordance with the legal nature of the Egyptian Exchange.

Article (119) Bis (1):

The exchange shall comply with all the requirements set by the Authority for suspending activities within the deadlines specified. Upon completion of all such requirements, the matter shall be presented to the Board of Directors of the Authority for license cancellation, based on a request submitted by the legal representative of the exchange, accompanied by the decision of the company's general assembly appointing one or more liquidators to carry out the liquidation, including the procedures to be followed and the liquidation period, which shall not exceed one year.

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No company may suspend its activities or liquidate its operations without the approval of the Board of Directors of the Authority, after ensuring that the company has fully discharged its obligations in accordance with the terms and procedures determined by the Authority.

Part Three: Companies Operating in the Field of Securities

Chapter One: General Provisions

Article (120):

Companies operating in the field of securities are those companies that engage in one or more of the following activities:

- Promotion and underwriting of securities subscriptions.
- Participation in the establishment of companies that issue securities or in increasing their capital.
- Venture capital.
- Clearing and settlement of securities transactions.
- Formation and management of securities portfolios and investment funds.
- Brokerage in securities.
- Other activities related to securities as determined by the Minister of Economy after the approval of the Authority's Board of Directors.

Article (121):

The activities related to the promotion and underwriting of securities include:

- Managing the promotion and underwriting of securities subscriptions, attracting investors, and related media publications.

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- Subscribing to securities offered or not offered for public subscription, with the right to re-offer them in a public subscription or otherwise under the same terms and conditions in the approved prospectus within a maximum period of one year from the date of its approval, without being restricted by the nominal value of the security.

The issuer must provide the company with any amendments or changes occurring during this period to take appropriate action according to Article (49) of these regulations.

The company shall conduct its activities in accordance with the law, the decisions issued in its implementation, and the agreement it concludes with the concerned parties.

The Authority must be notified with a copy of this agreement, and the Authority shall communicate its observations to the company within thirty days from the date of receiving the notification.

Article (122):

A company is considered to be operating in the activity of establishing companies that issue securities or increasing their capital in the following cases:

- Companies that engage in the establishment or participation in companies operating in non-banking financial activities.

- Companies with more than half of their portfolio invested in companies operating in non-banking financial activities.

The Board of Directors of the Authority shall set the controls for the application of this article and the rules for companies to comply accordingly.

Article (123):

The venture capital activity involves financing the operations of companies that issue securities or supporting them, providing technical and administrative services, participating in projects and facilities with the aim of converting them into joint-stock companies or partnerships limited by shares, provided these projects or companies are high-risk or suffer from financing shortages, leading to extended investment cycles.

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Article (124):

Companies operating in the field of securities as stipulated by law must take the form of a joint-stock company or a partnership limited by shares.

They must maintain the necessary books and records to conduct their activities as specified by these regulations and comply with the governance rules issued by the Board of Directors of the Authority.

Article (125):

The issued and paid-up capital for companies engaged in one or more of the activities subject to Law No. 95 of 1992 shall be as follows:

First: Five million EGP fully paid in cash for the following activities:

- Promotion and underwriting of securities.
- Participation in the establishment of companies issuing securities or increasing their capital.
- Formation and management of securities portfolios and investment funds.
- Securities brokerage.
- Securities evaluation and analysis.
- Securities rating, classification, and arrangement.
- Information dissemination on securities.
- Securitization of financial rights.

Second: Ten million EGP fully paid in cash for the following activities:

- Venture capital.
- Trading, brokerage, and dealing in bonds.

Third: Two and a half million EGP for securities rating and classification activities related to medium and small enterprises as determined by the Authority's Board of Directors, considering the applicable laws governing such companies.

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Article (126):

The maximum value of transactions conducted by companies mentioned in Article (120) of these regulations for each activity shall be determined in light of their capital and paid insurance according to the rules established by the Board of Directors of the Authority.

The insurance amount shall consider the size and nature of the company's activities, the risks involved, and the company's burdens and obligations.

Article (127):

No company may be established to engage in any of the activities listed in Article (27) of the law, regardless of its legal structure, except in accordance with the provisions and conditions stipulated in the law and these regulations.

Founders or those responsible for the company's management may, before proceeding with establishment procedures or obtaining a license to operate, apply to the Authority for preliminary approval, attaching the documents specified by the Authority.

The approval shall depend on the capital market's need for the activity the company seeks to be licensed for or established to perform.

If multiple purposes are intended, these activities must not be conflicting.

Chapter One

Section One: Incorporation

Article (128):

Applications to establish companies operating in the securities field shall be submitted to the Authority using the form prepared by it, along with the following documents:

- Three copies of the company's memorandum of association and articles of incorporation signed by the founders or their proxy.
- A certificate from the Commercial Registry confirming no confusion between the company's name and other companies.

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- A declaration from the competent authority within the legal entity appointing its representative on the company's board of directors, if applicable.
- An auditor's declaration accepting the appointment.
- A certificate confirming full subscription to all company shares and that the minimum payable value of shares or quotas has been paid, which cannot be withdrawn until after the company's incorporation is registered in the Commercial Registry.
- A statement from the founders' agent detailing any amendments made to the company's memorandum of association and articles of incorporation.
- If the articles include the issuance of founders' shares or profit shares, documents proving the existence of the obligation or right for which these shares were issued and evidence of their transfer to the company post-establishment must be provided.
- If in-kind contributions are included in the company's capital, evidence of their evaluation and completion of related procedures must be submitted.
- Proof of payment of the establishment fee to the Authority.

Article (129):

The Authority shall maintain a register for recording company establishment applications, assigning sequential numbers based on the date of submission. Each application shall have a dedicated file containing all related documents and procedures.

The Authority shall provide the applicant with a receipt indicating the date of submission and the registration number.

Article (130):

A committee comprising technical and legal experts shall be formed by a decision of the Chairman of the Authority to review company establishment applications.

This committee shall have a technical secretariat composed of a sufficient number of Authority staff.

The Chairman of the Authority shall determine the remuneration for committee members and the secretariat.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
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Article (131):

The secretariat shall register establishment applications in the register referred to in Article (129) of these regulations. If the documents are complete, they shall proceed with presenting them to the committee. If deficiencies are found, the concerned parties shall be notified within fifteen days from the date of submission to complete them, and this shall be noted in the register.

Article (132):

Committee decisions to reject an application must be justified.

Committee decisions are not final until approved by the Chairman of the Authority. Concerned parties shall be notified of the committee's decision within fifteen days from the date of approval.

Chapter One

Section Two: Licensing

Article (133):

No activity related to securities may be practiced without obtaining a license from the Authority.

Licensed companies shall be registered in a special register maintained by the Authority for this purpose, assigning each company a serial number indicating the type of license granted, and containing details about the company, its capital, board members, managers, and branches.

Each licensed company shall receive a certificate specifying its licensed activities and must reference this in its correspondence.

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46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (134):

Licensing for any of the activities of companies operating in the securities field shall require payment of a fee of ten thousand EGP per activity, with a maximum of thirty thousand EGP in the case of practicing multiple activities.

Article (135):

The license application must be submitted using the designated form, accompanied by the following:

- A certificate of commercial registration, including date, number, and location.
- The activities to be practiced and the adequacy of capital for these activities.
- A statement of the board of directors and managers, their experience, as specified by the Authority's Board of Directors.
- Proof that founders, board members, and managers are of good reputation and have not been convicted of crimes involving honor or trust or bankruptcy unless rehabilitated.
- Proof of payment of the licensing fee.
- Proof of payment of the insurance amount as determined by the Authority's Board of Directors.
- Any amendments to the data and documents upon which the company was established.
- Evidence that the company, if it manages securities funds, brokerage, portfolio management, record-keeping, settlement, clearing, or custody services, has insurance against liability for losses or damages to clients caused by errors of the company, its managers, or employees, or due to loss, damage, or theft of client documents or funds, as regulated by the Authority's Board of Directors.
- Rules established by securities rating and classification companies regarding credit rating procedures and internal control policies to prevent misuse of information available to such companies.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (136):

The Authority shall review the license application within thirty days from the date of submission of complete documents.

The Authority shall notify the company of its decision within fifteen days from the date of issuance.

If the application is rejected, the decision must be reasoned.

If the Authority does not respond within the specified period, this shall be deemed an implicit rejection of the application.

Article (137):

The Authority may revoke the license granted to any company operating in the securities field in the following cases:

- If the company ceases its licensed activity for more than six consecutive months without justifiable reasons acceptable to the Authority.
- If the company violates the provisions of the law, its executive regulations, or the issued decisions implementing them.
- If the company no longer meets the conditions upon which the license was granted.
- If the company engages in activities outside the scope of its license.

The revocation decision shall be reasoned and notified to the concerned party.

Article (138):

The Authority shall maintain a special register recording companies whose licenses are revoked, indicating the reasons for revocation and the date thereof.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (139):

Companies operating in the securities field must maintain proper accounting records, including:

- General ledger.
- Journal.
- Inventory book.
- Bank accounts book.
- Client accounts book.
- Any other books required by the nature of the activity as determined by the Authority's Board of Directors.

These records must reflect the true and fair financial position of the company and comply with applicable accounting standards.

Chapter Two: Investment Funds

Section One: General Provisions and Definitions

Article (140):

Companies licensed to practice securities activities must submit to the Authority the following reports:

- Quarterly financial statements.
- Annual financial statements audited by the company's auditor.
- Any other reports requested by the Authority related to the company's financial position or activities.

Reports must be submitted within the periods specified by the Authority.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (141):

Companies operating in the securities field must appoint an auditor or more from among those registered with the Authority.

The auditor must comply with the auditing standards and provide the Authority with any reports or clarifications it requests concerning the company's accounts.

Chapter Two: Investment Funds

Section Two: Incorporation and Licensing

Article (142):

An investment fund shall take the form of a joint-stock company established in accordance with the procedures and provisions governing the establishment of companies operating in the field of securities. The issued and paid-up capital of the fund company shall not be less than two percent (2%) of the size of the fund, with a maximum of five million Egyptian Pounds or its equivalent in foreign currencies. The fund company may increase its issued capital beyond the aforementioned maximum limit.

The founders of the fund company shall fully pay the capital in cash in proportion to their respective shares, in return for which fund units shall be issued.

Banks and insurance companies may directly undertake the activity of open-ended investment funds in accordance with the terms and conditions set forth in the law and in this Chapter.

Banks, upon the approval of the Central Bank of Egypt, as well as companies practicing non-banking financial activities as determined by a decision of the Board of Directors of the Authority, may undertake, either independently or jointly with others, the activity of investment funds under a license from the Authority. The Board of Directors of the Authority shall issue the rules, conditions, procedures for licensing, carrying out the activity, and the supervision and oversight of the Authority.

Joint-stock companies engaged in activities related to investment funds may convert to operate as an investment fund after amending their status and articles of association in accordance with the provisions applicable to the intended fund company and after obtaining a license to practice such activity under the provisions of this Chapter, all in accordance with the terms, conditions, and procedures issued by the Board of Directors of the Authority.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (143):

The articles of association of the fund company shall conform to the model prepared by the Authority and shall specifically include the following data:

- The name, type, duration, and address of the fund.
- Names and data of the founders of the fund company and their respective ownership percentages in its capital.
- Names of the members of the fund company's Board of Directors.
- Method of appointment and removal of the fund company's Board members.
- Capital and provisions governing its increase and the maximum ratio between it and the assets against which investment units are issued.
- The system of issuing units and the method of subscription thereto.
- Procedures for subsequent offerings of units for closed-ended funds.
- Terms for redeeming units where applicable, and cases of temporary suspension of redemptions.
- Method of asset valuation for the fund.
- Powers of the General Assembly of the shareholders of the fund company.
- Powers of the unit holders' group, circumstances requiring its meeting, and procedures for convening and voting.
- Powers and authorities of the Board of Directors of the fund.
- Obligations of the investment manager.
- Method for selecting other parties related to the fund and determining their fees.
- Disclosure requirements for all related parties.
- Names of the fund's auditors.
- Name of the legal advisor to the fund, if any.
- Cases and methods for liquidation or extension of the fund's duration.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- Obligations of the custodian.
- Obligations of the administrative services company.

Article (144):

The fund company shall be licensed to undertake the activity of investment funds in accordance with the provisions of the Capital Market Law, its Executive Regulations, and the rules set by the Authority in this regard.

The Authority shall issue its decision on the licensing application within the periods and according to the procedures set forth in Article (28) of the Capital Market Law.

The Authority may revoke the fund company's license if the fund's units are not offered within six months from the date of obtaining the license. This period may be extended for one or more similar periods if justified.

Article (145):

The public offering prospectus of the fund's investment units or the information memorandum, as the case may be, shall be approved by the fund's Board of Directors and prepared in accordance with the templates issued by the Authority. It shall include, at a minimum, the following information:

- Name, type, duration, address, website of the fund, license number and date, and the name of the founding entity, if any.
- Objectives of the fund, its investment policy, and the type of investor targeted.
- Size of the fund, its increase conditions, details of the fund's founders, and the ratio of the fund company's capital to the fund's assets.
- Nominal value of units, number of investment units, minimum and maximum subscription limits.
- Name of the bank authorized to receive subscription applications and the subscription period.
- Methods of issuing and redeeming units, cases of suspension of redemption, and entities handling sale and redemption.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- Procedures and dates for payment of unit installments for closed-ended funds or for reducing the value or number of issued units.

- Names and qualifications of the fund company's Board members, the number and independence of independent members, related parties, and the Board's responsibilities.

- Procedures for appointment and removal of Board members.

- Obligations of the Board members and any expected remuneration.

- Details of other funds supervised or managed by any Board member and conflict of interest prevention controls.
- Formation procedures for the unitholders' group, its meeting procedures, quorum, voting, and authorities.

- Names, addresses, license numbers, and dates of related parties including investment manager, administration company, custodian, and underwriter (if any), and their independence from the fund.

- Summary of the investment manager's past experience, contract summary including investment decision-making processes, persons involved, compliance officer, and contact methods.

- Names, addresses, and license numbers of the auditors and legal advisor, if any.

- Disclosure of risks faced by the fund and risk management methods.

- Distribution methods for annual or periodic profits and treatment of capital gains.

- Periodic disclosure requirements of related parties.

- Disclosure of investment limits for each type of permitted fund assets.

- Fees of the investment manager and other related parties, including all their financial entitlements and other expenses borne by unit holders, including expenses related to the establishment and licensing of the fund company and other related costs during the fund's duration.

- Cases and procedures for fund liquidation.

- Methods for periodic valuation of the fund's net asset value.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- Declaration by the investment manager, auditors, and legal advisor confirming the accuracy and legal compliance of the prospectus or memorandum.

- Any other information or documents required by the Authority.

The Authority shall examine the public offering prospectus or information memorandum and the attached documents and shall issue its decision approving or rejecting the offering documents within fifteen (15) days from the date of submission of the complete file, or from the date of completing the required documents, with notification to concerned parties within two (2) working days of issuance.

Investment units shall not be offered for public or private subscription without the Authority's approval. However, with the Authority's consent, private placement promotions may be conducted subject to the rules under Article (155) of these Regulations.

The summary of the prospectus shall be published according to the means determined by the Board of Directors of the Authority. The Authority's approval shall lapse if the subscription is not opened within two (2) months from the date of approval, unless the Authority decides to extend this period.

Article (146):

The Board of Directors of the fund or the founding entity, as the case may be, shall update the public offering prospectus or the information memorandum annually, and upon listing the fund units on the stock exchange. In case of any amendments to the terms stated in the prospectus or memorandum, such amendments must be approved by the Authority, disclosed to unit holders, and notified to the stock exchange if the units are listed therein.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (147):

The fund shall issue nominal investment certificates of a single value against full payment of their value in cash by the subscribing investors.

The fund shall determine the nominal value of the certificate provided it is not less than one Egyptian Pound and does not exceed one thousand Egyptian Pounds. The certificates shall be indivisible, and the liability of certificate holders for the fund's obligations shall be limited to the extent of their holdings in such certificates.

Subscription to the fund's certificates may not be made in consideration of in-kind contributions, except in the case of private equity funds not offered for public subscription, index funds, and real estate investment funds, all in accordance with the rules set by the Board of Directors of the Authority in this regard.

Article (148):

Private equity funds and real estate investment funds not offered for public subscription may issue certificates payable in installments, provided that the information memorandum specifies the method of payment of these installments, whether on specified dates or upon request by the investment manager, as well as the consequences of failure to pay one or more installments, while adhering to the legal procedures prescribed for the sale of shares under the Companies Law No. 159 of 1981 and its Executive Regulations.

Article (149):

The board of directors of a closed-end fund may increase the invested funds by issuing new certificates. New certificates shall be issued based on the net asset value per certificate as determined by the fund's administrative services company, accompanied by a report from the fund's auditors. This shall be subject to the approval of the certificate holders' group and the maximum ratio between the fund's capital and invested funds, and any resultant increase in the capital of the fund's company.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (150):

Investment certificate holders shall share in the profits and losses resulting from the fund's investments in proportion to their holdings of such certificates. Shareholders of the fund's company shall also share in such profits and losses through the use of the company's capital to subscribe to or purchase its certificates.

Article (151):

The fund company may not dispose of the minimum subscription of the fund's investment certificates as per Article (142) throughout the duration of the fund without prior approval from the Authority and in accordance with the rules set by it.

Article (152):

Certificate holders, their heirs, or their creditors may not request segregation, earmarking, division, or control of any of the fund's assets in any manner, nor obtain any lien thereon.

Article (153):

The Authority's Board of Directors shall set the rules and procedures to be adhered to when licensing a fund company to issue multiple offerings of certificates or to offer a single issuance in tranches, taking into consideration the ratio between the fund company's capital and the funds invested in each offering, and any resulting increase in the fund company's capital in accordance with Article (17) of these Regulations.

Article (154):

Subscription to the fund's certificates may be promoted through a company licensed to promote and underwrite securities offerings or through banks under a contract concluded with the fund, specifying in particular the limits of the responsibilities of the promotion company or bank, their fees, the subscription terms, and duration. Certificates may also be marketed through brokerage firms and other entities approved by the Authority.

The Authority shall establish a register for recording entities wishing to market subscriptions to fund certificates as stated in the previous paragraph, and the Board of Directors of the Authority shall set the rules and procedures for registration and deletion from this register.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (155):

No advertisement to the public or invitation for subscription in fund certificates may take place unless the fund company has been established, licensed to practice, and has obtained the Authority's approval for the offering and the approval of the subscription prospectus. The subscription advertisement must include at least the following:

- How to obtain a copy of the prospectus or the fund's financial reports if existing.
- The purpose, capital, and duration of the fund.
- The fund's objectives.
- The fund's investment policy.
- The Authority's approval number and date, and any other approvals and licenses issued by the competent governmental bodies.
- A description of the type of investor targeted by the prospectus.
- How the value of the certificates will be disclosed periodically.
- Names of the fund company's board members, investment manager, administrative services company, custodian, and legal advisor.
- The fund's website.

Private placement funds may be promoted prior to obtaining the Authority's approval of the information memorandum, provided the Authority is notified and no funds are received from investors until the Authority approves the memorandum.

It is prohibited in cases of public offerings or offerings to qualified investors in private placements to advertise exaggerated expectations of the fund's performance or any misleading or exaggerated information. Compliance with the Authority's advertising regulations is mandatory.

The investment manager, underwriting company, and related parties shall comply with the Authority's regulations regarding any advertising materials related to offering or selling investment certificates prior to publication or distribution to investors.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (156):

Subscription to investment certificates offered publicly or privately shall be conducted through a bank or a company operating in the field of securities licensed by the Authority to receive subscriptions. Subscription to the fund's certificates shall constitute the subscriber's acceptance of the fund's articles of association, the prospectus, and consent to the formation of and joining the certificate holders' group.

Subscription shall be confirmed by an electronic extract of the subscription certificate, sealed by the receiving entity and signed by its authorized representative, containing the following:

- Name of the entity receiving the subscription amount.
- Name of the fund issuing the certificate.
- License number and date authorizing the activity.
- Name of the bank receiving the subscription amount.
- Name, address, nationality, date of subscription, and identification number of the natural person or the commercial registration or establishment deed of the legal entity as applicable.
- Total value of the certificates offered.
- Value and number of certificates subscribed for in figures and words.

The subscription period shall remain open for the duration specified in the prospectus, not less than ten days and not exceeding two months. If not all certificates are subscribed during this period, the Authority's Chairman may approve an extension for a period not exceeding another two months.

Subscription may be closed after five days from its opening if the offering is fully covered.

Article (157):

If the subscription period ends without full coverage of the offered certificates, the fund company's board may, within three days, decide to proceed with the subscription provided at least (50%) of the offered certificates have been subscribed, and provided the Authority is notified and the subscribers are informed, otherwise the subscription shall be deemed void.

The receiving bank or licensed company shall immediately refund the subscription amounts including issuance expenses upon request by the subscribers.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

If subscription requests exceed the number of offered certificates, the value of the invested funds may be adjusted to accommodate the excess, or the certificates may be allocated among subscribers in proportion to their subscription amounts, rounding up any fractions in favor of small investors, provided the Authority is notified, subscribers are informed, and the ratio between the fund company's capital and invested funds is observed in accordance with Article (142) of these Regulations.

Disclosure of the percentage of subscribed certificates and the number of subscribers shall be published using the same method as the prospectus.

Article (158):

The purchase and redemption of open-ended fund units shall be conducted through banks receiving subscriptions, brokerage firms, and other entities licensed by the Authority to engage in this activity. These entities must ensure the necessary electronic connectivity between them, the investment manager, and the fund administration services company.

The purchase and redemption of units in open-ended funds and the distribution of returns to unit holders shall be carried out in accordance with the terms and conditions and within the timelines specified in the prospectus.

The value of unit purchases shall be calculated by dividing the net asset value of the fund by the number of outstanding units, based on the valuation conducted at the end of the first business day following submission of the purchase request.

The redemption price shall be calculated by dividing the net asset value of the fund by the number of outstanding units, based on the first valuation following submission of the redemption request as disclosed in the prospectus or information memorandum. The redeemed units' value shall be deducted from the fund's assets starting from the day following the valuation date, and payment shall be made no later than two business days from the date of valuation, or as otherwise specified in the prospectus or information memorandum, whichever is earlier.

As an exception, money market funds may permit same-day purchase and redemption of units.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (159):

The Board of Directors of the fund's company may, upon the proposal of the investment manager and in exceptional circumstances, decide on partial redemption or temporary suspension of redemptions in accordance with the conditions stipulated in the prospectus or information memorandum. Such decision shall not be effective without the Authority's approval after reviewing the reasons and assessing the appropriateness of the suspension duration or the redemption percentage given the exceptional circumstances.

The following are considered exceptional circumstances:

- Concurrent redemption requests reaching a significant level that prevents the investment manager from fulfilling them.
- The inability of the investment manager to liquidate the securities within the fund's portfolio for reasons beyond their control.
- Cases of force majeure.

The investment manager may not accept or execute new purchase requests during the suspension period without prior approval from the Authority.

The investment manager must notify unit holders of the suspension of redemptions by the notification method specified in the prospectus or information memorandum, and all procedures must be properly documented. Continuous review and disclosure of the reasons for the suspension must be maintained.

The Authority and the unit holders must be notified upon the end of the suspension period.

Article (160):

Open-ended funds and money market funds are prohibited from borrowing except to meet redemption requests under the following conditions:

- The loan period shall not exceed twelve months.
- The loan amount shall not exceed 10% of the value of outstanding units at the time of the loan application.
- Borrowing must be conducted with the diligence of a prudent person and under the best possible market terms.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Private equity funds, real estate investment funds, and venture capital funds may borrow up to 60% of the net value of the fund's units, within the limits and under the conditions specified in the prospectus or information memorandum. The Authority's Board of Directors may adjust this percentage in light of market conditions.

Article (161):

The Board of Directors of the Authority shall issue the rules governing the disclosure of unit prices.

Chapter Two: Investment Funds

Section Four: Fund Governance

Article (162):

The General Assembly of the shareholders of the fund's company shall consist of all its shareholders. In matters not addressed in this chapter, the provisions of the Companies Law No. 159 of 1981 on joint-stock companies, partnerships limited by shares, and limited liability companies, as well as the Capital Market Law No. 95 of 1992 and their implementing decisions, shall apply to the ordinary and extraordinary general assemblies of the fund's company, unless otherwise provided for in this chapter.

The General Assembly of the fund's company shall have the same competencies as those of joint-stock companies' general assemblies, including approving the financial statements, the auditors' reports, the profit distribution rules, and the appointment of the Board of Directors. It shall also approve the decision of the unit holders' group regarding the fund's liquidation or extension before its term ends.

The General Assembly may not resolve to dismiss the investment manager or amend the fund's investment policy. A representative of the unit holders' group shall attend the General Assembly meetings but shall have no voting rights.

Article (162) Bis:

Repealed.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (163):

The fund's company shall have a Board of Directors composed of no fewer than three and no more than eleven members, the majority of whom shall be independent members. It is not required to have executive members among them.

The Board of Directors shall oversee the fund's activities and shall have the following competencies:

- Appointment and dismissal of the investment manager, ensuring they fulfill their obligations, with the decision subject to ratification by the unit holders' group in accordance with the prospectus, the information memorandum, and these regulations.
- Appointment of the administration services company and oversight of its obligations.
- Appointment of the custodian.
- Approval of the fund's prospectus and any amendments prior to the Authority's approval.
- Approval of the fund's subscription promotion agreements.
- Ensuring the application of policies to avoid conflicts of interest between related parties and the fund.
- Appointment of the fund's auditors from those registered with the Authority.
- Monitoring the internal auditor's activities, meeting with them at least four times a year to ensure compliance with the Capital Market Law and its executive regulations.
- Compliance with disclosure rules under Article (6) of the Capital Market Law, including publishing annual and semi-annual reports on the fund's performance, investments, returns, and distributions to unit holders.
- Ensuring the investment manager discloses material information about the fund to unit holders and related parties.
- Approval of the fund's financial statements prior to submission to the General Assembly, accompanied by the auditors' reports.
- Making decisions on borrowing and requests for redemption suspensions under Article (159) of these regulations.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- Establishing procedures for terminating or transferring service contracts to another party, including record transfers, to ensure continuity of fund activities.

In all cases, the Board shall exercise the diligence of a prudent person in safeguarding the interests of the fund and its unit holders.

Article (164):

A group of fund unit holders shall be formed to protect their common interests. The provisions and procedures for their formation and meetings shall follow those governing bondholders and holders of other securities under the Capital Market Law and these regulations. The group may be formed, its legal representative appointed or dismissed without regard to quorum requirements under Article (70), paragraph three, and Article (71), paragraphs one and three, of these regulations. Shareholders shall attend these meetings based on the number of units issued to them against their shares in the fund's capital per Article (142).

The group shall deliberate on the Board's proposals regarding:

- Amendments to the fund's investment policy.
- Changes to borrowing limits.
- Approval of changing the investment manager.
- Increases in management fees, service charges, commissions, or other financial burdens borne by unit holders.
- Prior approval of transactions involving potential conflicts of interest or considered related party transactions.
- Amendments to the fund's profit distribution policy.
- Amendments to the fund's redemption terms.
- Approval of the fund's liquidation or extension before its term ends.
- Amendments to redemption timelines where extensions exceed those set out in the prospectus or information memorandum.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- Approval of voluntary delisting of the fund's units from the Egyptian Exchange.

Decisions of the group shall be passed by a majority of units present, except for items (1, 6, 7, 8, 9), which require a two-thirds majority of units present.

In all cases, decisions shall not be effective without ratification by the Authority.

Article (165):

The investment manager shall keep the securities in which the fund invests through a bank licensed by the Authority to engage in custodial activities and supervised by the Central Bank of Egypt, in accordance with the Authority's conflict-of-interest avoidance rules, in the name and for the account of the fund. Banks licensed to act as custodians and also operating their own investment funds may serve as custodians for such funds, provided the investment manager is not a subsidiary or under effective control of the bank, in accordance with guidelines issued by the Authority's Board.

The custodian shall collect distributions on the fund's securities and must submit quarterly reports to the Authority on the securities held.

Investment unit profits shall be distributed through banks.

Article (166):

The bank, subscription receiver, or entity handling purchases and redemptions shall maintain electronic registers recording ownership of open-ended fund units. The Central Depository and Registry Company shall maintain electronic registers for closed-end fund units. Both must retain backup copies in accordance with the Authority's rules on electronic record security.

The subscription receiver shall provide the fund administration services company daily with subscriber, purchaser, and redeemer data via automated linkage as specified in Article (156) of these regulations.

The subscription receiver shall also notify the investment manager daily of the total purchase and redemption requests.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (167):

The fund administration services company shall:

- Prepare a daily report on the number of outstanding units in open-ended funds and disclose it daily, notifying the Authority within the specified timelines.
- Calculate the net asset value of open and closed-ended funds.
- Record transactions of non-listed investment units.
- Periodically (at least bi-annually, or quarterly if listed) value assets and securities held by the fund, with specialist valuers appointed for specific assets per Authority Board decisions.
- Maintain an automated register of unit holders, which serves as evidence of ownership, containing:
    - Number of units and holder details (name, nationality, address, ID for individuals, commercial registration or incorporation documents for entities).
    - Registration date.
    - Number of units per holder.
    - Subscription, purchase, and redemption transactions.
    - Redemption and sale transactions per agreements with the fund's investment manager.

The company must act diligently, especially when valuing assets, liabilities, and calculating NAV.

Prepare the fund's financial statements per Egyptian Accounting Standards and present them to the company's Board for auditor review.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (168):

The financial statements of the fund's company shall be prepared in accordance with the Egyptian Accounting Standards. The Board of Directors of the Authority shall issue the rules for preparing these statements. The accounts of the fund shall be audited by two auditors chosen from among those registered for this purpose with the Authority, provided they are independent from each other and from the investment manager and any related party to the fund.

Each of the fund's auditors shall have the right to inspect the fund's books, request data and clarifications, and verify the fund's assets. The auditors must adhere to the Egyptian Auditing Standards and prepare a report on the audit results.

A joint report must be issued by the auditors. In the case of disagreement between them, the report shall state the points of disagreement and the opinion of each auditor.

Article (169):

The assets of the fund's company and the securities it holds shall be valued when preparing the financial statements in accordance with the Egyptian Accounting Standards, taking into account the nature of each fund type mentioned in this chapter. In all cases, the explanatory notes must include the measurement basis, the accounting standards applied, and both the book and market value of the assets and securities.

Article (170):

Parties related to the fund must immediately disclose matters related to the fund, its investments, and other subjects relevant to unit holders according to the rules and procedures of the Capital Market Law, its executive regulations, the decisions issued in implementation thereof, and the subscription prospectus or information memorandum. Specifically:

First – Administration service companies must prepare and send a quarterly report to unit holders containing:

- Net asset value of the fund's company.
- Number of units, their net value, and indicative market value if available.

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- Any dividend distributions made since the last report provided to unit holders.

Second – The investment manager must immediately disclose material events occurring during the fund's operation to the Authority, unit holders, and the stock exchange (if the fund units are listed).

Third – The fund's company's Board of Directors must provide the Authority with:

- Semi-annual reports on its performance and results, including full and accurate disclosure of the fund's financial position based on financial statements prepared by the administration services company and details on the investment manager's risk management measures, following the Authority's rules. The preparation of financial statements may be delegated to the investment manager subject to Authority approval.

- Financial statements in formats prescribed by the Authority, along with the Board's report and auditors' reports, at least one month prior to the general assembly date. The Authority may review these documents or assign a specialized body to do so. The Authority shall notify the fund's Board of its comments and may require the financial statements preparer to revise them accordingly. If the Board or the preparer fails to comply, the fund shall bear the cost of publishing the Authority's observations and required amendments.

The Board must publish a summary of the semi-annual reports and annual financial statements in two widely circulated daily newspapers, at least one in Arabic.

The Authority's Board shall issue rules regulating disclosure methods.

Article (171):

The Board of Directors of the Authority shall establish governance rules for fund companies. The Authority shall have the right to review and request data, documents, and any information necessary to verify the fund's compliance with the law, its executive regulations, and the decisions issued in implementation thereof.

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eg.Andersen.com
email info@eg.Andersen.com

Article (172):

Related parties must avoid conflicts of interest, and the subscription prospectus or information memorandum must include measures to avoid conflicts of interest.

It is prohibited to invest the fund's money in other funds established or managed by any related parties, except for investments in money market funds and investments by a parent fund in its subsidiary funds.

No member of the fund's Board of Directors may serve on the board of any company in which the fund invests its securities without the prior approval of the unit holders. Similarly, the investment manager or any member of its Board or employees may not serve in their personal capacity on the boards of companies in which the fund invests without prior approval from the unit holders.

Article (173):

The investment manager, administration service company, or any related party, directors, or employees thereof shall not deal in the units of the related funds without prior approval from the Authority and in accordance with the rules and procedures set by the Authority's Board in this regard.

Article (174):

Unless otherwise specified in this chapter, investment of the fund's assets in securities shall be within the following limits and controls:

- The fund's management must seek to achieve the fund's investment objectives stated in the prospectus.
- The management must comply with the maximum and minimum investment ratios for each asset type as stated in the prospectus.
- Investment decisions must consider risk diversification and avoid concentration.
- Investments in a single company's securities shall not exceed (15%) of the fund's net assets and (20%) of that company's securities.
- Investments in another fund's units shall not exceed (20%) of the investing fund's net assets and (5%) of the invested fund's total units.

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email info@eg.Andersen.com

- Securities lending, margin trading, or acquisitions via related party groups as per Chapter 12 of these regulations are prohibited.

- Investments in securities issued by related party groups shall not exceed (20%) of the fund's net assets.

- The fund shall not engage in direct or indirect lending or cash financing.

- The fund's assets shall not be used in any action exposing it to liabilities beyond its investment value.

- Same-day trading shall not exceed (15%) of the fund's daily trading volume, subject to item (6) of this Article.

Open-ended funds must retain a portion of net assets in liquid form to meet redemption requests. This may be invested in low-risk, liquid investments.

If any investment limits are exceeded, the investment manager must notify the Authority immediately and rectify the situation within one week.

For a maximum of three months from the fund's inception, it may hold short-term cash instruments exceeding these limits.

The fund may invest up to (15%) of its net investments in acquiring microfinance portfolios licensed by the Authority, without exceeding (30%) of any individual provider's portfolio.

Article (175):

The fund shall be dissolved upon expiry of its term if not renewed, upon achieving its objective, or if circumstances prevent it from continuing operations.

The fund may not be liquidated or its term extended without prior approval of the Authority's Board. Liquidation requires prior approval from unit holders before the fund's term expires. Liquidation proceeds shall be distributed to unit holders in proportion to their holdings.

The provisions on liquidation of joint stock companies under Law No. 159 of 1981 and its executive regulations shall apply unless otherwise specified in the prospectus or information memorandum.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (176):

Banks, with the approval of the Central Bank of Egypt, and non-banking financial institutions as determined by the Authority's Board may engage, alone or jointly, in fund activities under license from the Authority.

The Authority's Board shall set rules, controls, and procedures for licensing, operating, supervising, and regulating this activity.

Article (177):

Banks, with the approval of the Central Bank of Egypt, and non-banking financial institutions as determined by the Authority's Board may engage, alone or jointly, in money market fund activities under license from the Authority. The Authority may also license "primary dealers" to engage in money market fund activities under the Authority's Board's conditions.

The investment manager must direct all money market fund assets to short-term investments, observing the following:

- Maximum investment duration: 396 days.
- Maximum weighted average portfolio maturity: 150 days.
- Diversification to ensure no single issue exceeds (10%) of net assets, excluding government securities.

Except for government securities, the Authority's Board shall set minimum risk ratings to ensure obligations can be met, and investments must meet these minimum ratings.

Article (177) Bis:

Repealed.

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eg.Andersen.com
email info@eg.Andersen.com

Article (178):

Banks, with the approval of the Central Bank of Egypt, and non-banking financial institutions as determined by the Authority's Board, may engage alone or jointly in debt instruments fund activities under license from the Authority. The investment of the fund's money shall be within the following limits and controls:

- The fund's money shall primarily be directed towards investment in medium- and long-term debt instruments with maturities of no less than 18 months, constituting not less than (51%) of the fund's assets.

- The credit rating of the medium- and long-term debt instruments (corporate bonds) shall not be below the level set by the Authority's Board, except for government securities. Investment in unrated debt instruments is permissible with the Authority's Board approval.

- The fund may not hold more than (40%) of its assets in treasury bills and repurchase agreements.

- The fund may invest up to (20%) of its net asset value in other debt instruments funds and/or money market funds, with a maximum of (5%) of the units issued by the invested fund.

- Investment in debt instruments, including securitized bonds issued by a single company, shall not exceed (10%) of the fund's assets, and no more than (15%) of the debt instruments issued by the same company and securitization originator.

- Investment in cash liquidity, bank deposits, current accounts, interest-bearing current accounts, and savings accounts shall not exceed (25%) of the fund's invested assets.

- In case of investment in convertible debt instruments, any converted shares must be disposed of within one year of conversion.

- Hedging against interest rate changes and risks arising from investing in callable debt instruments is required.

- The fund is prohibited from investing in listed or unlisted shares or real estate.

- The fund may not borrow for transactions resulting in liabilities, except for borrowing to cover redemption requests up to a maximum of (10%) of its net asset value.

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eg.Andersen.com
email info@eg.Andersen.com

Article (179):

Private equity funds are closed-ended funds whose units are offered through private placements and may be listed on the stock exchange in accordance with the exchange's listing rules. Their investments may include both listed and unlisted securities, and they may engage in venture capital activities or other activities in accordance with the controls set by the Authority.

The fund manager shall seek to diversify the fund's investments and manage concentration risks in a manner aligned with the fund's objectives and the investment policy specified in its information memorandum.

These funds are not subject to the investment ratios and fields stipulated in these regulations. The fund size, capital, or unit value may be increased or decreased as determined in the information memorandum and in accordance with the controls set by the Authority.

Article (179 Bis):

A charitable investment fund may be licensed for entities determined by a resolution of the Authority's Board. The articles of association of the charitable fund, and the prospectus or information memorandum, as applicable, shall stipulate that the distribution of profits and returns from the fund's investments shall, until its liquidation, be exclusively directed to social or charitable purposes as determined by the Authority's Board, through duly registered NGOs, governmental bodies, or their supervised or affiliated entities engaged in charitable activities.

The Authority's Board shall determine the types of funds that may not be licensed as charitable investment funds.

The articles of association and the prospectus or information memorandum, as applicable, shall specify the entity to which the value of the redeemed investment units and the fund's assets will revert upon liquidation, whether due to the fund's term expiry, fulfillment of its objectives, or the occurrence of circumstances preventing its operation. Such entity must be a governmental body or a supervised or affiliated entity concerned with social or charitable activities, or a registered NGO active in such fields.

The Chairman of the Authority shall issue the model articles of association for charitable investment funds. Investment units of such funds shall not be listed on securities exchanges. The Authority's Board shall set the necessary rules governing the trading and transfer of ownership of such units outside securities exchanges.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

The fund's size, capital, or unit value may be increased or decreased as determined in the prospectus or information memorandum and in accordance with the controls set by the Authority.

Article (179) Bis 1:

It is permissible to license the establishment of a Sustainable Development Investment Fund that invests in green projects or projects considering environmental and social dimensions.

The investment structure of the fund shall particularly consist of the following:

- Shares and financing instruments of companies and projects operating in sustainable development fields, as well as other financial instruments supporting sustainable development.

- Debt instruments issued by companies operating in sustainable development projects, provided that their credit rating is not less than the minimum determined by the Authority's Board of Directors.

- Units of other sustainable development investment funds aligned with the objectives of the fund.

- Bank deposits, on-demand deposits, treasury bills, and other liquidity instruments in accordance with the ratios specified in the prospectus or the information memorandum.

The fund manager shall prepare technical and financial feasibility studies for each investment the fund wishes to establish, participate in, acquire, or manage.

The prospectus or information memorandum shall include the following:

- The fields of sustainable development targeted by the fund for investment, and the conditions required for each investment.

- The structure of the fund's investment distribution by sector, relative to the total assets of the fund, including concentration ratios per individual project.

- The geographical distribution of the fund's investments.

- Risks associated with the fund's activities and mechanisms for managing and mitigating them.

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- The methodology for evaluating the fund's performance.

The Authority's Board shall determine the conditions applicable to the targeted economic activities for investment and may set a maximum limit on the proportion of investments in each of the fund's projects relative to its total assets. The Chairman of the Authority shall issue the standard articles of association for this type of fund.

Article (179) Bis (2):

It is permissible to license the establishment of Investment Funds in Equities and Debt Instruments or either of them ("Hedge Funds"), which invest in equities, debt instruments, and other financial securities and instruments within the limits and controls stipulated in the prospectus or information memorandum.

The fund's investment structure may consist of some or all of the following:

- Securities and financial instruments listed on Egyptian exchanges.
- Units of open-ended or exchange-listed investment funds.
- Futures, options, and derivatives contracts traded on Egyptian exchanges.
- Other financial instruments approved by the Authority's Board of Directors.

The fund shall ensure that the prospectus or information memorandum includes:

- The investment sectors targeted by the fund.
- The structure of the fund's investment distribution, including maximum and minimum investment limits per type of asset.
- Risk limits acceptable to the investment manager to achieve target returns and the manner of utilizing specialized trading mechanisms.
- The methodology for evaluating the fund's performance, including performance indicators relative to actual risks and benchmark indices for comparison.
- Rules governing subscription to the fund's units.
- Rules governing redemption of the fund's units.

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email info@eg.Andersen.com

- Borrowing limits for the fund without being bound by the limits provided in Article (160) of these Regulations.

Article (180):

A Fund of Funds is an investment fund that invests its capital in purchasing or subscribing to units of other investment funds in accordance with the conditions and limits specified in its prospectus or information memorandum.

The prospectus or information memorandum of a fund of funds investing part of its capital in real estate funds or private equity funds must include redemption rules appropriate to its nature.

A fund of funds must invest its capital in at least five different investment funds.

A fund of funds may not invest in another fund of funds, and it may not invest more than (25%) of its net assets in a single investment fund.

Chapter Two: Investment Funds

Section Six: Provisions Related to Real Estate Investment Funds

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Article (181):

Objective of Real Estate Investment Funds:

Real estate investment funds aim to invest in real estate assets, including land for the purpose of servicing, developing, and building upon it, as well as buildings that are to be constructed, developed, purchased for leasing, management, or exploitation for hotel, commercial, or storage purposes, or for sale. They also aim to invest in securitized bonds backed by mortgage portfolios and other financial assets linked to real estate activity.

The fund may undertake necessary activities related to the planning, partitioning, licensing, construction, renovation, leasing, and operation of the real estate assets in which it invests. However, resale shall not be the sole purpose of acquiring real estate assets by these funds.

Maher Milad Iskander & Co.
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Real estate investment funds must be closed-end and have a fixed duration.

Article (182):

Investment Policy Disclosure:

The fund must include in its prospectus or information memorandum its investment policy relating to real estate investments, specifying:

- The types of properties permitted for investment.
- The structure of the fund's investment distribution across different fields of real estate investment, relative to the total assets of the fund.
- The nature of revenues targeted from rental income, financial instruments, property sales, and their share of the fund's total revenue.
- The permitted geographical distribution of the fund's real estate investments.
- The policy for profit distribution to unit holders.

The fund manager is required to prepare technical, marketing, financial, and legal studies for each real estate investment the fund intends to establish, participate in, acquire, or manage.

Article (183):

Investment Scope of Real Estate Funds:

Without prejudice to the investment controls for real estate investment funds stipulated in Article (183 Bis), the fund's investments must be in one or more of the following fields:

- Properties acquired, constructed, completed, or developed for leasing or sale purposes.
- Purchasing properties for establishing industrial, service, or specialized tourism zones or for reselling their units, including necessary site development and promotion.
- Securities listed on the Egyptian stock exchanges, provided they are issued by companies whose primary assets are real estate or by companies operating in real estate development sectors.

Maher Milad Iskander & Co.
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- Investments in shares of unlisted Egyptian companies where (80%) of their assets are real estate.
- Units of real estate investment funds.
- Bonds issued by mortgage finance companies and secured by mortgage loan portfolios.
- Securitized bonds backed by financial rights portfolios of mortgage loans.
- On-demand deposits and treasury bills within the ratios specified by the Authority's licensing.

Conditions for Real Estate Assets:

- The assets must not be subject to disputes or ongoing lawsuits, whether registered or not, and must have valid allocation decisions issued by competent state authorities.
- The assets must have approved planning or building certificates from relevant authorities.
- The assets must be valued by one or more registered and independent real estate valuation experts approved by the Authority, following the Authority's real estate valuation standards.

Debt instruments and securitized bonds invested in by the fund must meet the minimum credit rating determined by the Authority's Board of Directors.

It is permissible to direct the fund's money into investments or real estate assets directly or indirectly owned by related parties, provided that:

- The concerned related party shall not vote in the unit holders' meetings regarding these matters.
- The notice for the unit holders' meeting must include a summary of the feasibility study prepared by the investment manager regarding the targeted investments.

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- The investment manager must not be a related party where such investments are concerned, except under the following conditions:
    - Disclosure in the prospectus or information memorandum that the investment manager is a related party.
    - Abstention of the related party from voting in unit holders' meetings on such decisions.
    - Periodic disclosure to unit holders of audited profit and loss accounts for each asset invested in by the fund.

The Authority may, in cases it deems appropriate, require an independent investment manager's opinion on the feasibility of such investments to be presented to the unit holders.

Approval Requirement:

Approval of the unit holders is required for directing the fund's assets into such investments or real estate assets. Valuation must be conducted by two independent registered valuation experts in accordance with the Authority's real estate valuation standards.

Article (183 Bis):

Investment Controls for Real Estate Investment Funds:

Real estate investment funds shall comply with the following controls when investing the fund's assets:

- The percentage of real estate assets to the total assets of the fund shall not exceed the percentage determined by a decision of the Authority's Board of Directors.
- The percentage of income-generating assets to the total assets of the fund shall not be less than the percentage specified by the Authority's Board of Directors, and the decision shall define what is meant by "income-generating assets".
- The fund's investment in bonds issued by a mortgage finance company shall not exceed (10%) of the fund's net assets and shall not exceed (15%) of the total bond issuances by that company. The same percentages apply to securitized bonds with respect to each securitization portfolio.

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- The fund's total ownership of listed shares on the stock exchange issued by companies whose main assets are real estate, or by companies operating in real estate development, shall not exceed (20%) of the fund's assets.

Article (183) Bis (1):

Insurance Obligations of Real Estate Investment Funds:

Real estate investment funds must insure their real estate assets during both the construction and operation phases, as well as insure against civil liability arising from any damage these assets may cause to third parties.

Article (183) Bis (2):

The board of directors of the real estate fund management company shall, in addition to what is provided in Article (163) of these Regulations, approve all contracts and resolutions in which the company is a party with related parties. This shall include, but not be limited to, the following:

- The service contract concluded with the developer company.
- The service contract concluded with the property management company.
- The contract for marketing the fund's real estate assets.
- Contracts for the acquisition of the fund's real estate assets.
- The insurance contract for the real estate assets owned by the fund.

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Article (183) Bis (3):

The real estate fund investment manager shall utilize specialized expertise in managing real estate investments and, in addition to the obligations stated in Article (183) Bis (19) of these Regulations, shall:

- Prepare a feasibility study for any real estate project the fund intends to invest in, covering commercial, technical, financial, legal aspects, expected cash flows, and their impact on the fund's profitability.
- Enter into a technical services contract with a company specialized in real estate development to manage and implement technical aspects. The investment manager shall exercise the diligence of a prudent person in overseeing the developer's obligations.
- Enter into a technical services contract with a property management company, complying with Law No. 119 of 2008 on Owners' Associations. The investment manager shall exercise the diligence of a prudent person in overseeing the company's obligations.
- Approve all contracts related to its activities, with disclosure of the legal advisor in the prospectus or information memorandum.
- Provide the necessary expertise to implement the fund's project and mitigate risks of cost or schedule overruns.
- Evaluate real estate assets before acquisition or sale by one or more independent valuation experts registered with the Authority, per the Authority's valuation standards.

Article (183) Bis (4):

Without prejudice to Article (167), the management services company for real estate funds shall safeguard all documents related to the fund's assets, including:

- Property ownership and land contracts.
- Asset management contracts.
- Licenses and permits for establishing and operating the fund's real estate projects.
- Loan, mortgage, guarantee contracts, and all activity-related agreements.
- Investment committee decisions.

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- Valuation reports.

The company shall conduct asset valuations at least semi-annually, quarterly if listed, through registered, independent experts. The valuation serves to:

- Monitor the real estate market.
- Determine indicative unit prices.
- Guide asset sales.
- Assess project execution, actual cost, or market value.

Valuation reports shall be shared with the fund, investment manager, management company, and auditors.

Chapter Two: Investment Funds

Section Seven: Provisions Related to Exchange-Traded Funds (ETFs)

Article (183) Bis (5):

Index funds shall be established and licensed per this Chapter's provisions. The license application shall include:

- Target index name.
- Approval of the index owner.
- Expected size and currency.
- Number of units and nominal value.
- Contracts with at least two licensed market makers.

The Authority's Board may allow a single market maker under set conditions, subject to issuance limits.

If the market maker cannot fulfill its obligations, the investment manager shall redeem units as per Article (159), at net redemption value after applicable fees.

Maher Milad Iskander & Co.
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Article (183) Bis (6):

The prospectus or information memorandum must include, alongside Article (145) data:

- Establishing bank or entity.
- Target index.
- Contracted market makers.
- Unit nominal value (EGP 10–1,000).
- Periodic valuation method for net assets and issued units.

It must also specify exceptional cases where issuance, redemption, offers, or bids may be suspended, per Article (159).

Article (183) Bis (7):

Coverage of Index Fund Units:

Subject to the ratio in Article (142), units may be subscribed by the establishing entity solely, jointly, or via public offering.

Article (183) Bis (8):

Obligations of the Index Fund's Market Maker:

The market maker shall trade fund units per stock exchange rules approved by the Authority.

Prior approval from the exchange is required to suspend offers/bids; such suspension is temporary.

The investment manager or market maker must disclose suspensions and exceptional circumstances immediately, per the prospectus or information memorandum.

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eg.Andersen.com
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Article (183) Bis (9):

Creation and Redemption of Units:

Subject to Article (183) Bis (5), market makers shall:

- Aggregate index securities in multiples of 5,000 units for new units from the investment manager.
- Aggregate units for securities exchange.

Monetary adjustments for value differences are required without breaching portfolio ratios. Transfers occur via the central depository.

Article (183) Bis (10):

Obligations of the Investment Manager for Index Funds:

The manager shall:

- Establish a portfolio reflecting the index with a specified proportion of securities, using subscription proceeds and maintaining liquidity as needed.
- Deposit securities with a custodian.
- Maintain price-index correlation.
- Maintain minimum index composition percentage.
- Notify the Authority and stock exchange of material events affecting performance, liquidation, mergers, or splits promptly.

Article (183) Bis (11):

Obligations of the Management Services Company in Index Funds:

Without prejudice to Article (167), the company shall:

- Calculate and disclose daily net asset value and unit value after trading.
- Notify the Authority and exchange of dividend dates and amounts via exchange platforms.

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- Notify daily unit counts post-trading.

Article (183) Bis (12):

Related Party Transactions on Index Securities:

Board members, managers, shareholders, and employees of market makers and investment managers are prohibited from trading index securities except under Authority Board-approved rules.

Article (183) Bis (13):

Acquisition Rules for Index Constituents:

Chapter Twelve provisions do not apply to index funds acquiring index constituent securities.

Chapter Two: Investment Funds

Section Eight: Rules on the Application of General Provisions to Specialized Funds and Rules for Listing Their Units

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Article (183) Bis (14):

Applicability of General Investment Fund Rules to Specialized Funds:

Provisions for investment funds in this Chapter apply to funds under Sections Five, Six, and Seven.

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Article (183) Bis (15):

Registration Rules for Investment Fund Units:

Closed-end fund units must be registered with the central depository.

Investment managers shall register closed-end funds offered via public subscription and index funds on the exchange within two months of subscription closure.

Other closed-end fund units may be listed per Authority rules and procedures.

Chapter Two: Investment Funds

Section Nine: The Investment Manager

Article (183) Bis (16):

Conditions Required for the Investment Manager

The fund must entrust the management of its activities to a party experienced in investment fund management, hereinafter referred to as the Investment Manager. The Investment Manager must meet the following conditions:

- It must be an Egyptian joint stock company with a minimum paid-in capital of EGP 5 million, or a foreign entity experienced in investment management licensed by the Authority in accordance with the controls set by the Board of Directors of the Authority.

- The individuals directly engaged in the activity and responsible for managing the fund's portfolio, particularly the internal auditor, the anti-money laundering officer, the portfolio manager, and the research officer, must possess the necessary qualifications and experience in accordance with the rules and conditions set by the Authority's Board of Directors.

- None of the board members, directors, or employees of the company shall have been previously dismissed from service for disciplinary reasons, barred from practicing brokerage or any free profession for disciplinary reasons, convicted of a felony or misdemeanor affecting honor or trust, or sentenced to a penalty restricting freedom for crimes stipulated under company, commerce, or capital market laws, or declared bankrupt unless rehabilitated.

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- A security deposit must be provided, with its value, deduction procedures, management, and refund to be determined by a decision of the Authority's Board of Directors.

Article (183) Bis (17):

Licensing the Investment Manager

An application for a license to practice investment fund management shall be submitted on the form prepared by the Authority, accompanied by:

- The company's articles of incorporation and bylaws, or equivalent documents as determined by the Authority's Board for foreign managers.
- A statement of the board members, directors, their experiences, and addresses.
- Evidence of payment of all financial dues to the Authority.
- Any other data or documents required by the Authority.

The Authority may request any additional information necessary to decide on the license application. The Authority shall decide within 15 days of receiving the complete application.

Investment fund management activities may not be carried out without the Authority's license and registration in the designated register.

Article (183) Bis (18):

Investment Management Contract

The Investment Manager shall manage the fund's investments pursuant to a contract with the fund's board of directors, a certified copy of which shall be submitted to the Authority and must include, in particular:

- The rights and obligations of both parties.
- All fees and commissions payable to the Investment Manager.

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- The procedures and cases for changing the Investment Manager and any associated termination or annulment of the contract.

Without prejudice to Article (172) of these Regulations, the Investment Manager may represent the fund on the boards of directors and general assemblies of companies issuing securities in which the fund invests, as well as exercise subscription rights in those companies' capital increases.

In the event of changing the Investment Manager, the Authority must be notified immediately with the fund's board resolution, accompanied by the approval of the unit holders.

Article (183) Bis (19):

Obligations of the Investment Manager

The Investment Manager must comply with the rules governing the activity in accordance with the Capital Market Law, its Executive Regulations, and implementing decisions, especially:

- Investigating the financial status of companies issuing securities in which the fund invests.
- Adhering to disclosure requirements for any material events concerning the securities and other investments involving the fund's assets.
- Maintaining separate accounts for each fund it manages.
- Keeping the necessary books and records for conducting its activities.
- [Cancelled]
- Notifying both the Authority and the fund's board of any breach of the investment policy limits set forth in Articles (174, 177, 178, 179, 180, and 183 Bis) of these Regulations immediately upon occurrence and remedying the breach within one week. An extension may be requested with justification accepted by the Authority.
- Providing the Authority with semi-annual reports on its activities, financial performance, and financial position.

Maher Milad Iskander & Co.
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In all cases, the Investment Manager must exercise the diligence of a prudent person to protect the interests of the fund and its unit holders in all actions.

Article (183) Bis (20):

Prohibited Actions for the Investment Manager

The Investment Manager shall not undertake any action or conclude any transaction that creates a conflict between the fund's interests and its own, or with the interests of any other fund it manages, or the interests of shareholders or clients, unless prior approval is obtained from the unit holders according to this Chapter.

In particular, the Investment Manager shall not:

- Start investing the fund's assets before the subscription period closes, though subscription proceeds may be deposited with a bank under the supervision of the Central Bank to earn returns.
- Purchase securities not listed on stock exchanges in Egypt or abroad, or listed on exchanges not subject to equivalent regulatory supervision, except as permitted by the Authority.
- Invest fund assets in securities of companies under liquidation or declared bankrupt.
- Invest fund assets in establishing new companies, except for private equity, real estate, or venture capital funds.
- Invest fund assets in units of other funds it manages, except for umbrella, money market, or index funds, and subject to the prospectus or information memorandum's provisions.
- Conduct transactions through related parties without prior disclosure to the fund's board and unit holder approval where required.
- Deal in units of the fund it manages except within limits set by the Authority.
- Engage in activities aimed solely at increasing fees, expenses, or commissions, or securing undue benefit for itself, its directors, or employees.
- Borrow funds except for purposes stated in the prospectus.

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- Publish inaccurate, incomplete, or unaudited information or conceal material facts.

In all cases, the Investment Manager must refrain from any actions prohibited to the fund it manages or that would harm market stability or unit holders' rights.

Article (183) Bis (21):

Investment Manager's Investment in Fund Units

The Investment Manager may subscribe to units of the fund it manages at the time of offering, provided this is for its own account and disclosed in the prospectus, which shall specify the limits and conditions for disposing of such units.

Article (183) Bis (22):

Financial Solvency of the Investment Manager

The Investment Manager must maintain the financial solvency necessary to conduct its activities and fulfill its obligations, in accordance with the Authority's prescribed rules.

Article (183) Bis (23):

Systems and Internal Controls of the Investment Manager

The Investment Manager must establish systems, rules, and procedures to ensure:

- Availability of the expertise required for fund portfolio management.
- Adequate technical and automated operational systems for executing its activities.
- Electronic linkage with administration services and brokerage firms.

It must also prepare internal regulations, at minimum covering:

- Document circulation procedures.
- Organizational structure of the company's management.

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- Correspondence registration system.
- Internal record-keeping system.
- Client complaint registration system.
- Internal control and periodic review system.

A copy of these internal regulations must be submitted to the Authority.

Article (183) Bis (24):

Internal Auditor of the Investment Manager

The internal auditor shall maintain a file of all client complaints regarding the company's activities and actions taken in response. The Authority must be notified of unresolved complaints within one week of submission. The auditor must also notify the Authority of any violations of the law, Executive Regulations, or implementing decisions, or breaches of the company's internal control systems, particularly breaches of the fund's investment policy restrictions if not remedied within one week.

Article (183) Bis (25):

Transitional Provisions for Existing Fund Managers

All entities practicing investment fund activities at the date of entry into force of this decision must comply with the amended provisions of this Chapter within the following deadlines:

- Existing funds must appoint a management services company for the tasks specified in the attached Chapter within six months of this Regulation's effective date, with fees deducted from those paid to the current service provider.
- Existing funds must take the form of a joint stock company within one year of this decision, except those established by banks or insurance companies.
- Existing funds must call a meeting of unit holders within one year to amend the prospectus or information memorandum according to this Chapter and review fees, obligations, and powers of service providers.

Maher Milad Iskander & Co.
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- In all cases, existing funds must submit a timeline for compliance to the Authority within **two months** of this Regulation's effective date, subject to controls set by the Authority's Board.

Part Four: Employees' Shareholding Association

Article (184):

Employees in any joint stock company or partnership limited by shares may establish an association called the "Employees' Shareholding Association" to own certain shares of the company in which it is established and to distribute the dividends generated from these shares among its members, in accordance with its statutes.

The company in which employees may establish such an association must be:

- A company subject to the provisions of Law No. 97 of 1983 on Public Sector Authorities and Companies, or
- A subsidiary subject to Law No. 203 of 1991 on Public Business Sector Companies, or
- Any company subject to other laws, provided the following conditions are met:
    - The company's capital is not less than EGP 1 million.
    - The number of permanent employees is not less than fifty.

Article (185):

The Employees' Shareholding Association must meet the following conditions:

- Be registered with the Authority and have written internal regulations.
- Membership and establishment must be limited solely to the employees of the company.
- The number of members at registration must not be less than twenty.

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email info@eg.Andersen.com

Article (186):

Subject to the provisions of the model statutes of the Association, the Association's statutes must include the following:

- Name of the company in which the Association is established, its field of activity, and its management headquarters.
- The Association's headquarters.
- The governing bodies representing the Association, their responsibilities, method of election, dismissal procedures, and valid grounds for termination of membership.
- Membership system, conditions, members' rights and obligations, especially the right to attend the General Assembly, quorum requirements, and voting rights.
- The Association's financial resources and their management and disposal.
- Financial control system.
- Name of the bank where the Association's funds are deposited.
- The percentage deducted from profits to cover administrative expenses.
- Procedures for amending the statutes.

Article (187):

The founders shall elect from among themselves a committee of three persons authorized to complete the procedures of establishing the Association. This committee shall submit the following documents to the Authority:

- Application for establishing the Association.
- Five copies of the incorporation contract signed by all founders, with three copies certified by the company.
- Five copies of the statutes signed by all founders, with three copies certified by the company.
- Five copies of a list of founders including full names, titles, ages, religions, nationalities, occupations, and addresses, signed by the committee members.

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- Five copies of the minutes of the founders' meeting where the committee was elected, signed by all founders.

The founders are responsible for the expenses required for establishing the Association, which shall be reimbursed by the Association's General Assembly.

Article (188):

The Authority shall examine and decide on the establishment application within thirty days of receiving complete documents. Upon approval, the Authority shall endorse two copies of the statutes with the registration number and date and send one to the Association along with the registration certificate, retaining the other.

Article (189):

If the Authority rejects the establishment application, it shall notify the founders in writing by registered mail, stating the reasons for rejection and enclosing the submitted documents after retaining copies. Interested parties may appeal the rejection before the Grievance Committee stipulated in Article (50) of the Law within thirty days from notification.

Article (190):

The Association is established by a decision of the Authority.

The Authority shall register its statutes in the designated register.

The Association shall acquire legal personality on the day following the issuance of the establishment decision.

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Article (191):

The Association may own certain nominal shares of the company on behalf of its members through the following methods:

- With the approval of the company's founders under agreed-upon terms and value.
- With the approval of the company's extraordinary general assembly through a capital increase, wholly or partly allocated to the Association, under agreed-upon terms and value.
- By purchasing the company's shares, whether listed or unlisted on the stock exchange.

Article (192):

Shares owned by the Association shall be valued according to the following rules:

- For public sector companies with individual or private legal entity shareholders, shares shall be valued at their market value.
- For public business sector companies, shares shall be valued in accordance with Law No. 203 of 1991.
- Shares acquired with the approval of founders or the extraordinary general assembly shall be valued according to the agreed terms and value.

Article (193):

Subject to the conditions under which the shares were acquired from the founders or the extraordinary general assembly, the Employees' Shareholding Association may sell its shares upon approval of its extraordinary general assembly. Notice must be given to the company sixty days prior to the transaction, specifying the number, type of shares, and proposed sale price.

Article (194):

Employees' rights as members are limited to dividends generated from the shares. Membership ends upon withdrawal or termination of employment.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
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email info@eg.Andersen.com

A departing member or their heirs are entitled to recover the value of their contribution based on the latest approved balance sheet, to be paid within three months of membership termination.

Article (195):

The Association shall be managed by a board of directors comprising no fewer than three and no more than five members.

The Chairman represents the Association before third parties and the courts.

The Association's statutes shall specify the board's powers and methods of election and dismissal of its members.

Article (196):

The General Assembly is the supreme authority of the Association, composed of all its members.

It shall convene at the Association's headquarters, but the board may call meetings elsewhere, provided this is stated in the invitation.

Article (197):

The General Assembly convenes upon:

- An invitation from the board of directors.
- A written request by one-fourth of the members entitled to attend, specifying the purpose.
- An invitation from the Authority if deemed necessary or if the board fails to respond to the request in (b).

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email info@eg.Andersen.com

Article (198):

The Association's financial resources consist of:

- Members' contributions as set in the statutes.
- Proceeds from share sales.
- Loans.
- Grants and donations accepted by the board and aligned with the Association's objectives.
- Any other resources arising from its activities.

Article (199):

The conditions and procedures for establishing the Association shall be observed when amending its statutes.

Article (200):

The Association may be struck off by a decision of the Authority in the following cases:

- Dissolution of the company where it was established.
- A resolution by the Association's extraordinary general assembly to dissolve it.
- Inability of the Association to achieve its intended objectives or engaging in activities contrary to its purpose, provided the Authority notifies the Association and grants a grace period to rectify the situation before striking it off.

  Striking off shall not occur until all obligations arising from its share acquisitions are settled.

Article (201):

The Association shall be notified of the decision to strike it off and the reasons by registered mail with acknowledgment of receipt.

This shall be recorded in the Authority's registers.

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Affected parties may appeal the decision pursuant to Article (50) of the Law.

Article (202):

Once struck off, the Association shall enter liquidation.

During liquidation, it shall retain legal personality to the extent necessary.

Management and employees shall be prohibited from continuing activities or disposing of assets.

Article (203):

Unless dissolved by resolution of its extraordinary general assembly, the Authority shall appoint a liquidator, determine their fees at the Association's expense, and specify the liquidation period.

Management must deliver all documents, books, and records to the liquidator. The bank holding the Association's funds may not act without the liquidator's written authorization from the date of notification of the strike-off decision.

The liquidator must safeguard the Association's assets and rights.

Article (204):

Upon completion of liquidation, the liquidator shall distribute funds among members in accordance with the Association's statutes and notify the Authority of the actions taken.

Maher Milad Iskander & Co.
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Article (205):

Appeals against administrative decisions issued by the Minister or the Authority under the provisions of the Law, these Regulations, and any implementing decisions thereof shall be submitted to the Grievance Committee referred to in Article (50) of the Law. In matters not specifically addressed by the Law, appeals must be submitted to the Committee within thirty days from the date of notification or the date the appellant becomes aware of the decision.

Decisions issued in application of Articles (30) and (31) of the Capital Market Law shall be effective from the day following the Authority's notification to the company.

Article (206):

The appeal shall be submitted in one original and six copies and must include the following information:

- Name, title, occupation, and address of the appellant.
- Date of the contested decision and date of notification or knowledge thereof.
- Subject matter of the appeal and the reasons on which it is based, with supporting documents attached.
- Receipt evidencing payment of the fee stipulated in Article (211) of these Regulations.

Article (207):

The Authority shall establish a Grievances Office staffed with Authority employees, responsible for receiving appeals, recording them on the date of receipt in the designated register, and returning a stamped copy to the appellant, indicating the registration number and date.

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Article (208):

Upon receipt of the grievance, the Office shall present it immediately to the Chairman of the Committee for necessary action and scheduling a hearing date. The appellant shall be notified of the date by registered mail with acknowledgment of receipt to attend in person, by representative, or by proxy. If the appellant is a company operating in securities, or if the grievance concerns such a company, the Committee, upon the company's request, shall invite a representative of the professional securities association to which the company belongs to attend the hearing.

The Committee may request clarifications or documents from interested parties.

The Committee shall rule on the grievance within sixty days from the date of submission or from the date of receiving requested clarifications, as applicable.

The Committee's decisions are final and enforceable.

Article (209):

The Grievances Office shall notify the concerned party of the Committee's decision and its reasoning via registered mail with acknowledgment of receipt.

Article (210):

This Article has been annulled by judicial ruling.

Article (211):

An appellant against administrative decisions issued by the competent Minister or the Authority under the Law or these Regulations shall deposit with the Authority the sum of EGP 20,000, refundable if the Grievance Committee rules in the appellant's favor, less 20% as administrative expenses.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
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Article (212):

The Authority shall bear the following fees for the Grievance Committee:

- EGP 4,000 for the Committee Chair per grievance.
- EGP 3,500 per member.

The Authority's Chairman shall determine the remuneration of the Committee's staff.

Part Six: Regulatory Provisions for Portfolio Management Companies and Securities Brokerage Firms

Chapter One: General Provisions

Article (213):

For the purposes of this Chapter (Sections One through Five), the term "company" refers to portfolio management companies and securities brokerage companies in accordance with the licensed activity of each.

Article (214):

The company must carry out its licensed activities in compliance with the Law, these Regulations, implementing decisions, and the conditions and requirements based on which the license was issued. It must adhere to commercial norms, principles of honesty, fairness, equality, and prioritize clients' interests, exercising the care of a diligent person.

Article (215):

Within one month from the date of its license, the company must establish a system ensuring the sound selection of its directors, representatives, and employees, verifying their conduct and experience relative to their assigned roles, in accordance with the Authority's criteria.

The company shall monitor compliance with these standards and notify the Authority of this system and any cases of employee departures. "Directors" refers to the Chairman, executive Board members, and managers engaged in actual management.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
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Article (216):

The company must maintain the financial solvency necessary for its licensed activities and to ensure fulfillment of its obligations, in accordance with the Authority's rules. A company licensed for multiple activities must establish independent management for each and maintain full separation to avoid conflicts of interest per Article (234).

Article (216 bis):

Any company wishing to deal in foreign securities not listed on Egyptian exchanges must obtain prior approval from the Authority, pursuant to procedures and controls set by the Authority's Board.

The company must comply with the rules set by the Board regarding dealing in foreign securities.

Chapter Two: Internal Regulations and Control System

Article (217):

Within one month of receiving its license, the company must prepare written internal regulations governing its operations and the obligations of its directors and staff. A copy must be submitted to the Authority within one week of approval.

The company must amend its internal regulations in line with any legal or regulatory amendments and notify the Authority within one week of enforcement.

Article (218):

The company's internal regulations must include at a minimum:

- The document flow process from client engagement to completion and notification.
- Organizational structure, functions, and responsibilities of management and representatives.
- Relationship between the head office, branches, and affiliated offices, and the scope of branch activities.

Maher Milad Iskander & Co.
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- System for recording correspondence with clients.
- Internal record-keeping procedures.
- System for logging client complaints.
- Internal audit and periodic review systems to ensure compliance and prompt detection of violations.
- Procedures for rectifying operational errors.
- Procedures for handling defaulting clients, without prejudice to Article (262).

The company must notify the Authority of the persons responsible for internal control at headquarters and branches.

Article (219):

The person responsible for internal control shall maintain a file of all client complaints and measures taken. Each complaint must be examined within one week of receipt. The Authority must be notified of any complaint unresolved within this period.

Article (220):

The internal control officer must notify the Authority of any violation of the Law, Regulations, or implementing decisions, as well as any investigations or judicial rulings against directors or staff relating to their financial market activities, civil disputes in the same field, bankruptcy judgments, or criminal convictions for dishonesty or breach of trust, within three days of knowledge thereof.

Maher Milad Iskander & Co.
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Article (221):

All company advertisements must be honest, accurate, and contain necessary disclosures or information relevant to the subject and audience, ensuring clarity and preventing misleading or deceptive impressions.

Advertisements may not conceal material facts or contain exaggerated or misleading statements.

“Advertisement” refers to any material directed to the public through any medium, domestic or foreign, in writing, broadcast, electronic, or otherwise. The “public” refers to unspecified persons with no prior relationship with the company or its management.

Article (222):

The company must exercise diligence and accuracy and is prohibited from:

- Charging fees or requiring actions from clients for services advertised as free.
- Using unwarranted cautionary language to mislead.
- Concealing relevant differences in securities comparisons.

Article (223):

Advertisements for securities offerings, reports, or studies must state the issuer’s name, publication date (if republished), and key financial data about the issuing company, per the Authority’s rules.

Article (224):

The company must ensure the accuracy of information in its advertisements and refrain from repeated publication without confirming the continued accuracy of the content. Securities prices mentioned must specify whether they are closing, trading, or nominal values.

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Article (225):

Neither the company nor its staff may advertise receiving awards or certificates without verifying they were granted free of charge and disclosing the granting body. The advertisement must clarify that such awards represent the opinion of the granting entity and do not guarantee returns.

Article (226):

The company may not claim to have research units or technical analysis capabilities unless actually available. If advertisements contain data, tables, charts, figures, or information not prepared by the company, the source must be disclosed.

Chapter Four: Company Information and the Right of Access

Article (227):

The company must at all times maintain books reflecting its financial position, accounts, records, documents, and correspondence in compliance with applicable laws and regulations. It must also provide its clients, upon their request, with its periodic financial statements according to the latest approved financial statements.

Article (228):

The company must maintain a list of all its clients and a file for each client containing the data set out in the following article, details of securities traded on their behalf, contracts concluded between the client and the company, and any correspondence exchanged between them, for a period of five years.

Additionally, the company must retain clients' contracts and account statements for five years from the date of the last transaction or account closure. Without prejudice to the preceding provision, the company may retain electronic documents or microfilm copies instead of originals, provided that such copies are prepared, stored, and retrieved in accordance with legal standards governing such matters. These copies shall carry the same evidentiary weight as the originals.

Maher Milad Iskander & Co.
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For the purposes of this article, "client" means any natural or legal person with whom the company has opened an account or concluded an agreement for dealing in securities.

Article (229):

Each client file maintained by the company must contain at least the following:

- Name, age, profession, residence of the client, a copy of the commercial register, and legal form for Egyptian legal entities; articles of incorporation and legal form for foreign legal entities.
- Address for correspondence and telephone numbers.
- Names and capacities of those authorized to sign or represent the client.
- Copies of identification documents of the client, representatives, or family records showing guardianship.
- A statement on whether the client is another company engaged in portfolio management or brokerage, or whether the client is a director, employee, or shareholder in such a company.

For cases where the company deals in securities on behalf of clients who are foreign financial institutions engaged in brokerage or asset management, the company must ensure:

  - The foreign financial institution contracts with the company only on behalf of its clients, whose identities and supporting documentation it possesses, and that it is authorized by these clients to act on their behalf.
  - The contractual relationship complies with anti-money laundering laws applicable in the country where the foreign institution is based.
  - The foreign financial institution commits to providing any client contract information upon request by the Authority.
  - Records referred to in (c) must be kept for five years.

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Article (230):

The company must maintain strict confidentiality of its clients' information and must not disclose any information about clients or their transactions to any third party without prior written consent from the client and within the limits of such consent. Exceptions apply only when information must be provided to the exchange, regulatory authorities, or judiciary as required by law.

The company must take measures to ensure its directors and employees maintain the confidentiality of such data. Under no circumstances may the company use this data to achieve any private gain for itself or other clients without prior written consent from the data subject.

Chapter Five: Conflicts of Interest and Use of Information

Article (231):

The company must adhere to principles of honesty, diligence, and equality in its dealings with clients, ensuring equal treatment of those in similar situations, and avoid offering preferential treatment or incentives, directly or indirectly, to certain clients. The company must refrain from any conduct that might harm any client.

Article (232):

The company may not trade in a client's securities through another company operating in the same field and under common control unless such transactions are not excessive, not part of prearranged orders between the two companies, and not during a period of suspension.

"Excessive trading" includes transactions intended to inflate commissions or related fees.

Article (233):

In conducting its licensed securities activities, the company must avoid conflicts of interest and must not engage in activities involving such conflicts without disclosure to affected clients or the public, and without obtaining written consent from the person on whose behalf or account the transaction is made.

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email info@eg.Andersen.com

Article (234):

A conflict of interest refers to any situation where the interests of the company, its directors, or employees might conflict with those of a client, or where the interests of one client might be favored over another. Such situations may impair the company's objectivity in action, omission, opinion, or conduct affecting clients' decisions.

Article (235):

Shareholders, directors, and employees involved in managing or co-managing another company operating in the same field must ensure clear separation of operations to maintain the independence of both entities and prevent conflicts of interest.

Article (236):

The company may not deal in securities on behalf of its directors, employees, or their relatives up to the second degree, or business partners or dependents, without prior approval from the Authority.

For brokerage firms, such dealings must occur through a personal account within the same firm and require explicit written approval from the Board of Directors.

Portfolio management companies require the Managing Director’s approval for such dealings through a single brokerage firm handling all transactions for the concerned individuals.

Article (237):

The company is prohibited from dealing in securities on behalf of directors or employees of another company operating in the same field without verifying compliance with the conditions stated in the previous article.

Article (238):

The company is prohibited from dealing in securities on behalf of shareholders in any company subject to this chapter without notifying the Board of Directors of the company where the dealings occur.

Maher Milad Iskander & Co.
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eg.Andersen.com
email info@eg.Andersen.com

Article (239):

For the purposes of Articles (235) and (238), "shareholder" refers to any shareholder holding 5% or more of the capital of any company under this chapter, excluding those without effective management control.

Article (240):

The internal compliance officer must review buy/sell orders governed by Articles (236)–(238) to ensure no conflicts of interest exist. Such orders should be executed only after fulfilling client orders for the same securities, except in public offerings.

The company must maintain a dedicated register of transactions for directors and employees. Under no circumstances may transactions involve a director or employee as a counterparty to a client transaction.

Article (241):

The company must notify its clients in writing and obtain prior written consent before engaging in activities involving:

- A direct interest in marketing the traded securities.
- Any contribution by the company to the offering of the securities within the preceding year.
- The company and the issuer being under common control.

Article (242):

Directors and employees are prohibited from offering gifts or incentives to influence securities prices or actions. They may not offer or accept gifts exceeding EGP 100 per item or EGP 500 annually from any person with a vested interest. All such gifts must be declared periodically.

Acceptance of any gift aimed at influencing conduct is strictly prohibited.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (243):

The company must not engage in fraudulent practices, particularly:

- Creating fictitious accounts to execute non-genuine transactions.
- Executing unauthorized or excessive transactions on behalf of a client.
- Using client funds for company purposes or personal benefit.
- Concealing or misrepresenting material facts regarding securities transactions.
- Pledging or borrowing against client securities.

Article (244):

The company and its directors/employees must not trade on undisclosed or non-public information concerning securities, even if incomplete, relating to imminent transactions, material developments, or price-sensitive information.

Chapter Six: Special Provisions for Portfolio Management Companies

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Article (245):

For the purposes of this section, "company" refers to Portfolio Management Companies, to which these provisions exclusively apply.

Article (246):

The company is prohibited from making any promise in its advertisements of achieving specific financial results from dealing in any securities, confirming the accuracy of any forecasts expressed, assuming the repetition of previous gains, or implying any of the above.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (247):

The company must send a detailed account statement to each of its clients on at least a quarterly basis and a final statement upon termination of the contractual relationship. Such statements must be sent to the address recorded in the company's records or as instructed by the client and must include, at a minimum, details of executed transactions, balances of securities, and the client's cash balance for the relevant period.

Article (248):

The company must conclude a contract with each client setting out the nature of their relationship, the extent of discretion granted to the company in managing the client's assets, and all obligations and rights of both parties, in accordance with the provisions of the Capital Market Law and these regulations.

The company shall prepare standard forms of contracts to be used with clients and submit a sample thereof to the Authority. The contract must include, in addition to the data stipulated in Article (229), the following:

- The company's obligation to buy and sell securities in the name and for the account of the client.
- The client's investment objectives and investment restrictions.
- The level of risk and liquidity acceptable to the client.
- Whether the client wishes to purchase foreign securities.
- The company's obligation to exercise the highest standard of care in achieving the client's objectives.
- The company's commission for the services provided.
- The banks or companies where the client's securities and related funds are held, and the terms governing dealings with these accounts.
- The method for resolving disputes arising from the implementation of the contract.
- Whether the client wishes to engage in margin trading or securities borrowing for short-selling purposes.

The company must provide periodic reports to clients on the status of their portfolios to ensure compliance with investment guidelines.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

The Authority's Board of Directors shall set the rules governing margin trading and securities borrowing by clients of portfolio management companies.

Article (249):

The company is prohibited from:

- Distributing profits to clients not arising from actual transactions or in excess of profits actually realized from such transactions.
- Providing any guarantees to clients against losses arising from dealing in securities, except as permitted by the Authority.
- Receiving bank interest accrued on clients' credit balances held with banks.
- Buying or selling disputed securities if aware of the dispute.

The company is also prohibited from using client funds to finance its own operations or for any expenditures for its benefit. It is prohibited from trading between its own portfolio and that of the client, whether buying or selling.

Article (250):

Without prejudice to the central depository system, the company must deposit the client's securities and funds designated for purchasing securities or resulting from their sale with a bank in the client's name or with a licensed entity, ensuring that these accounts are maintained solely in the client's name. Aggregated accounts may be maintained, provided there is complete segregation between client accounts and the company's own accounts.

Article (251):

The company is prohibited from using client funds to finance its own operations or for any expenditures for its benefit. It is also prohibited from executing trades between its own portfolio and the client's portfolio.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (252):

The company may trade for its own account in securities up to a maximum of **75%** of its shareholders' equity according to the latest approved financial statements, while maintaining adequate working capital. The company must always prioritize executing client orders and serving their interests. The company must maintain a register of its proprietary transactions and is prohibited from executing cross trades where the company is one party and a client is the counterparty.

Article (253):

Without prejudice to Article (231), the company must avoid executing trades in securities it expects to increase in value for the benefit of certain clients over others, or for all clients in disproportionate ratios.

Article (253) Bis:

A company licensed by the Authority to conduct portfolio management and investment fund management activities must maintain independent management structures for each activity, ensuring complete separation between them to prevent conflicts of interest.

Article (254):

Neither the company nor any of its directors or employees may engage in transactions in securities with the intention of influencing their prices or based on research or reports to be published regarding such securities.

Chapter Seven: Special Provisions for Securities Brokerage Firms

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Article (255):

For the purposes of this section, "company" refers to Brokerage Firms in Securities, to which these provisions exclusively apply.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (256):

The company must conclude an account opening agreement with each client setting out the nature of the relationship and all obligations and rights of both parties in accordance with the law and these regulations. The agreement must be based on templates prepared by the company and approved by the Authority. In addition to the information stipulated in Article (229), the agreement must include:

- The company's obligation to buy and sell securities in the name and for the account of the client.
- The client's investment objectives.
- Whether the client wishes to trade depositary receipts of securities listed on the Egyptian Exchange or other foreign securities.
- The company's obligation to exercise the highest standard of care in executing client orders.
- The company's commission for services provided.
- The agreed method of communication between the parties and delivery of client orders.
- The entity holding the client's shares.
- The method for resolving disputes arising from the implementation of the agreement.

Article (257):

The company must comply with the trading rules and systems established by the stock exchange and must conduct its business in accordance with the exchange's membership rules.

Article (258):

Without prejudice to Articles (221) to (226), the company must ensure that any recommendations made to clients regarding securities transactions are appropriate to the client's requirements, financial condition, experience in securities trading, and other relevant circumstances, based on the information provided by the client and recorded in the account opening agreement or otherwise clearly known.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

The company must not advise clients to buy or sell securities unless it possesses research justifying such advice. Only qualified directors or employees may provide such advice. The company must make available to clients upon request any data it holds regarding securities.

Article (259):

The company is prohibited from:

- Dealing in a client's securities in a manner conflicting with the client's interests or financial position.
- Recommending high-risk securities without due diligence to ensure the appropriateness of such recommendation for the client's circumstances.
- Recommending securities purchases beyond the client's financial capacity.

Article (260):

The company must exercise the utmost care to ensure clients receive the best possible prices when buying or selling securities at the time of execution, without prejudice to client instructions.

Article (261):

The company must ensure that all transactions comply with the law and related regulations, particularly regarding client identity, ownership of securities, and legal capacity. Transactions must involve valid securities and be free from fraud, deception, exploitation, or fictitious trades.

Article (262):

The company may not execute a buy or sell order without confirming that the securities subject to the order are held by the seller or deposited in their name in the central depository and verifying the buyer's ability to pay, regardless of the client's legal status.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

In all cases, the company guarantees payment of the purchase price from its own funds if the client fails to pay upon demand.

Article (263):

The company must enter client buy and sell orders into the exchange's trading system using the prescribed methods and systems. The company's exchange representative must maintain a register of orders received during trading sessions, containing the same data recorded in the company's order book. The representative is prohibited from accepting orders directly from clients.

The company may accept telephone orders under a recording system approved by the Authority and with the client's written consent. Providing advice does not substitute for receiving express client instructions.

Article (264):

The company must complete transaction procedures and notify the exchange and clearinghouse within the prescribed deadlines. Clients must be notified within 24 hours of transaction execution, including details of securities and funds involved, and commissions charged. This does not replace the obligation to provide periodic statements to clients.

Article (265):

The company must complete securities delivery and financial settlement within the prescribed timeframes, following settlement and custody regulations. The company may retain client securities on its premises with the Authority's approval, subject to prescribed rules.

Article (266):

The company must execute client orders within their specified limits and must not exceed those limits in price or quantity when buying or selling securities.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (267):

The company must comply with approved central depository regulations and notify clients in writing to collect purchased securities. It must retain copies of such notices and safeguard securities until client collection or further instructions, including deposit with authorized entities. The company must take measures to protect client securities, including premises security against theft, fire, or other risks.

Article (268):

The company may not deliberately refrain from offering or bidding on securities to manipulate prices or enter into agreements to create a false impression of demand.

Part Seven: Trading, Intermediation, and Brokerage in Bonds

Chapter One: General Provisions

Article (269):

The activity of dealing, intermediation, and brokerage in bonds includes the buying and selling of all types of bonds, sukuk, treasury bills, and similar instruments, and underwriting thereof, whether for the licensed company's own account or on behalf of clients.
In this section and Annex (4) of these regulations, "company" refers to the licensed entity, and "bonds" refers to such instruments.

The Authority's Board of Directors may authorize companies to conduct such activities through other means. Banks may engage in these activities subject to Central Bank approval and licensing by the Authority under rules issued by the Authority's Board.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (270):

The company's issued and paid-up capital in cash shall not be less than EGP ten million, in addition to the minimum capital requirement prescribed for the exercise of any other licensed activities by the company.

The company must maintain at all times a minimum level of liquid net capital as determined according to the solvency standards issued by the Authority.

Article (271):

The company must satisfy the requirements and specifications set forth by a decision of the Board of Directors of the Authority, including premises specifications, internal reporting requirements, internal control and financial audit regulations, and the qualifications required of those managing the company.

The company shall maintain separate accounts for its bond trading, brokerage, and intermediation activities from those of any other licensed activities.

Article (272):

The company may enter into agreements stipulating the terms governing repurchase transactions (repos) of bonds and the rights and obligations of the parties thereto. Such agreements shall be executed by means of document exchanges, whereby one party sells bonds to the other with an obligation to repurchase them on a later date.

The Authority shall prepare standard templates for such agreements and related documents.

These shall include provisions on dispute resolution mechanisms, as well as specifying the nature of the bonds, maturity dates, and agreed prices for the sale and repurchase.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (273):

Prior to executing any transaction, the company must disclose in writing to its clients whether the transaction involves bonds for its own account or for clients' accounts, in addition to settlement and clearing instructions and the commissions it will charge if acting on behalf of a client.

Article (274):

If the bonds or the issuing or guaranteeing entity are rated by a credit rating agency, the company must disclose to its clients the most recent credit rating prior to concluding any transaction. The company must clarify that the rating does not constitute a recommendation to buy, sell, or hold the bond, and that such ratings may change.

If no such rating exists, or if the rating has been amended within the preceding month, the company must disclose this fact and the nature of any amendments.

Article (275):

The company shall notify the Authority on a daily basis of the total market value of the bonds it holds, in the manner and within the timeframe prescribed by the Authority and according to the model it provides.

The market value of bonds shall be determined according to their trading prices on the previous day. In the absence of trading, valuation shall be based on comparable bonds in terms of conditions and credit rating. If no comparable bonds are available, the company must determine the price based on quotations from at least two other companies willing to transact in such bonds.

The Authority may require the company to submit any additional reports it deems necessary.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (276):

The company must execute client orders in accordance with the terms specified therein. Transactions may be executed outside official trading hours of the exchange.

Article (277):

Orders for the purchase or sale of bonds may be submitted in writing, orally, or by any other recognized means; however, if not submitted in writing, they must be confirmed in writing. Transactions shall be executed on a delivery-versus-payment basis.

Chapter Five: Company Obligations

Article (278):

The company shall not charge commissions on transactions executed for its own account.

Article (279):

The company must enter into an agreement with each client setting forth the nature of their dealings and the rights and obligations of both parties, in accordance with the law and these Regulations. Such agreements shall be drafted using templates prepared by the company and a copy thereof shall be submitted to the Authority. The agreement shall include, in addition to the information specified in Article (229), the following:

- The client's investment objectives.
- The name and capacity of the client's representative if the client is a legal entity.
- Disclosure obligations regarding the credit rating of bonds.
- The name of the bank or custodian where each party's funds and bonds are held.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- Communication methods between the parties and procedures for submitting orders.
- Methods for dispute resolution concerning the execution of the agreement.

Chapter Six: Final Provisions

Article (280):

The provisions applicable to securities brokerage companies under these Regulations shall also apply to the company. Furthermore, the provisions relating to companies engaged in underwriting and offering of securities shall apply to the company's bond underwriting activities, unless otherwise provided for in this Chapter.

Part Eight: Activities of Securities Rating, Classification, and Ranking for Medium and Small Enterprises

Article (281):

In applying the provisions of this Chapter, the term "Company" shall refer to entities licensed to engage in the activities of securities evaluation, classification, and ranking, as well as those specifically focused on medium and small enterprises, pursuant to the Capital Market Law and the decisions issued in execution thereof.

Article (282):

Repealed.

Article (283):

No shareholder in the company may be a securities company, bank, auditor, or any entity subject to evaluation or issuing rated securities. The company shall avoid any actions conflicting with its business nature, and neither the company nor its staff may have any interests with any entity subject to rating or whose securities are rated.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (284):

The company shall not amend its credit rating methodologies or internal control procedures specified in item (9) of Article (135) of these Regulations without prior approval from the Authority.

Article (285):

The managing director and staff holding key positions in the company must possess sufficient expertise in securities rating or credit analysis. The company shall notify the Authority of its organizational structure, including the qualifications of key personnel and any external experts engaged.

Article (286):

The credit rating certificate must include the issuing company's name, the date of issuance, the rating assigned, its interpretation, and comparative descriptions of equivalent ratings used by other similar companies to ensure clear differentiation between rating grades.

Article (287):

Any entity seeking a credit rating for itself or its issued securities must provide the company with accurate, truthful, and financially reflective data necessary to conduct the rating.

Article (288):

The issuance of credit rating certificates for purposes other than those specified in Article (7) - Section Three - item (11) and Article (34) of these Regulations shall comply with the provisions of this Chapter, unless the rating concerns a bank, in which case the applicable rules shall be determined by a decision of the Minister of Economy and Foreign Trade, after consultation with the Governor of the Central Bank of Egypt and the Chairman of the Capital Market Authority.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

In all cases, the company shall notify the Authority of every issued rating certificate, even if the applicant later withdraws or declines to disclose it.

Part Nine: Regulation of Margin Trading and Securities Borrowing for Sale

Chapter One: General Provisions

Article (289):

For the purposes of this Chapter, the term "Company" refers to securities brokerage companies and securities custodians, including banks, as applicable.

"Margin trading" means an agreement between the company and a client under which the company provides financing to cover a portion of the purchase price of securities on behalf of the client.

"Securities borrowing for sale" means an agreement between the brokerage company and a client whereby the company borrows securities owned by a third party (the lender) through a securities lending system for the purpose of selling them and later returning them under agreed terms.

"Securities lending for sale" refers to an agreement between the custodian and its client whereby the custodian offers the client's securities for lending through a securities lending system in return for a yield determined by the system's rules.

Without prejudice to the provisions of these Regulations, the Authority shall issue rules regulating margin trading and securities borrowing for sale. Such rules shall set the maximum limits per security, per company engaging in these activities, and per client or group of related clients.

Article (290):

Margin trading may only be conducted through brokerage companies or custodians. Securities borrowing for sale may only be conducted through brokerage companies.

These activities must comply with the provisions of this Chapter and without prejudice to the Executive Regulations of the Central Securities Depository and Registry Law issued by Ministerial Decree No. 906 of 2001.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

The net shareholders' equity of a company intending to engage in margin trading must not be less than EGP five million. For companies intending to engage in securities borrowing for sale, net shareholders' equity must also not be less than EGP five million. Companies wishing to engage in both activities must have a net shareholders' equity of at least EGP ten million.

This shall be verified against the latest audited annual financial statements or subsequent interim statements preceding the application for approval.

Custodians that are banks must allocate no less than EGP five million for margin trading activities.

Applications for approval must be submitted to the Authority, accompanied by the following:

- A statement of the company's liquid net capital and total liabilities as of the last business day of the month preceding the application date, as per the Authority's solvency standards for securities companies, signed by the financial manager and managing director, with the auditor's review report attached.

- The latest audited annual financial statements or subsequent interim statements with the auditor's review or audit report.

- A statement of the company's technical infrastructure for information processing and evidence of electronic connectivity with the Authority, the exchange, and the central depository, ensuring adequate oversight, along with evidence of a phone recording system as per Article (263) of these Regulations.

- Document retention systems.

- Internal control and audit systems, with a certificate from the auditor confirming the accounting system ensures compliance with operational requirements.

- A list of managers and staff responsible for the activities sought, including their qualifications and experience.

- A copy of the client agreement template for margin trading or securities borrowing for sale, as applicable, in line with the Authority's model agreement.

- Evidence of opening a margin trading account at the central depository in accordance with the Authority's requirements.

  The Authority shall decide on the application within two weeks of its submission or completion of any additional required documents. The Authority may waive some requirements if the applicant is a bank custodian or has previously obtained approval for the activities in question.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (291):

The company must at all times maintain the minimum level of net liquid capital in accordance with the solvency standards issued by the Authority.

In the event that the company's net liquid capital falls below the aforementioned minimum, the company shall cease accepting new margin purchase or securities borrowing requests for sale purposes. Within no more than five days, the company must increase its net liquid capital to the prescribed minimum. Failure to comply shall result in the company being prohibited from conducting such operations, cancellation of the Authority's prior approval, and the taking of necessary legal measures.

Article (292):

The company must comply with the following:

- Exercise due diligence in verifying clients' ability to fulfill their obligations arising from margin purchases or securities borrowing for sale purposes, taking into account their financial status, investment objectives, funding sources, and other available information at the time of contracting. Clients' financial status must be re-evaluated whenever necessary, and at a minimum once every twelve months. The company must maintain records and supporting documents for these evaluations.

- Allow the Authority and the Exchange to review and obtain all data and documents related to margin purchase or securities borrowing transactions, and provide such data electronically upon request.

- Provide the client, upon agreement, with a detailed statement explaining the concept of margin purchase or securities borrowing for sale purposes, including procedures, benefits, risks, and fundamental rules. This statement must also be sent to clients at least once a year and upon any material amendment.

- Maintain separate books and accounts for recording margin purchase or borrowing for sale transactions.

Article (293):

Margin purchases and securities borrowing for sale purposes may only be carried out on securities that meet the standards set by the Exchange and approved by the Authority.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (294):

Clients wishing to purchase on margin must pay the company in cash no less than (50%) of the purchase price of the securities bought on their behalf, or no less than (20%) in the case of government bonds. Alternatively, clients may provide one of the following guarantees of equivalent value:

- Unconditional bank guarantees issued in favor of the company by banks subject to supervision of the Central Bank of Egypt.
- Bank deposits frozen in favor of the company, evaluated at (90%) of the deposit amount.
- Egyptian government bonds pledged in favor of the company, evaluated at (90%) of their market value.
- Eligible securities accepted by the company, evaluated at (80%) of their market value. The Authority may adjust these percentages in light of market conditions based on the Exchange's recommendations.

The company must notify the central depository on the day of executing any margin purchase transaction to freeze the purchased securities in the client's account in favor of the company.

Article (295):

The company must revalue the securities subject to margin purchases at the end of each working day according to their market value. The Board of the Authority sets the rules the company must follow in cases of a decrease in market value of securities or client-provided guarantees, including:

- The maximum permissible client debt ratios and the timing of margin calls.
- Circumstances permitting the company to liquidate guarantees or sell client securities.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Debt reduction may be achieved through cash payments or acceptable guarantees, including:

- Unconditional bank guarantees.
- Bank deposits frozen in favor of the company.
- Pledged Egyptian government bonds.
- Eligible securities as per the previous article.

These provisions also apply when the market value of guarantees decreases. The Authority may amend accepted guarantees or valuation ratios based on market conditions or the Exchange's proposals. The company must notify the central depository to annotate such guarantees.

Article (296):

The company must sign a written contract with the client for margin purchases following the Authority's model contract, which must include:

- Types of securities purchased, minimum cash payment or guarantees as per Article 294.
- Expenses, commissions, and financing costs payable by the client.
- The client's right to repay the outstanding balance at any time.
- The client's commitment to cover margin calls.
- Authorization for the company to manage the client's securities in case of default.
- The client's consent to the company accessing their securities accounts for solvency checks.
- The client's right to retrieve excess guarantees or reuse them for new transactions.
- Transfer of securities provided as collateral to the company's designated custodian.
- Dispute resolution mechanisms and communication methods.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- A declaration from the client acknowledging all risks involved in margin trading. The company must submit its contract to the Authority for approval before use.

Article (297):

The company must notify the Authority and the Exchange on the first working day of each week or upon request with:

- Available funds for margin trading and their sources, and the value of executed transactions.
- Total receivables from margin clients.
- Total market value of client-provided guarantees.
- Ratio of total receivables to market value of guarantees.
- Value of securities sold or guarantees liquidated during the month and the debts of related clients.

The company must comply with reporting standards set by the solvency rules. Monthly notifications must be signed by the Managing Director and Financial Manager certifying the accuracy of the data. A quarterly report, with an auditor's review, must be submitted within 45 days of quarter-end.

Chapter Three: Securities Borrowing for the Purpose of Sale

Article (298):

The Authority sets rules for securities lending for sale purposes against cash collateral set as a percentage of the securities' market value. These rules shall ensure:

- Fair and equal treatment of all lenders (investors willing to lend securities).
- Securities must be revalued at the closing market price daily, and any increase requires topping up the cash collateral.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- Lenders retain all rights and returns on the lent securities, deducted from the borrower's cash collateral per these rules.

Article (299):

Trading in borrowed securities is subject to:

- Securities must be available for lending to the company before sale.
- The sale price of borrowed securities must either:
    - Exceed the last trading price; or
    - Match the last trading price if the latest price movement was upward.

The central depository must provide the Authority and the Exchange with a monthly report of total borrowed securities balances per issuing company and their percentage of total traded shares. The Exchange must publish this report, and the Authority may request it at any time.

Article (299) Bis:

The company and the client must sign a written contract for securities borrowing for sale purposes, stipulating:

- Only securities meeting the Exchange's and Authority's criteria are eligible.
- A separate account shall be opened for all of the client's short sale transactions.
- A cash margin of no less than (50%) of the securities' market value (or 20% for government bonds) must be deposited prior to borrowing and sale. Sale proceeds shall be retained until the securities are returned.
- Any rights or benefits accruing to the securities shall be deducted from the borrower's cash margin and paid to the lender.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

The contract must also specify:

- Conditions for requiring additional guarantees.
- Conditions for requiring the return of borrowed securities.
- Actions the company may take upon the client's failure to provide guarantees or return securities.
- Fees and expenses charged by the company.
- Conditions for closing the short sale account.

Article (299) Bis (1):

A company engaged in the activity of borrowing securities for the purpose of sale shall record all of its borrowing and sale transactions in dedicated registers containing the following data:

- Names of clients;
- Trading orders and the names of the securities being traded;
- Volume of executed transactions;
- All commissions and expenses.

The company shall notify both the Authority and the Exchange on the first business day of each week and whenever requested by either, with the following:

- The total cash collateral held by the company for clients who sell borrowed securities;
- The total market value of the securities borrowed on behalf of clients;
- The ratio of cash collateral to the total market value of the securities borrowed on behalf of clients;
- The number and value of client notifications for additional cash collateral that have not been fulfilled by the clients;
- Instances where securities were purchased to settle the accounts of borrowing clients.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (299) Bis (2):

The company shall revalue the borrowed securities at the end of each business day in accordance with their market value at the Exchange's closing price and compare the market value of these securities with the cash collateral provided by the client. The cash collateral shall include the margin deposited by the client in accordance with item (3) of Article (299) Bis of these Regulations and the proceeds from the sale of the borrowed securities.

If, at any time, it appears to the company that due to an increase in the market value of these securities, the cash collateral ratio has decreased to 140% of their market value (or 115% for government bonds), it shall notify the client to increase the collateral to 150% for securities or 120% for government bonds.

In all cases, the company may proceed to purchase the borrowed securities in the following cases:

- If the client does not increase the cash collateral to the ratio referred to in the previous paragraph within two business days of notification;
- If the cash collateral ratio falls to 130% of their market value for securities or 110% for government bonds.

The Authority may amend the above-mentioned ratios in accordance with market conditions upon the proposal of the Exchange.

Part Ten: Securitization Activity

Chapter One: Securitization Companies

Article (300):

A securitization company is considered a company operating in the field of securities, the sole purpose of which is to conduct securitization activities. Its issued and paid-up capital upon incorporation shall not be less than EGP five million.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (301):

The license for a securitization company to conduct its activities shall be granted in exchange for a fee payable to the Authority in the amount of EGP 10,000. The license application shall be submitted together with, in addition to the documents set out in Article (135) of these Regulations, the following:

- A certificate from the company's auditor confirming the existence of an appropriate accounting system and documentation cycle necessary for managing the securitization process, in accordance with regulations issued by a decision of the Authority's Board of Directors;

- Evidence of the availability of the required expertise and competence for managing the securitization process among the directors and key employees of the securitization company, in accordance with standards issued by a decision of the Authority's Board of Directors;

- Evidence of a valid undertaking from the owner of a portfolio of financial rights to assign those rights to the securitization company, valid for a period of no less than six months.

The agreement may stipulate that the assignment shall become effective upon full subscription coverage of the bonds. The subscription coverage and promotion of securitization bonds shall be carried out by a company licensed for this purpose.

Article (302):

Repealed.

Chapter Two: Portfolio Assignment and Issuance of Securitization Bonds

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Article (303):

The notification of securitization bond issuance shall be submitted accompanied by the following:

- The public offering prospectus or the information memorandum;

- The agreement concluded between the securitization company and the custodian;

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- Any agreements concerning additional guarantees, if any;
- The preliminary assignment agreement between the securitization company and the assignor;
- The subscription guarantee agreement unless the notification and the prospectus indicate that the assignment will not become effective until full subscription coverage is achieved;
- The agreement concluded between the securitization company and the entity responsible for collecting the assigned rights;
- A certificate from the auditor confirming the net value of the portfolio and the basis of its valuation;
- The projected cash flows of the securitization portfolio and the basis for their preparation, approved by the securitization company, with an auditor's report attached;
- The documents set out in Article (7) of these Regulations;
- Any additional documents and data specified by the Authority's Board of Directors.

Article (304):

The prospectus for the issuance of securitization bonds or the information memorandum shall, in addition to the information required under these Regulations for bond issuance, include the following:

- The name, address, license number, and paid-up capital of each of the securitization company, the company responsible for subscription coverage and promotion of securities (if any), and the custodian responsible for monitoring transactions related to the rights of bondholders;
- A summary of the assignment agreement, including at least the value of the securitization portfolio and the undertakings of both assignor and assignee;
- Data on the securitization portfolio, including at a minimum the criteria and characteristics of the portfolio and its value, the rights included in the portfolio in detail (including commercial papers and supporting documents), the related guarantees, portfolio analysis, diversity by value, maturity schedules, geographic distribution, debtor concentration ratios, default rates on the corresponding obligations, average duration of the portfolio, and valuation basis;

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- The credit rating of the issuance and the securitization portfolio backing the bonds, which shall not be below the level indicating the ability to meet obligations according to the Authority's Board of Directors' rules;

- Risks to bondholders and the measures taken or guarantees obtained to mitigate them;

- Identification of the entity responsible for subscription coverage or guarantee, if any;

- Identification of the entity responsible for collecting payments due on the assigned rights and the obligations assigned to it under its agreement with the securitization company;

- A statement of any relationships between the parties involved in the securitization transaction, detailing any such connections;

- Schedules for payment of bondholder entitlements, commissions, expenses deducted from the assigned rights' proceeds, their deduction timelines, and rules for handling any surplus in the securitization portfolio;

- A legal advisor's certificate confirming that the securitization portfolio belongs to the assignor at the time of the assignment agreement and is free of disputes affecting the assignor's ownership or disposition rights and that the assignment agreement complies with the law and these Regulations, providing for an effective, unconditional, and definitive transfer of all assigned rights and guarantees, unless it states that the transfer will take effect upon full subscription coverage;

- An auditor's report on projected financial information per Egyptian auditing standards;

- Any other information deemed necessary by the Authority to be included in the prospectus or information memorandum.

These disclosures must be approved by the chairperson or managing director of the securitization company, the assignor company, the promotion and coverage company, the auditor of the securitization company, and the legal advisor to the securitization transaction, as applicable.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (305):

In cases where the assignment is agreed not to be effective until full subscription coverage of the bonds, and such coverage is not achieved by the subscription closing date, the Authority must be notified no later than the next working day. Funds paid for subscriptions shall be refunded within no more than three business days from that date.

Article (306):

A securitization company is prohibited from issuing any bonds or financing instruments other than the securitization bonds referred to in this chapter unless approved by the Authority's Board of Directors.

The nominal value of securitization bonds shall not exceed the present value of the portfolio and its returns, calculated using a discount rate equal to the yield on the securitization bonds.

Article (307):

The assignment of the securitization portfolio shall be executed through a final assignment agreement between the assignor and the securitization company according to the model prepared by the Authority after its approval of the bond issuance or after the lapse of the period within which the Authority may object to the issuance, as applicable.

Article (308):

The securitization company shall notify the Authority of the final assignment agreement, and the notification and the published summary must contain the data specified in a model issued by the Authority. In the case of public offerings, the summary of the assignment agreement must be published within one week of the agreement's execution in two widely circulated daily newspapers, at least one of which shall be in Arabic.

Article (308) Bis:

Without prejudice to Articles (35 Bis) and (35 Bis 2) of these Regulations, securitization companies may issue a general securitization program comprising multiple issuances, in accordance with rules issued by the Authority's Board of Directors.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (309):

The securitization company must deposit with the custodian within three days of the execution of the final assignment agreement the following:

- An original copy of the securitization portfolio assignment agreement;
- An original copy of the agreement between the securitization company and the assignor or the entity responsible for collection, which shall include instructions to remit proceeds to the custodian upon collection;
- Agreements establishing the assigned rights;
- Supporting documents for the assigned rights and guarantees, including commercial papers, guarantees, insurance, and any other securities;
- A declaration authorizing the custodian to deliver necessary documents to the entity responsible for collection to enable performance of its duties;
- An original copy of the securitization bonds prospectus.

Article (310):

The custodian shall verify that the securitization portfolio is separate from the assignor's assets and that it includes the documents listed in Article (309) of these Regulations. The custodian shall also verify that the assigned rights comply with the conditions set out in the assignment agreement and the prospectus.

The custodian shall retain the documents for the duration of the bond issuance until the entitlements of bondholders have been fully paid. The custodian shall notify the Authority immediately of any violations or deficiencies identified.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (311):

The collection proceeds of the assigned rights shall be deposited in a bank account opened in the name of the securitization company and monitored by the custodian. The custodian shall verify the correctness and timeliness of the deposit and notify the Authority in the event of any delay or breach.

Article (312):

Sums collected from the assigned rights shall be used for the following purposes in the order of priority specified in the prospectus or information memorandum:

- Payment of commissions and fees incurred by the securitization company in connection with the issuance and management of the bonds;
- Payment of amounts owed to the entity responsible for collecting the rights;
- Payment of sums due to bondholders;
- Any other uses specified in the prospectus or information memorandum.

Article (313):

The securitization company shall prepare periodic reports on the collection proceeds and their uses, verified by the custodian, and submit them to the Authority and the bondholders according to the schedule set out in the prospectus or information memorandum.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (314):

The custodian shall prepare a final report after the full payment of bondholders' entitlements, confirming the performance of the securitization company's obligations and the final use of the portfolio proceeds. The report shall be submitted to the Authority and published according to the Authority's requirements.

Article (315):

The Authority may establish by Board of Directors' decree further rules concerning the responsibilities of the custodian in relation to securitization operations.

Part Eleven: Rules Prohibiting Price Manipulation and Insider Trading

Chapter One: General Provisions

Article (316):

The securitization company shall submit to the Authority any agreements, amendments, or reports relating to its operations, including periodic reports and auditor reports concerning the securitization portfolio and bondholder entitlements.

Article (317):

If the entity responsible for collection fails to perform its obligations, the securitization company may terminate the agreement and assign collection responsibilities to another party, with prior notice to the Authority and in accordance with the procedures established by the Authority's Board of Directors.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (318):

A securitization company may issue bonds in foreign currency or secured by rights denominated in foreign currency, subject to approval by the Authority's Board of Directors and the Central Bank of Egypt's regulations, where applicable.

Article (319):

Upon completion of the payment of all bondholders' entitlements and final settlement of the securitization portfolio, any remaining surplus shall be distributed to the assignor unless otherwise provided in the assignment agreement or the prospectus.

Article (320):

The issuing companies, as well as any parties or entities related to them or cooperating with them in business, are prohibited from publishing any inaccurate or unverified news with the intent of deliberately influencing prices or market participants to achieve a particular goal.

These companies and other parties are obligated to ensure the accuracy of any news they publish and bear responsibility for compensating those harmed by what they publish if it is proven to be false or inaccurate.

The legal representative of the issuing company is responsible for promptly responding to any inquiries received from the Authority or the Stock Exchange as soon as the company receives such inquiries. The response must be accurate and supported by documents, especially if the response involves a material event.

The legal representative of the company bears responsibility for the accuracy of the information provided in the response.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (321):

Price manipulation in securities is strictly prohibited. In particular, the following acts are prohibited:

- Influencing the market or prices through transactions that do not result in a change in the actual beneficiary.
- Executing pre-agreed transactions to give the impression of activity in a particular security.
- Publishing or assisting in publishing misleading or unverified news.
- Publishing news regarding imminent price changes in a security with the intention of influencing prices or transactions.
- Participation by the issuing entity in transactions on its own securities to influence their price, or in any manner that would harm market participants, without prejudice to the rules governing treasury share transactions.
- Making any statements in any type of media containing inaccurate or unverified information intended to influence the market or its participants to achieve personal benefit or benefit a specific person or entity.
- Conducting transactions or placing orders in the stock exchange trading systems to create the appearance of activity in a security or manipulate its price to facilitate its sale or purchase.
- Participating in any agreements or practices intended to mislead or deceive investors or artificially influence or control the prices of certain securities or the market in general.
- Alone or in collaboration with others, placing orders in the stock exchange trading systems aimed at creating a misleading or inaccurate impression about the activity, liquidity, or price of a particular security in the market.
- Alone or in collaboration with others, placing orders on a particular security in the stock exchange trading systems to influence its price (increase, decrease, or stabilize) for unlawful purposes, such as affecting the value of investments for personal gain, tax evasion, or achieving a pre-agreed price with another party for an unlawful or unprofessional purpose (e.g., inflating the price of securities to secure credit).

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

- Exploiting a client's order or group of orders of a size that may affect the price of a security by trading in the same direction before the client's orders are executed, thereby achieving gains through unlawful use of client orders. It is also prohibited to agree with others or recommend that they act in the same direction before the execution of such orders.

- Trading using fictitious names or accounts to execute certain transactions or placing fictitious orders in the stock exchange trading systems not matched by actual buy or sell orders or placing orders at unjustifiable prices aimed at creating a misleading appearance not reflecting actual trading.

- Controlling or attempting to control bids or offers in the market or acquiring or attempting to acquire a controlling position in a security to manipulate its price or create unjustified prices or influence participant decisions.

- Publishing false or misleading information about the market intending to move order prices and executions in a certain direction.

- Abstaining from offering or bidding on securities for sale or purchase with the intent to influence their prices, despite the existence of buy or sell orders, or agreeing with any party to execute transactions suggesting the existence of offers or bids on such securities.

Chapter Three: Prohibition of Insider Trading

Article (322):

Persons with access to inside information by virtue of their positions or the nature of their tasks are prohibited from using such information for their own benefit or for the benefit of others or from disclosing such information to any other party, whether directly or indirectly.

Article (323):

It is prohibited to disclose the secrets of clients' accounts or transactions or to take any action that would harm the interests of the client or any other party.

It is also prohibited to trade in a security if the trader has direct or indirect access to material, non-public information related to the security and knows of its existence.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Persons with access to inside information are also prohibited from disclosing such information to others unless the recipient has a legally established right to such access.

Article (324):

A person trading in a security shall not be deemed to have used or benefited from inside information under the preceding articles if it is proven that the transaction was motivated solely by factors other than access to inside information, whether directly or indirectly.

Part Twelve: Mandatory Tender Offers for Acquisition

Chapter One: General Provisions

Article (325):

Scope of Application:

The provisions of this chapter apply to the following cases:

- Tender offers for shares and bonds convertible into shares in companies whose shares or convertible bonds are listed on the Egyptian Exchange, whether directly or indirectly, as well as the corresponding foreign depository receipts.

- Tender offers for shares and bonds convertible into shares in companies that have offered their shares through public subscription in the primary market or through public offerings in the trading market, even if not listed on the exchange.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (326):

Definitions:

Offeror: Any person submitting a tender offer in accordance with the provisions of this chapter.

Target Company: The company issuing the securities subject to the tender offer.

Persons: Natural and legal persons, economic entities, associations, financial groups, and gatherings of persons regardless of their formation, incorporation, financing methods, management locations, or nationalities.

Related Persons: Persons connected by an agreement and/or transactions intended to acquire or exercise actual control over a company subject to this chapter, whether the agreement is written or unwritten, or related to voting agreements at general assemblies or board meetings.

Related persons include individuals and their relatives up to the second degree, legal entities composed of two or more persons where the majority of shares or stakes in one entity are owned directly or indirectly by the other, or have a common owner, as well as holding, subsidiary, and sister companies as applicable.
Also included are persons under the actual control of another person.

Connected Advisors: Any person providing financial, legal, accounting, or technical advice related to a tender offer for the benefit of any of the parties involved or their related persons, if such connection results in access to non-public information regarding the offer.

Independent Advisors: Any specialized advisory person who has not provided financial, legal, accounting, or technical advice relating to the companies involved in the tender offer or the swap shares within six months prior to the offer and has no conflicting or shared interest with the involved parties.

Parties to the Offer: The offeror, the target company, independent and connected advisors, related persons whether directly or indirectly, their managers and board members as applicable, and executing brokers.

Tender Offer: An offer made to purchase securities of companies within the scope defined in Article (325) of these regulations from their owners, whether for cash consideration, through securities swap, or a mixed offer combining cash and swap, whether mandatory or voluntary.

Mandatory Tender Offer: An offer required by the Authority obligating a person to offer to purchase securities of any company within the scope defined in Article (325) of these regulations from their owners in accordance with Article (353).

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Voluntary Tender Offer: An offer submitted by persons or related parties aiming to acquire no more than one-third of the company's capital or voting rights, or which does not result in reaching a threshold requiring a mandatory tender offer.

Competing Tender Offer: A tender offer submitted to acquire shares of the target company during the validity of another tender offer for the same company, meeting the conditions and requirements set forth in this chapter.

Ownership Ratios: The total ownership of a person and/or their related group, directly or indirectly, in the company.

Direct Ownership: A person's percentage of ownership in the capital of the target company.

Indirect Ownership: Ownership or actual control over voting rights through related parties in the target company's capital, whether horizontally or vertically, up to the ultimate beneficiary.

Actual Control: Any position, agreement, or ownership of shares or stakes, regardless of percentage, that enables control over appointing a majority of the board members or influencing decisions issued by the board or the general assembly of the concerned company.

Stock Exchange: The exchange where the securities of the target company are listed in Egypt.

Day or Days: Actual working days of the exchange.

Material Impact on Trading or Prices: Sudden intensive activity in trading volume or sudden price changes during one or more trading sessions compared to the usual averages for the stock in question, similar sector stocks, or the overall market.

Pre-arranged Transactions: Transactions between pre-identified parties according to the rules set by the exchange and approved by the Authority.

Active Stocks: Stocks listed within specialized activity lists, including margin trading and same-day trading, according to criteria set by the exchange and approved by the Authority.

Transactions: Buying shares or bonds convertible into shares.
Arranging any rights on shares or bonds convertible into shares, including options and any amendments thereto.

Subscribing or waiving subscription rights to any shares or bonds convertible into shares.
Exercising conversion rights of convertible bonds.

Swapping shares for other securities or debts.

Any other transactions leading to an increase or decrease in ownership ratios in the target company.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Share Swap: The transfer by target company shareholders of their shares in exchange for shares in one or more companies owned by the offeror or related persons, whether through direct share exchange or capital increase in the offeror company. In cases involving a swap between an Egyptian and a foreign company, the foreign company must be listed on an exchange and subject to supervision by an authority equivalent to the Egyptian Authority.

Swap Ratio: The ratio used for share swaps between companies based on valuations prepared by an accredited independent financial advisor.

Adverse Material Event: Any unexpected, sudden event occurring after the submission of the offer that negatively affects the target company, its current or future activities, or its share value.

Article (326) Bis:

General Provisions:

The calculation of any period referred to in this Chapter shall begin from the day following the date of taking the relevant action.

No notification shall produce its legal effects under the provisions of this Chapter unless it is made in writing and delivered by hand against acknowledgment of receipt from the competent authority, or sent by registered mail with acknowledgment of receipt, or by guaranteed express mail, or by any other method determined by the Authority that ensures definite acknowledgment.

If the provisions of this Chapter require that the notification be published in a particular manner, this manner must be followed for the notification to produce its legal effects.

Any reference to shares in this Chapter shall apply equally to Global Depository Receipts unless the context provides otherwise.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (327):

Objectives of this Chapter:

The provisions of this Chapter aim to achieve the following:

- Establish the principle of full transparency in accordance with applicable laws, regulations, and best international practices in this regard.
- Ensure that holders of securities subject to the tender offer, and the persons concerned with the offer, obtain sufficient information, a suitable opportunity, and appropriate timing to assess the tender offer and make an informed investment decision.
- Ensure equality and equal opportunities among holders of the securities subject to the tender offer, and among the persons concerned with the offer.
- Prevent manipulation of the share prices of the target company, avoid market disruption, conflicts of interest, and misuse of inside information.
- Protect the interests of the target company and not interfere with its operations and business activities.
- Protect the rights of minority shareholders in the target company and prevent any harm to their interests.

Article (328):

General Obligations:

Persons concerned with the offer shall adhere to principles of competition, freedom of submitting offers and counteroffers, and ensure equality in the treatment of holders of securities subject to the tender offer. The data and information issued by them must be accurate, sufficient, and not misleading to the market or shareholders.

Connected advisors must exercise the due care of a prudent person in preserving the confidentiality of information related to any potential tender offer and must explicitly stipulate such confidentiality in any agreements or contracts with their clients.

The board of directors of the target company must act in the interest of the company and refrain from any actions that may prevent or hinder holders of the securities from assessing their value based on sound valuation principles. They must exercise due care when issuing recommendations regarding any offer presented to them, irrespective of any relationships with the offeror or its connected parties.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Companies subject to this Chapter whose shares are listed on foreign exchanges must comply with the disclosure rules of those exchanges, ensuring equality in access to all information related to tender offers in a timely manner for all shareholders.

The offeror must purchase shares listed on other exchanges according to the same procedures and terms set out in the proposed tender offer, while observing the principle of equal rights for shareholders. They must disclose their interests and those of their connected parties in the transaction to shareholders prior to its completion, ensuring equal treatment of all holders of securities subject to the offer.

A mandatory tender offer must target all shares and bonds convertible into shares, unless there is a commitment to maintain the listing of the target company's securities on the stock exchange. In such case, the offeror must make a purchase offer for the entire value of the company's shares excluding the minimum free float as required by the exchange's listing rules. The offeror must purchase shares from all shareholders who accept the offer in proportion to the quantity offered by each shareholder out of the total shares subject to purchase, with fractions rounded in favor of small shareholders.

If the mandatory offer is made through share exchange or a mixed offer, shareholders must be given the choice either to exchange their shares or to receive cash. If the offeror commits to maintaining the listing of the target company's securities, the offer may be made through share exchange without offering a cash alternative.

A mandatory offer must be unconditional unless made through share exchange requiring a capital increase. In such case, the offer may be conditional on the approval of the concerned company to issue such shares, provided this condition is clearly stated when announcing the offer.

Article (328) Bis:

Repealed.

Article (328) Bis A:

Repealed.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (329):

Obligation to Maintain Confidentiality:

Without prejudice to legally required disclosure rules, persons concerned with the offer must not disclose any confidential information related to a potential tender offer.

They must exercise the care of a prudent person to preserve the confidentiality of such information, including the potential offer price, and take necessary measures to prevent any leak of information that may materially affect trading or the share price of the target company or other parties involved in the offer.

They must inform their clients of the confidential nature of information related to any potential offer and the necessity of preserving such confidentiality, explicitly stating this in any agreements or contracts with them.

They may not disclose any potential offer to the public except in accordance with the provisions of this Chapter.

Article (330):

Disclosure Obligations Regarding a Potential Tender Offer:

First – Obligations of the Potential Buyer:

The potential buyer must immediately disclose to the Authority and the stock exchange the potential offer upon any of the following:

- Disclosing their intention to the target company.
- Meeting the conditions requiring a mandatory offer.
- Submitting applications for approvals from competent authorities.
- Market rumors, speculation, or unusual activity suggesting a potential offer.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Once disclosed, the potential buyer and related parties must not purchase any shares of the target company other than those intended in the offer until its conclusion.

They may disclose the following if available and if it does not hinder the offer:

- Identity of the offeror and its related parties.
- Summary of material negotiation results and their start date.
- Number and percentage of shares targeted, target price, funding sources, and financing terms if they affect the company's financial position.
- Number and percentage of shares owned by the offeror and related parties.
- Conditions for acceptance pending due diligence results.
- Withdrawal conditions upon the withholding of material information.

Upon disclosing the intention to submit an offer, the potential buyer must submit it within sixty days from disclosure. The Authority may extend this period up to an additional sixty days upon a justified request.

Failure to submit the offer within the prescribed or extended period or disclosure of the intention not to proceed requires informing the Authority with reasons. The offeror may not submit another offer for the company within six months of the period's end nor make any purchases that would trigger a mandatory offer within that period unless the Authority approves based on justified grounds.

Second – Obligations of the Target Company:

The target company must immediately notify the Authority and the stock exchange upon receiving notification from the potential buyer of their intention to submit an offer, or upon signing any MoU, letter of intent, agreement for due diligence, or other binding or non-binding agreements or serious negotiations regarding a potential offer. They must disclose to the Authority and stock exchange any available information upon a material effect on trading or share price due to rumors or expectations of a potential offer.

Third – Obligations of Principal Shareholders:

Principal shareholders holding over one-third of the target company's capital must notify the Authority upon being informed by the potential buyer of their intent to submit an offer, in any of the cases outlined under (Second), if agreements exist between them and the potential buyer that were not disclosed to the target company.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

They are prohibited from selling their shares from the announcement of the offer until its completion, except in response to the offer.

Fourth – Obligations of Voluntary Offerors:

Anyone wishing to acquire shares and voting rights up to but not exceeding one-third of the target company's capital or voting rights, without triggering a mandatory offer, may make a voluntary cash offer to all shareholders under this Chapter's rules.

If the shares offered exceed the voluntary offer's limit, the shares must be purchased from all shareholders who accepted the offer proportionally to their offered quantities, with fractions rounded in favor of small shareholders.

Competing voluntary offers may be submitted during the offer period in accordance with Articles (346) and (347), provided offerors respect the interests of the target company's shareholders.

Chapter Three: Acquisition of Shares Through Open Market Transactions

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Article (331):

Acquisition Through Open Market Transactions Not Exceeding One-Third of Voting Rights or Capital:

Without prejudice to the provisions of tender offers set forth in this Chapter, and subject to the disclosure obligations contained in this Section and the listing rules of the Egyptian Exchange, any person or group of connected parties wishing to acquire shares in the capital of a company subject to the provisions of this Chapter, up to but not exceeding one-third of its capital or voting rights, may execute such transactions in accordance with the applicable trading rules of the Exchange without the obligation to submit a tender offer. Such transactions may also be executed through pre-arranged transactions in accordance with the rules and procedures issued by the Exchange and approved by the Authority.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (332):

Acquisition Through Open Market Transactions by Non-Employees and Non-Board Members:

Any person or their connected parties who acquire (5%) or multiples thereof, up to one-third of the voting rights or ownership of shares in a company subject to this Chapter, through open market transactions in accordance with the prevailing listing rules, whether through a single transaction or multiple transactions, must disclose such acquisition to the Exchange and the Authority within two days from the date of the transaction's completion.

The disclosure must include sufficient identification of the acquirer and their connected persons, the percentage of their ownership in the relevant company after the transaction, the number and type of shares involved in the transaction, the execution price, and the name and address of the brokerage firms through which the transaction was executed.

This disclosure obligation also applies in cases of selling (5%) or multiples thereof of the voting rights or ownership in any company subject to this Chapter.

If the percentage acquired individually or collectively with connected parties reaches (25%) or more but not exceeding one-third of the capital or voting rights of a company subject to this Chapter, the disclosure must include the buyer's future investment plans and intentions regarding the company's management, as well as any intent to complete the acquisition up to the one-third threshold.

Article (333):

Acquisition Through Open Market Transactions by Employees and Board Members:

The provisions of the previous Article shall apply to board members of companies subject to this Chapter and their employees if any of them acquires (3%) or multiples thereof of the shares of such companies in accordance with the prevailing listing rules.

The disclosure obligation also applies in the case of selling (3%) or multiples thereof of the voting rights or ownership in any company subject to this Chapter.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (334):

General Provisions:

Unless otherwise stipulated, the provisions of this Section shall apply to all types of tender offers mentioned in this Chapter.

Chapter Four: Execution Procedures and Disclosure Requirements Related to Tender Offers

Section One: Submission of the Draft Tender Offer and the Information Memorandum for Review by the Authority

Article (335):

Submission of Draft Tender Offer and Information Memorandum to the Authority:

The draft tender offer and information memorandum shall be submitted to the Authority through a formal application by the offeror, one or more of the connected advisors registered with the Authority, or a duly authorized representative of the offeror pursuant to the Authority's designated form or an official power of attorney.

The application for approval of the draft tender offer must include the following information:

- The objectives of the offeror.
- The number and specifications of securities owned by the offeror, whether individually or collectively with connected parties, in the target company, including acquisition dates.
- The purchase price or exchange ratio, and the principal terms of the tender offer.

The application must be accompanied by a draft information memorandum prepared by the offeror and certified by its financial and legal advisors.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

The draft information memorandum must contain all data enabling the security holders subject to the tender offer to form an opinion and make an informed decision. Specifically, it must include:

- Identification of the offeror, its connected parties, related persons, board members, directors, and its key investments in the field of activity of the target company (if any).
- Duration of the tender offer and its principal terms.
- The general intentions of the offeror during the twelve months following the successful completion of the tender offer concerning the company's activity, and whether it intends to list or maintain the listing of the securities on the stock exchange.
- The purchase price or exchange ratio and the principal terms of the tender offer. In cases of exchange offers or mixed offers, detailed justification of the purchase price and valuation of the shares must be provided. If the exchange involves issuing new shares through a capital increase, disclosure of the timeline for issuing such shares is required.
- The maximum number of securities the offeror commits to purchasing outside mandatory offer cases.
- The number of securities the offeror directly or indirectly owns in the capital of the target company.
- Agreements related to the tender offer in which the offeror is involved or aware of, and the identity of any persons acting in concert with it under agreements or understandings.
- A statement on whether financing or repayment of the purchase relies in any way on the financial resources of the target company, and the impact of the financing structure on the company's assets and operations.
- A summary of the offeror's financial statements for the last three years (if not a cash offer) or since incorporation, whichever is shorter.
- The general intentions of the offeror during the twelve months following successful completion of the tender offer concerning the company's business and its plan for minority shareholders and those affected by potential delisting.
- The number and specifications of securities owned by the offeror, individually or with its connected parties, in the target company, with acquisition dates.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

The information memorandum need not include the details in item (3) above if the acquisition target is less than (25%) of the capital or voting rights.

The offeror shall be liable for the accuracy of the information contained in the draft tender offer and the information memorandum. Connected advisors submitting these documents on behalf of the offeror or participating in their preparation and approval must verify the accuracy of the information therein, including the accuracy of the purchase price estimation or exchange ratio, as applicable.

The following documents must be attached to the application for approval of the tender offer and the information memorandum:

- Draft tender offer in accordance with the Authority's template and the information memorandum.

- A letter from a bank subject to the supervision of the Central Bank of Egypt confirming the availability of financial resources necessary to fund the offer, in accordance with the Authority's template. The Authority may exempt the offeror from providing this letter if it is a state-affiliated entity.

  If the tender offer is an exchange offer for existing shares, a custodian's undertaking confirming possession of the exchange shares and freezing them for the duration of the offer is required. The freeze will apply to the target company's shares after the offer period until completion of the exchange procedures.

  The offeror and the custodian must undertake that shares subject to exchange via capital increase will remain frozen until the exchange procedures are completed.

- The offeror's undertaking to notify the Egyptian Competition Authority of the transaction in accordance with the Competition Law No. 3 of 2005.

- A fair value study from an independent financial advisor for the shares in exchange offers or mixed offers, including detailed information on the shares involved.

- Any preliminary approvals from competent authorities, if required.

- Closing prices of the target company's shares during the three months preceding the offeror's announcement of its intention to make the offer, the six months preceding the deposit of the draft offer, and the prices of any previous tender offers for the same securities in the past twelve months before submission.

- Documents proving the offeror's identity in accordance with Chapter Thirteen of these Regulations, unless already submitted upon disclosure of intent to submit a tender offer, with a commitment to notify the Authority of any material changes affecting more than one-third ownership of the target company.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

The Authority may request the offeror to provide any additional information, data, or documents it deems necessary to achieve the objectives and principles stated in Articles (327) and (328) of these Regulations.

The Authority may exempt the offeror from submitting an information memorandum in voluntary cash offers, provided that the draft tender offer includes all information necessary for security holders to form an opinion and make an informed decision, without prejudice to the offeror's and its advisors' responsibilities under this Article.

Article (336):

Notification of Shareholders and the Public of the Draft Tender Offer and the Draft Information Memorandum

Upon accepting the filing of the draft tender offer and the draft information memorandum, the Authority shall immediately notify the Exchange of the material provisions contained therein, and the Exchange shall publish this information on its trading screens as soon as it is received.

The Chairman of the Authority may, upon the filing of the draft tender offer with the Authority, suspend trading on the shares of the target company as well as on the shares of any other companies involved in the offer.

Chapter Four: Implementation Procedures and Disclosure Requirements for the Tender Offer

Section Two: Review of the Draft Tender Offer and the Draft Information Memorandum by the Authority

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Article (337):

Authority's Decision and Completion of Review

The Authority must announce, within two days from the date of filing the draft tender offer and the draft information memorandum, whether it approves the draft offer.

Within this period, the Authority may request any clarifications, guarantees, or additional information it deems necessary to review the draft tender offer or the information memorandum. A new period, equal in length to the aforementioned period, shall commence from the date the Authority receives such clarifications, guarantees, or information.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

The Authority may reject the draft offer or request its amendment in the following cases:

- If it includes elements that undermine the objectives and principles set out in Articles (327) and (328).

- If the proposed cash purchase price for active shares is less than the average closing price on the Exchange during the three months preceding the announcement by the offeror of its intention to submit the offer, or the six months preceding the filing of the draft offer, or less than the highest price of a prior tender offer on the same security within the previous twelve months, whichever is higher, unless the price is determined in accordance with a fair value study prepared by an independent financial advisor registered with the Authority pursuant to financial valuation standards.

  For the purposes of this Article, the "average closing price" means the daily average closing price of traded shares calculated pursuant to Article (97) of these Regulations.

- If the price for inactive shares has not been determined based on a fair value study prepared by an independent financial advisor registered with the Authority pursuant to financial valuation standards.

The Authority may also reject the draft offer or request its amendment in the event of violations as stipulated under Article (353) of these Regulations, if the proposed cash price is lower than the average closing price on the Exchange during the three months preceding the date the Authority mandates the submission of the offer, or the six months preceding the date of filing the draft offer, or the date of the violation, whichever is higher. This shall not apply if the Authority deems it necessary to determine the offer price according to a fair value study prepared by an independent financial advisor registered with the Authority in accordance with financial valuation standards.

Article (338):

Obligations of the Target Company Following the Authority's Approval of the Draft Tender Offer

The target company shall, within fifteen days from the date of the Authority's approval of the draft tender offer, issue a statement setting out the opinion of its board of directors regarding the viability of the offer, its expected outcome, and its significance for the company, its shareholders, and its employees, excluding the voting rights of the offeror and its related parties from the total votes of the board.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

The Authority may require the target company to appoint an independent financial advisor, from among those registered with the Authority, approved by the company's independent or experienced board members who are not related to the offeror. The opinion of the independent financial advisor must be disclosed to shareholders at least five days before the expiry of the offer period, irrespective of the board's opinion on the offer.

This requirement applies in the following cases:

- Where the offeror, directly and/or through related parties, owns 20% or more of the shares of the target company.
- Where the offeror is a member of the board of directors or a member of the senior management of the target company.
- Where the purchase price involves a share swap or the offer is a mixed offer.
- Other cases where the Authority deems an independent opinion necessary to protect shareholders, the interests of the market, and its stability.

The Authority may, where deemed necessary to protect minority shareholders' rights and in furtherance of the objectives of this Chapter, appoint an independent financial advisor at the expense of the target company. The target company shall provide the appointed advisor with all information and data necessary for the valuation.

Article (339):

Publication of the Authority's Approval of the Tender Offer

In the event that the Authority approves the draft tender offer and the information memorandum, its decision shall be published by the Exchange, indicating the date for the resumption of trading on the securities subject to the offer, or the shares of other companies involved in the offer if trading was previously suspended upon filing the draft tender offer.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (340):

Announcement of the Tender Offer

The offeror shall notify the target company of the approved draft tender offer and the information memorandum on the same day of approval by the Authority. The offeror shall publish the tender offer announcement within two days of the Authority's approval through the publication channels specified by the rules and regulations set by the Authority's Board of Directors.

Article (341):

Duration of the Tender Offer

The tender offer period shall commence on the day following the date of publication.
The offer period may not be less than twenty days in cases where the board of the target company is required to obtain an opinion from an independent advisor pursuant to Article (338), nor less than ten days in other cases.

In all cases, and without prejudice to the provisions governing competing offers under Articles (346) and (347), no offer period may exceed thirty days.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (342):

Obligations of Persons Concerned with the Offer

Persons or entities involved in the offer must exercise due care when disclosing information related to the tender offer during its period of validity.

Information published during this period by such persons or entities must be limited to the elements included in the mandatory announcements under this Chapter and in the information memoranda submitted by the offeror. The Authority must be notified of any information or data related to the tender offer before its disclosure or publication for approval.

Article (343):

Obligations of the Board of Directors of the Target Company

From the date of publication by the Authority of its approval of the draft tender offer and information memorandum on the Exchange until the date of announcing the outcome of the offer, the board of directors and managers of the target company shall refrain from taking any action or measure that may constitute a material adverse event.

Specifically, the board and managers of the target company must refrain from:

- Deciding to increase the share capital or issuing convertible bonds if such an increase would make the acquisition burdensome or impossible, unless such a decision was made at least thirty days prior to the Authority's publication of the approval of the draft tender offer and information memorandum.

- Taking actions or measures that would materially affect the company's assets, increase its financial obligations, or impede the future development of the company's business, unless such actions or measures were taken in the ordinary course of business and prior to the Authority's approval of the draft tender offer and information memorandum.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (344):

Amendment of the Terms of the Takeover Offer:

Without prejudice to the provisions of the preceding articles, the offeror may, after obtaining the approval of the Authority, amend the terms of the announced takeover offer provided that such amendment takes place at least five days prior to the expiry date of the original offer period.

The procedures prescribed for announcing the original offer shall apply in this regard.

Approval of the amendment is subject to the offeror disclosing the justifications for such amendment, and provided that the amendment is in favor of the holders of the securities targeted by the takeover offer or in the event of a material adverse event affecting the offer.

The publication of the amendment shall not result in an extension of the offer period unless the Authority decides otherwise based on justifications it deems necessary to protect the interests of the holders of the securities targeted by the offer and to ensure market stability in accordance with the provisions of this Chapter.

The period of validity of the offer following the publication of the amendment shall not be less than two days.

The holders of the securities subject to the original offer may, in the event of their disagreement with the amendment, withdraw their sale orders before the expiry of the offer period.

Article (345):

Withdrawal and Revocation of the Takeover Offer:

The offeror may not withdraw or revoke the takeover offer during its validity period except upon the occurrence of a material adverse event and after obtaining the approval of the Chairman of the Authority.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

The offeror may not submit a new takeover offer until six months have elapsed from the date of withdrawal or revocation. This period shall be extended to twelve months in the case of a mandatory takeover offer unless the Authority permits the submission of a new offer within the prohibition period for serious reasons as determined by it, all without prejudice to Articles (327) and (328) of these Regulations.

Chapter Four: Implementation Procedures and Disclosure Requirements for the Tender Offer

Section Six: Competing Tender Offers

Article (346):

Conditions for Accepting the Deposit of a Competing Offer:

A competing takeover offer may be submitted at least five days prior to the expiry of the original offer period.

For a competing offer project to be accepted, the purchase price must be in cash, and the increase shall not be less than 2% of the price of the original or the previous competing offer, as the case may be.

Nevertheless, the Authority may accept a competing offer project even if it does not include a higher price, provided it involves a substantial improvement in the terms proposed in favor of the holders of the securities subject to the offer.

In reviewing the acceptance of a competing offer project, the Authority shall observe the provisions of Articles (335 to 340).

Article (347):

Implementation Procedures and Disclosure Requirements for Competing Offers:

The Authority may, upon accepting a competing offer project, extend the duration of the original offer for such period as it determines.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

If the period of validity of the competing takeover offer, calculated from the beginning of the original offer period, exceeds sixty days, the Authority may require a maximum additional period of five days to conclude the offers. Thereafter, final offers shall be submitted by all offerors under a sealed bid system under the full and direct supervision of the Authority's Board of Directors. The selection among offers under the sealed bid system shall be limited to the purchase price.

The Authority shall authorize the offeror with the highest price to announce its offer, provided that the validity period of such offer shall not exceed five days.

Chapter Four: Implementation Procedures and Disclosure Requirements for the Tender Offer

Section Seven: Execution of Sale Orders Related to Tender Offers

Article (348):

Implementation Procedures for Sale Orders in Takeover Offers:

Holders of the securities subject to the takeover offer who wish to dispose of them shall issue sale orders through one of the licensed securities brokerage firms during the offer period. Such firms shall record these orders on the stock exchange trading system in accordance with the applicable rules.

In the case of holders of foreign depositary receipts wishing to dispose thereof, they must convert such receipts into local securities in accordance with the Authority's regulations governing the conversion of foreign depositary receipts into shares.

Holders of the securities who have responded to the takeover offer may revoke their acceptance at any time during the offer period.

If the quantity of shares offered for sale exceeds the quantity sought to be acquired, except in cases of mandatory takeover offers, the offeror shall purchase from all holders who responded to the offer in proportion to the quantity offered by each in relation to the total quantity sought to be acquired, with fractions rounded in favor of minority shareholders.

The result of the offer shall be announced on the stock exchange within two days following the expiry of the offer period and shall be reported to the Authority.

The offeror shall execute the purchase transactions within no more than five days from the date of announcing the result of the offer.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (349):

Trading During the Validity Period of Takeover Offers and Obligations of Concerned Persons:

The offeror and related persons may not acquire the securities subject to the takeover offer except through acceptance of the offer by their holders during the offer period.

The offeror and related persons are prohibited from carrying out any trading operations on the securities subject to the offer or on swap shares until the completion of the takeover offer transactions.

Any persons or legal entities that, from the date of filing the offer project and the information memorandum until the completion of the offer transactions, acquire 0.5% or more of the issued capital or voting rights of the target company, shall notify the Authority and the stock exchange on a daily basis after each trading session of any purchases or sales conducted on the target company's shares, as well as any transaction resulting in the immediate or deferred transfer of ownership of such shares or voting rights.

Such notification must include the following details:

- Name and address of the seller and buyer.
- Date of the trading session or date of the transfer.
- Number and price of the securities.
- Number of securities acquired after the transaction.
- Number of transactions conducted on the shares of the offeror or the target company if the offer involves share swaps.

The stock exchange shall publish such notifications immediately upon receipt.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (350):

Trading After the Expiry of the Offer Period and Obligations of Concerned Persons:

The offeror and related persons may not acquire the target securities, from the expiry date of the offer period until the completion of the takeover offer transactions, at a price higher than the offer price.

Article (351):

Treasury Shares:

The target company or related persons may not, during the offer period, directly or indirectly purchase securities issued by the target company that constitute part of its capital or confer ownership rights therein.

However, the target company may acquire treasury shares during the offer period if such acquisition is in execution of a general assembly resolution that predates the date of publication of the Authority's decision approving the offer project and information memorandum.

Article (352):

Obligations of Concerned Persons:

Concerned persons are prohibited from conducting any trading operations on the securities subject to the takeover offer from the commencement of negotiations or filing of the offer and during the offer period. The provisions of Article (350) of this Chapter shall also apply to them.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (353):

Cases Requiring Mandatory Takeover Offers to Acquire the Securities of the Target Company:

Any person intending, directly or indirectly, alone or through related persons, to acquire one-third or more of the capital or voting rights of the target company shall notify the Authority and submit a project to purchase all securities constituting part of the capital or voting rights, as well as bonds granting rights of ownership therein. In the case of preference shares issued by the target company, only voting rights shall be subject to the mandatory offer.

The obligation to submit a mandatory offer shall also apply to any person who, alone or through related persons, acquires more than one-third but less than half of the capital or voting rights and, within twelve consecutive months, increases their holding by more than 5% of the capital or voting rights. Such obligation shall also arise if the person reaches, at any time, a holding equal to half of the capital or voting rights.

The same obligation shall apply to any person acquiring, alone or through related persons, more than half but less than two-thirds of the capital or voting rights and, within twelve consecutive months, increases their holding by more than 5%. Such obligation shall also arise if the person reaches, at any time, two-thirds of the capital or voting rights.

Similarly, the obligation shall apply to any person acquiring, alone or through related persons, more than two-thirds but less than three-quarters of the capital or voting rights and, within twelve consecutive months, increases their holding by more than 5%. Such obligation shall also arise if the person reaches, at any time, three-quarters of the capital or voting rights. No mandatory offer shall be required beyond this level, subject to the provisions of Article (357) of these Regulations.

Furthermore, any person intending to acquire, directly or indirectly, alone or through related persons, any percentage exceeding their current holding as resulting from the events stated in Article (356) of these Regulations, must comply with the rules set out in Article (356 bis).

In all cases requiring a mandatory takeover offer, if the offeror commits to maintaining the listing of the target company's securities on the stock exchange, the project shall cover all securities except for the minimum required for continued listing. If the shares offered for sale exceed the quantity sought to be acquired, the offeror must purchase shares from all holders who responded in proportion to their offers, with fractions rounded in favor of minority shareholders. If the offeror declares an intention to delist the securities, the project must cover all securities of the company.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

In cases of breach of this Article, the Authority may permit the violating party to dispose of the excess holdings within a specified period and may take any necessary measures, including freezing the excess shares, suspending their voting rights, and withholding dividends until such disposal or compliance with the mandatory offer requirement, where possible.

Article (354):

Exemptions from Submitting a Mandatory Takeover Offer:

The obligation to submit a mandatory takeover offer shall not apply in the following cases:

- If the increase in ownership percentage results from a capital increase in which the person concerned subscribed in accordance with their existing rights without increasing their shareholding percentage over the percentage they previously held.
- If the increase in ownership results from a share buyback by the target company leading to a reduction of the shares held by others.
- If the increase results from an inheritance or a division of the estate or through a judicial ruling.
- In the case of banks or financial institutions acquiring securities as a result of debt settlement operations or executing guarantees in their favor, provided they undertake to dispose of the acquired securities within six months from the date of acquisition unless the Authority grants an extension.
- Transfers between related parties within the same group or controlling structure, provided such transfers do not affect the control of the target company, as determined by the Authority.

The Authority may exempt any person from submitting a mandatory takeover offer in cases it deems necessary to protect market stability, taking into consideration the interests of minority shareholders and the justifications provided.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (355):

Procedures for Submitting a Mandatory Takeover Offer:

The person subject to the mandatory takeover offer obligation must notify the Authority immediately upon reaching any of the thresholds stipulated in Article (353). The notification shall be accompanied by the draft offer and the information memorandum prepared in accordance with the Authority's applicable rules.

The Authority shall review the notification and, within a period not exceeding fifteen working days, issue its decision regarding the acceptance or rejection of the offer, or request amendments thereto. The Authority may extend this period if deemed necessary to protect the market or the rights of minority shareholders.

Upon the Authority's approval of the offer, the offeror shall announce the takeover offer in accordance with the disclosure requirements specified by the Authority.

Article (356):

Consequences of Acquiring Control Without Submitting a Mandatory Takeover Offer:

If a person acquires any of the ownership thresholds requiring a mandatory takeover offer without submitting such an offer in accordance with these Regulations, the Authority may take the following measures, individually or collectively, as appropriate:

- Suspend the voting rights attached to the securities exceeding the ownership threshold until the situation is rectified.
- Suspend dividend distributions on the excess securities.
- Suspend any rights attached to the excess securities, including the right to propose or nominate representatives to the board of directors.
- Oblige the person to dispose of the excess securities within a timeframe set by the Authority.
- Oblige the person to submit a mandatory takeover offer within a specified period.

These measures shall not prejudice any other penalties stipulated by law.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (356 bis):

Rules Governing Subsequent Increases in Ownership Post-Mandatory Offer:

Any person who has already submitted a mandatory takeover offer and has acquired securities pursuant to such offer, or who has acquired control through any of the cases stated in Article (353), may only increase their ownership percentage above the acquired ratio through the submission of a new mandatory takeover offer if the increase exceeds 5% of the company's capital or voting rights within twelve consecutive months.

The Authority shall have discretion to exempt increases that do not affect the control structure or market stability, taking into account the interests of minority shareholders.

Chapter Seven: Protection of Minority Rights Through Tender Offers

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Article (357):

Non-Applicability of the Mandatory Takeover Offer:

The obligation to submit a mandatory takeover offer shall not apply in the following cases:

- If the ownership threshold is exceeded as a result of mergers, acquisitions, or similar restructuring operations approved by the Authority.
- In cases of capital reductions approved by the competent authorities.
- In cases of government decisions or actions by regulatory authorities resulting in exceeding ownership thresholds.
- In cases where the Authority deems the public interest requires such exemption to ensure the stability of the market.

In these cases, the Authority may impose specific obligations to protect the rights of minority shareholders.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (358):

Conditions Required for the Purchase Offer under this Chapter:

The purchase offer submitted under the provisions of this Chapter must be in cash.

The price of the mandatory purchase offer shall not be less than the highest price paid by the offeror or any related party in a previous purchase offer within the twelve months preceding the submission of the concerned offer, unless there are valid reasons accepted by the Authority and without prejudice to the provisions of Articles (327) and (328) of these Regulations.

Chapter Eight: Acquisition of Listed Securities of Companies Located in the Cities of Sharm El-Sheikh and Dahab and the Gulf of Aqaba Tourism Zone in South Sinai Governorate

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Article (358) Bis:

Acquisition of Listed Securities for Companies Operating in Sharm El-Sheikh, Dahab, and the Gulf of Aqaba Tourist Sector in South Sinai Governorate:

Taking into account the provisions of Presidential Decree No. 128 of 2022 exempting the cities of Sharm El-Sheikh, Dahab, and the Gulf of Aqaba Tourist Sector in South Sinai Governorate from the provisions of the Integrated Development Law in the Sinai Peninsula issued by Law No. 14 of 2012, the provisions of this Chapter shall apply to the purchase and sale transactions of listed securities for companies whose operations are limited to the aforementioned areas or whose ownership of land or built real estate in Sinai is limited to those areas.

Any Egyptian person wishing to acquire, directly or indirectly, alone or through related parties, any percentage of the capital or voting rights of companies subject to the provisions of this Chapter, leading to reaching 10% or multiples thereof, must obtain prior approval from the Authority, the Ministry of Defense, the Ministry of Interior, and the General Intelligence Service.

Non-Egyptians may not acquire, directly or indirectly, alone or through related parties, 5% or more of the capital or voting rights of companies subject to this Chapter without obtaining prior approval from the authorities mentioned in the second paragraph of this Article.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Without prejudice to the second and third paragraphs of this Article, any person acquiring directly or indirectly, alone or through related parties, 3% or multiples thereof of the capital or voting rights in any company subject to the provisions of this Chapter, whether through one transaction or multiple transactions, must disclose such transaction(s) to the Authority and the Stock Exchange on the day following the acquisition date.

The disclosure notification must contain sufficient identification of the acquirer and its related parties, the percentage of their ownership in the company before and after the transaction(s), the number and type of securities involved, the execution price, and the name and address of the brokerage companies involved in executing the transaction(s).

The disclosure obligation shall also apply in the case of selling 3% or multiples thereof of the capital or voting rights in companies subject to this Chapter.

In all cases, non-Egyptians may not acquire, directly or indirectly, listed securities of companies fully owned by Egyptians and holding land or built real estate in the mentioned areas.

Anyone who acquires by inheritance, will, or gift a percentage exceeding the thresholds requiring prior approval from the authorities mentioned must rectify their situation within six months from the date of acquiring such shares. Failure to comply within this period shall result in the suspension of voting rights and board membership rights for the excess shares, with the Authority entitled to extend this period for a similar term if the sale of the securities is impracticable.

The Authority may, in cases of non-compliance with the provisions of this Article, take any or all of the following measures: freezing the non-compliant securities, suspending voting rights and dividend rights until disposal of the securities within the period it specifies, or approving the acquisition where possible.

Part Thirteen - Rules for Identifying Beneficial Owners in Securities Market Transactions

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Article (359):

For the purposes of this Chapter, a "beneficial owner" means any person for whose account the transaction is conducted, whether directly or indirectly, with the intent of obtaining a benefit.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
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Without prejudice to the disclosure rules stipulated by law or these Regulations, legal entities must comply with the disclosure requirements regarding beneficial ownership outlined in Annex (7) attached to these Regulations in any of the following cases:

- Issuing shares in joint-stock companies, partnerships limited by shares, or amending shareholder ownership structures.
- Applying for approval of a voluntary or mandatory takeover offer, or for exemption therefrom.
- Offering securities for public subscription in the Egyptian market.
- Listing securities on any Egyptian stock exchange.
- Applying for the establishment of a company operating in securities activities or participating therein with 10% or more of the capital, or acquiring 10% or more of any such company.
- Any other cases determined by the Board of Directors of the Authority to ensure market stability and transparency of related activities.

Part Fourteen - Auditors of Companies Subject to the Law

Article (360):

The Authority shall prepare a register of auditors authorized to audit the accounts of companies whose securities are listed on any Egyptian stock exchange, public offering companies, companies operating in securities activities, and investment funds established by banks and insurance companies.

The Authority may categorize this register by activity type and registration requirements. The auditors' information shall be periodically updated and published on the Authority's website.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Article (361):

Without prejudice to the provisions of the Law on the Central Auditing Organization, all companies referred to in Article (360) must appoint one or more auditors from those registered in the Authority's register for this purpose to audit their accounts. Auditors not registered with the Authority may not audit the accounts of the companies referred to in the preceding Article.

Article (362):

Auditors registered with the Authority must notify the Authority annually of the companies referred to in Article (360) whose accounts they audit, as well as any companies whose audits remain incomplete and the reasons therefor.

The statement must also include companies whose accounts they audit, whether holding, subsidiary, or sister companies of those mentioned in the previous paragraph, regardless of their business activities.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Annex No. (1): Model Public Subscription Prospectus

Model Public Subscription Prospectus

First: General Information

Company Name:

Legal Form:

Registered Head Office:

Company Purpose:

Company Duration:

Fiscal Year:

Commercial Registration Number and Date:

Names of Founders:
(and the ownership percentage of each)

Names of the Chairman and Board Members:
(with indication of authorized representatives)

Responsible Managers:

Names and Addresses of Auditors:

Share Capital:
(and currency in which it is paid)

Number and Types of Issued Shares:

- Ordinary Registered Shares
- Preferred Registered Shares
- Registered Shares in Exchange for In-Kind Contributions
  (Not applicable in the case of investment funds)

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email info@eg.Andersen.com

Name of the Bank or Company Receiving the Subscription:

Amount Payable Upon Subscription:

Subscription Opening Date:

Subscription Closing Date:

Statement on Net Profit Distribution Method:

Locations Where the Authority-Approved Prospectus May Be Obtained:

Company's Plan for Use of Subscription Proceeds and Expected Outcomes:

All information must be certified by the Chairman of the Board and the Auditor.

Second: In the Case of Issuing In-Kind Shares, the Prospectus Must Also Include:

Summary of the tangible and intangible assets provided in exchange for the in-kind shares.

Names of the contributors of such assets.

Summary of the benefit expected to accrue to the company from these assets.

Summary of related-party transactions involving the real estate contributed to the company in the five years prior to the contribution.

Statement of current mortgages and privileges attached to the company's assets, including:

- Mortgaged Assets
- Their Value
- Value of the Loan Secured by the Mortgage

Conditions upon which the in-kind contributions may be settled in cash, if applicable.

Date of issuance of the relevant committee's decision and a comprehensive summary of its report on the valuation of the contributed assets.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Third: In the Case of a Capital Increase Share Issuance, the Prospectus Must Also Include:

Date and number of the company's commercial registration.

Date and resolution of the General Assembly or Board of Directors approving the capital increase.

Whether preemptive rights of existing shareholders are maintained.

Total amount of capital increase.

Number of new shares to be issued.

Names of holders of registered shares owning more than 5% of the company's capital, including:

- Shareholder Names
- Number of Shares
- Ownership Percentage
- Share Value

Summary of audited financial statements for the past three fiscal years.

If part of the capital increase is in exchange for in-kind contributions, the prospectus must also include the provisions outlined in Section (Second).

Reasons for the capital increase and expected benefits to the company.

Details of any contracts entered into by the founders within five years prior to the offering that are intended to be transferred to the company.

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Fourth: In the Case of Issuing Bonds or Sukuk (Islamic Bonds), the Prospectus Must Also Include:

In addition to the information listed in **Sections First, Second (5), and Third (6, 7)**:

Date of the General Assembly's resolution approving the issuance.

Whether preemptive rights of existing shareholders are maintained.

Issuance Terms and Conditions:

Yield (including calculation method and payment schedule):

Rules governing the conversion of bonds or sukuk into shares (if convertible):

- (a)
- (b)
- (c)
- (d)

Schedule and conditions for repayment of bonds or sukuk.

Summary of the company's past performance and reasons for issuance.
(Specify the projects or activities to be financed by the issuance proceeds)

Securities or collateral provided by the company (value and duration).

Summary of projected financial positions over the term of the proposed bond or sukuk issuance.

Key Financial Ratios:

- Capital Structure Ratios
- Profitability Ratios

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eg.Andersen.com
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Fifth: Information Specific to the Issuance of Investment Certificates (Units):

In addition to the information in **Section First**, the prospectus must include:

Name and legal form of the fund.

Fund's objective.

Date and number of the fund's license issued by the Authority.

Fund duration.

Duration and nominal value of each certificate.

Number and categories of investment certificates.

Fixed capital value (or range, if variable).

Name of the authorized bank receiving subscription applications.

Minimum and maximum subscription limits.

Subscription period.

Names of the fund's board members and managers.

Names of auditors.

Name and track record of the investment manager.

Investment policies.

Method of annual profit distribution and treatment of capital gains.

Statement regarding early redemption of certificates, including permitted cases, procedures, and resale methods — subject to the Authority's Board resolutions.

Investment manager's fees.

Any financial charges borne by investors.

Method of periodic valuation of the fund's assets.

Any other information required by the Authority.

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First: General Disclosures

Key accounting policies applied in the preparation of the financial statements and any changes that may impact the current or future financial statements, especially with regard to:

- Investments:
    - Policy for valuing long-term investments
    - Policy for valuing short-term investments
    - Policy for accounting for gains or losses on the disposal of both types of investments
- Inventory:
    - Policy for valuing different types of inventory
    - Basis for pricing inventory cost

Fixed assets and depreciation policies

Capitalized expenses: Their nature and amortization policy

Revenue recognition and measurement policy

Capitalization of borrowing costs policy

Policy for recognizing and translating foreign currency transactions and balances, including treatment of foreign exchange revaluation differences

Breakdown of revenue and expense items for prior periods

Authorized, issued, and paid-up share capital, including details on types of shares and their par value

Details of reserves and their movements

Loans, with disclosure of each loan, its balance at the balance sheet date, applicable interest rate, maturity period (in years), number of remaining installments, and amounts due within one year—unless such amounts have already been disclosed under current liabilities

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Sukuk (Islamic bonds) or other bonds, indicating each issuance and identifying any that are convertible into shares (if applicable), including yield or interest rates

Future capital commitments

Contingent liabilities

Related parties and the volume of transactions conducted with them

Statement of investments in subsidiaries, including the name of each company, its capital, and the percentage of ownership

Statement of investments in associates, including the name of each company, its capital, and the percentage of ownership

Events occurring after the balance sheet date—their nature and impact

Company's tax status

In cases where any of the fundamental accounting assumptions—going concern, consistency, or accrual basis—are not followed

Any other material information related to the financial year that requires disclosure

---

Second: Disclosures Specific to Companies Operating in the Securities Sector

In addition to the disclosures under **"First"**, the following must also be disclosed:

- Annual transaction value for each activity undertaken by the company, separately disclosed by line of business
- A statement of securities owned by the company in both Egypt and abroad
- Treatment of capital gains

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eg.Andersen.com
email info@eg.Andersen.com

Third: Disclosures Specific to Investment Funds

In addition to the disclosures under **"First"**, the following must also be disclosed:

- Number or range of investment certificates, their categories, nominal value per certificate, and details on bearer certificates, if any
- Treatment of capital gains
- Method of periodic valuation of the fund's assets

Annex No. (3) – A

Statement of Financial Position as of / / 19
Company Name: _____ Currency: _____

I. Non-Current Assets

Item	Cost (Gross)	Accumulated Depreciation	Net Book Value	Comparative Year
Fixed Assets				
Land	××	—	××	
Buildings, Constructions & Utilities	××	××	××	
Machinery, Equipment & Devices	××	××	××	
Transportation Vehicles	××	××	××	
Tools and Instruments	××	××	××	
Furniture and Fixtures	××	××	××	
.....	××	××	××	
Projects Under Construction				
Inventory in Progress	××	—	××	
Capital Expenditure	××	××	××	
Other Non-Current Assets				
Long-Term Investments (Market value: ...)	××	—	××	
In Subsidiaries and Associates (detailed)	××	—	××	
Goodwill	××	—	××	
Patents, Trademarks & Similar Intangibles	××	××	××	
Total Non-Current Assets			××	

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II. Current Assets

Item	Amount
Inventory	
Raw Materials	××
Fuel and Spare Parts	××
Work in Progress	××
Goods Purchased for Resale	××
Finished Goods	××
.....	××
Trade Receivables & Notes Receivable	
Trade Debtors *(net of provision of __)*	××
Notes Receivable *(net of provision of __)*	××
Receivables from Holding/Subsidiaries/Assoc.	××
Receivables from Directors and Managers	××
Other Receivables	××
Current Financial Investments	
(Net of provision of __; market value: __)	××
Cash & Cash Equivalents	
Fixed-Term Bank Deposits	××
Bank Current Accounts	××
Cash on Hand	××
Total Current Assets	××

III. Current Liabilities

Item	Amount
Provisions	
Provision for Disputed Taxes	××
Provision for Claims & Disputes	××
Other Provisions *(detailed)*	××
Due to Banks	××
Trade Payables & Notes Payable	
Suppliers and Notes Payable	××
Payables to Holding/Subsidiaries/Assoc.	××
Dividend Payables	××
Other Payables	××
Payables to Directors and Managers	××
.....	××
Total Current Liabilities (Short-Term)	××
Working Capital	××

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IV. Total Investment

Description	Amount
Financed as follows:	
Shareholders' Equity	
Issued and Subscribed Capital	××
Less: Unpaid Amounts	(××)
Paid-Up Capital	××
Reserves *(detailed)*	××
Retained Earnings (Losses)	××
Total Shareholders' Equity	××

| **Non-Current Liabilities** | |

| Bank Loans | ×× |

| Sukuk or Bonds | ×× |

| Loans from Holding/Subsidiary/Associate Co. | ×× |

| Other Non-Current Liabilities | ×× |

| **Total Long-Term Financing** | ×× / ××× |

| **Total Funding of Working Capital & Non-Current Assets** | ××× |

Annex No. 3/A – Income Statement

For the Financial Period from __ / __ / 19 to __ / __ / 19

Company Name: _____

The accompanying notes are an integral part of these financial statements and should be read in conjunction therewith.

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Income Statement

Item	Total	Partial	Partial	Comparative Year
Net Sales (Operating Revenue)	xxx			
Less: Cost of Sales	xxx			
Gross Profit / (Loss)	xxx			
Less:				
General and Administrative Expenses	xx			
Financing Expenses	xx			
Provisions (excluding depreciation)	xx			
Fixed Remunerations and Attendance/Travel Allowances of Board Members	xx			
Total Expenses	xxx			
Add:				
Investment and Securities Income from:				
– Holding and Associate Companies	xx			
– Loans to Related Units	xx			
– Other Securities	xx			
– Interest Collected	xx			
Other Ordinary Income	xx			
Net Operating Profit / (Loss)	xxx			
Extraordinary Items:				
– Extraordinary Income	xx			
– Capital Gains / (Losses)	xx			
– Foreign Exchange Gains / (Losses)	xx			
Less:				
– Extraordinary Expenses	xx			
Net Profit / (Loss) Before Income Taxes	xxx			
Income Tax	xx			
Net Profit / (Loss) After Income Tax	xxx			

Maher Milad Iskander & Co.
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eg.Andersen.com
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Annex No. 3/A – Proposed Profit Distribution Statement

For the Financial Period Ending on __ / __ / 19

Company Name: _____

Item	Amount (Current Year)	Comparative Year
Net Profit / (Loss) After Income Tax	××	
Retained Earnings / (Losses) from Previous Year	××	
Transferred Reserves *(if any, specify details)*	××	
Distributable Net Profit	**×××**	
To be distributed as follows:		
Legal Reserve	××	
Statutory Reserve *(specify details)*	××	
Capital Reserve *(if any)*	××	
Shareholders' Dividend *(per share)*	××	
Employees' Share	××	
Board Members' Remuneration *(if any)*	××	
Other Reserves *(specify details)*	××	
Retained Earnings Carried Forward to Next Year	**××× / ×××**	

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Annex No. 3/A – Statement of Sources and Uses of Funds

Company Name: _____
Transaction Type: _____

Item	Current Year – Total	Current Year – Partial	Comparative Year – Total	Comparative Year – Partial
I. Sources of Funds:				
Shareholder Contributions:				
Capital Increase	××			
Company's Share in Current Year Profits	××			
Increase in Reserves	××			
Current Year Depreciation and Amortization	××			
Increase in Long-Term Liabilities	××× / ×××			
Withheld Taxes on Current Year Profits	××			
Increase in Other Current Liabilities	××			
Increase in Other Credit Balances	××			
.....				
Disposal of Fixed Assets	××			
Decrease in Long-Term Investments	××			
Decrease in Short-Term Investments in Securities	××			
Decrease in Other Current Assets	××			
Decrease in Other Debit Balances	××	××		
Total Sources of Funds	/ ×××			

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II. Uses of Funds:

Uses of Funds		
Capital Reduction	××	
Company's Share in Current Year Losses	××	
Decrease in Reserves	×××	××
Repayment of Long-Term Liabilities	×××	
Taxes Paid	××	
Dividends Paid to Shareholders and Employees	××	
Decrease in Other Current Liabilities	××	
Decrease in Other Credit Balances	×××	××
Increase in:		
– Fixed Assets	××	
– Long-Term Investments	××	
– Short-Term Investments in Securities	××	
– Other Current Assets	××	
– Other Debit Balances	××	
.....		
Total Uses of Funds	×××	

Annex No. 3/B – Balance Sheet as of __ / __ / 19

For Companies Operating in the Field of Securities

Company Name: _____

Currency Type: _____

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Current Assets

Item	Total	Partial	Partial	Comparative Year
Cash on Hand and at Banks:				
– Cash on Hand	××			
– Current Accounts at Banks	××			
– Time Deposits at Banks	××			
Total Cash and Bank Balances	××			

| Marketable Securities (Trading Investments): | | | | |

| – Government Securities and Government-Guaranteed Instruments | ×× | | | |

| – Local Shares *(detail investments in subsidiaries & associates)* | ×× | | | |
| – Foreign Shares | ×× | | | |

| – Bonds and Finance Sukuk | ×× | | | |

| – Investment Certificates | ×× | | | |

| Total Investments in Securities | ×× | | | |

| Receivables and Other Debit Balances: | | | | |

| – Clients & Notes Receivable *(net of provision of ....)* | ×× | | | |

| – Investment Fund Current Accounts | ×× | | | |

| – Participations | ×× | | | |

| – Subsidiaries & Associates Current Accounts | ×× | | | |

| – Receivables from Board Members and Executives | ×× | | | |

| – Guarantees with the Capital Market Authority | ×× | | | |

| – Other Receivables | ×× | | | |

| Total Receivables and Other Debit Balances | ×× | | | |

| Total Current Assets | ××× | | | |

| Subtotal (carried forward) | ××× | | | |

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Current Liabilities

Item	
Bank Overdraft Accounts:	
– In Local Currency	××
– In Foreign Currency	××
Other Payables:	
– Creditors	××
– Subsidiaries & Associates Current Accounts	××
– Investment Funds Current Accounts	××
– Dividend Payables	××
– Payables to Board Members and Executives	××
– Miscellaneous Payables	××
– Provisions *(specify in detail)*	××
Total Current Liabilities	××
Working Capital (Current Assets – Current Liabilities)	×××

Non-Current Assets

Item	
Deferred Expenses (net of amortization)	××
Long-Term Investments:	
– Subsidiaries, Holding Companies & Associates	××
– Long-Term Participations	××
– Other Companies	××
Fixed Assets (net of accumulated depreciation)	××
Total Non-Current Assets	×××

Total Investment Financed as Follows:

Shareholders' Equity:			
– Issued and Subscribed Capital	××		
– Less: Unpaid Amounts	(××)		
Paid-Up Capital	××		
Subtotal (carried forward)	×××	××	
Prior Period Subtotal	×××	××	××
– Reserves *(specify details)*	××		
– Retained Earnings / (Accumulated Losses)	××		
Total Shareholders' Equity	×××		

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Non-Current Liabilities

Item	
– Finance Sukuk and Bonds	××
– Loans from Holding, Subsidiary, or Associate Companies	××
– Bank Loans	××
– Other Long-Term Liabilities	××
Total Long-Term Financing	×××

Note:

(*) The prevailing market price should be disclosed if investments are valued at cost or the lower of cost and market.

Additional Notes:

The proposed profit distribution statement and the sources and uses of funds statement should be prepared in accordance with the formats in Annex No. 3/A.

Annex 3/B – Income Statement Template for Companies Operating in Securities Activities

For the Financial Period from __ / __ / 19 to __ / __ / 19

Item	Total	Partial	Partial	Comparative Year
Operating Revenues:				
– Gains from Sale of Securities	××			
– Return on Investments in Securities	××			
– Brokerage and Commissions	××			
– Fund Management Fees	××			
Total Operating Revenues	×××			

| – Marketing and Advertising Expenses | ×× | | | |

| – Financing Expenses | ×× | | | |

| – General and Administrative Expenses | ×× | | | |

| – Provisions Other than Depreciation *(specify details)* | ×× | ×× | | |

| **Net Operating Profit (or Loss)** | ××× | | | |

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| – Bank Interest Income | ×× | | | |

| – Non-Recurring Income | ×× | | | |

| – Gains (or Losses) from Currency Exchange Differences | ×× | | | |

| – Other Income | ×× | | | |

| | ×× | | | |

| – Non-Recurring Expenses | ×× | | | |

| – Other Expenses | ×× | | | |

| | ×× | | | |

| **Net Profit (or Loss) Before Income Tax** | ××× | | | |

| – Income Tax | ×× | | | |

| **Net Profit (or Loss) After Income Tax** | ××× | | | |

Annex 3/C – Balance Sheet as of __ / __ / 19 for Investment Funds

Company Name: ..... Currency Type: .....

Item	Total	Partial	Partial	Comparative Year
Current Assets:				
Cash on Hand and at Banks:				
– Cash on Hand	××			
– Current Accounts at Banks	××			
– Time Deposits at Banks	××			
Total Cash and Bank Balances	××			

| **Marketable Investments in Securities (*)** | | | | |

| – Government and Government-Guaranteed Securities | ×× | | | |

| – Local Stocks | ×× | | | |

| – Foreign Stocks | ×× | | | |

| – Bonds and Sukuk | ×× | | | |

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| – Investment Certificates | ×× | | | |

| – Other Investments | ×× | | | |

| – ..... | ×× | | | |

| – ..... | ×× | | | |

| **Total Marketable Investments in Securities** | ×× | | | |

| **Receivables and Other Debtors:** | | | | |

| – Debtors and Clients (after deducting provision of ....) | ×× | | | |

| – Investment Manager Current Account | ×× | | | |

| – Receivables from Board Members and Executives | ×× | | | |

| – Deposits with the Capital Market Authority | ×× | | | |

| – Other Receivables | ×× | | | |

| **Total Debtors and Other Receivables** | ×× | | | |

| **Total Current Assets (after)** | ××× | | | |

| **Previous Total** | ××× | | | |

| **Less: Current Liabilities** | | | | |

| – Bank Credit Accounts | ×× | | | |

| – Dividend Creditors | ×× | | | |

| – Investment Manager Current Account | ×× | | | |

| – Payables to Board Members and Executives | ×× | | | |

| – Miscellaneous Creditors | ×× | | | |

| – Provisions *(specify details)* | ×× | | | |

| **Total Current Liabilities** | ××× | | | |

| **Working Capital** | ××× | | | |

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| **Long-Term Assets:** | | | | |

| – Long-Term Investments *(specify details)* | ×× | | | |

| – Deferred Expenses *(net of accumulated amortization)* | ×× | | | |

| – Fixed Assets *(net of accumulated depreciation)* | ×× | | | |

| **Total Long-Term Assets** | ××× | | | |

| **Total Investment Financed As Follows:** | ××× | | | |

| **Shareholders' Equity:** | | | | |

| – Issued and Subscribed Capital | ×× | | | |

| – (Less: Unpaid Amounts) | (××) | | | |

| – Paid-Up Capital | ×× | | | |

| **After Total** | ××× / ×× | | | |

(*) Note: The prevailing market price should be stated if investments are valued at cost or the lower of cost or market.

Important: The Statement of Sources and Uses of Funds must be prepared according to the models provided in Annex 3/A.

Annex 3/C – Sample Income Statement for Investment Funds

For the Financial Period from __ / __ / 19 to __ / __ / 19

Item	Total	Partial	Comparative Year
Operating Revenues:			
– Returns on Investments in Securities	×		
– Profits from Sale of Securities	×		
– Actual Increase in Market Value of Securities	×		
Total Operating Revenues	××		

| – Marketing and Advertising Expenses | × | | |

| – General and Administrative Expenses | × | | |

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| – Financing Expenses | × | | |

| – Actual Decrease in Market Value of Securities | × | | |

| – Provisions *(details specified)* | × | | |

| | | | |

| **Net Profit (or Loss) from Operations** | ×× | | |

| – Bank Interest Income | × | | |

| – Exchange Rate Gains (or Losses) | × | | |

| – Non-Operating Income | × | | |

| – Non-Operating Expenses | × | | |

| – ——— | × | | |

| – ——— | × | | |

| **Net Profit (or Loss) Before Income Tax** | ×× | | |

| **Income Taxes** | ×× | | |

| **Net Profit (or Loss)** | ××× | | |

Annex 3/C – Balance Sheet for Investment Funds as of __ / __ / 19

Item	Total	Partial	Partial	Comparative Year
Previous Total	×××	××		

Reserves:

| – Legal Reserve | × | | | |

| – Capital Reserve | × | | | |

| – ——— | × | | | |

| – ——— | × | | | |

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| | | | | |

| | ×× | | | |

| | ×× | | | |

| Total Shareholders' Equity | ××× | | | |

Long-Term Liabilities:

| – Investment Certificates: | | | | |

| – Registered | × | | | |

| – Bearer | × | | | |

| | ×× | | | |

| – Loans | | | | |

| – ——— | × | | | |

| – ——— | × | | | |

| | ×× | | | |

| Total Long-Term Liabilities | ××× | | | |

| Total Financing of Working Capital and Long-Term Assets | ××× | | | |

Note:

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

The auditor's report is attached.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

1. Definitions and Presentation

Consolidated financial statements ("group accounts") present the assets, liabilities, equity, revenues, expenses, and cash-flows of a parent company and its subsidiaries as a single economic entity—as though operating through divisions rather than separate legal entities. The objective is to provide shareholders of the parent company with a fair and true picture of the group's financial position and performance, reflecting the full economic capacity of the group and disclosing ownership structure.

2. Requirement to Consolidate

Parent companies specified under Article 27(b) of the Law and Article 124 of its Executive Regulations are required to prepare consolidated financial statements.

3. Fundamental Consolidation Principles

- Uniform accounting policies must be used across group entities. Where uniformity is not practicable, adjustments must be made to non-conforming entities so that consolidated statements reflect the group correctly.
- The parent and all subsidiaries should share a common financial year-end, except in their first year of existence or exceptional cases. When year-ends differ, disclosure of reasons is required.
- Subsidiary assets and liabilities are carried at book value as of acquisition date. Any difference between acquisition cost and the parent's share of net assets at acquisition is recorded as goodwill or capital reserve.
- If a subsidiary is acquired or disposed during the year, its results are included in the group income statement only for the period of ownership.
- If non-controlling shareholders hold preference shares of a subsidiary, dividends attributable to them are deducted before allocating profits to the parent.
- If losses in a subsidiary exceed its subscribed capital, these reduce consolidated liabilities, and the details must be disclosed—unless the parent guarantees those losses, in which case they remain in majority equity.

4. Consolidation Procedure

Maher Milad Iskander & Co.
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email info@eg.Andersen.com

When combining line items for the parent and subsidiaries:

- Exclude the parent's investment cost in each subsidiary (i.e., intercompany equity entries), and pre-acquisition reserves or retained earnings.
- Eliminate intercompany balances, including loans, receivables/payables, intercompany bonds or sukuk, current accounts, and documents of credit/debit between group entities.
- Eliminate intergroup sales, expenses, revenues, and dividends.
- Remove unrealized intercompany profits embedded in inventory or fixed assets.
- Adjust any mismatches in intercompany debit/credit recorded by one entity but not another.
- Present non-controlling interest as a separate line in consolidated equity.

5. Associates (Affiliates)

- A company is considered an associate if the parent's shareholders hold between **20% and 50% voting rights**, or can otherwise exert significant influence.
- Investments in associates are carried at acquisition cost. If the parent's share of net assets is less than cost, the difference is treated as an impairment loss in profit and loss.

6. Required Disclosures in Notes

Disclosures must include:

- Consolidation policy (basis and accounting principles used).
- List of entities included—name, business nature, parent's ownership and voting percentage (if different).
- Movements in reserves and retained earnings for each group entity.
- Carrying amounts of significant consolidated line items (assets, liabilities, profits/losses).
- If any subsidiary uses different accounting policies that cannot be aligned: name the company, policy differences, effect on consolidated statements, and reasoning.

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- If financial year-end dates differ among group companies: disclose names, dates, and reasons.

- If acquisitions or disposals occurred during the period: disclose dates and values.

- For each associate: name, parent's shareholding %, carrying amount, dividend income / fair-value gains during the period, associate's profit/loss, and separately disclosed non-recurring items.

7. Standalone Presentations

Consolidated financial statements must be provided **alongside** separate financial statements for the parent and each subsidiary, in accordance with the relevant templates (as set out in Section 9 of this annex).

8. Auditor Requirements

The consolidated financial statements must be audited or reviewed by the same auditor(s) as those of the parent company.

Sample Table Layout (Simplified)

Below is a simplified illustration of what a consolidated balance sheet and profit distribution table might contain—formatted analogously to the Arabic version but comprehensible in English:

Consolidated Balance Sheet as of __ / __ / 19 (Partial Columns)

Assets	Cost	Acc. Dep.	Net Value	Capital & Reserves	Comparative Year
Land	××	—	××	Authorized Capital	× × ×
Buildings	××	××	××	Issued Capital	× × ×
… others …	…	…	…	Paid-up Capital	× × ×
Projects under construction				Reserves / Retained Earnings	× × ×
Subsidiary investments	××	—	××	Minority Interest	× × ×
Current Assets, Receivables, etc.	etc.	etc.	etc.	Non-current Liabilities (Bonds, Loans, etc.)	× × ×
Total Assets = Total Liabilities & Equity					

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Consolidated Profit Distribution Statement for year ended __ / __ / 19

Item	Current Year	Comparative
Net profit (distributable)	×××	×××
Less: legal reserve	×	
Less: capital reserve	×	
Less: dividends to shareholders (per share)	×	
Less: employees' share	×	
Less: board remuneration	×	
Retained earnings carried forward	×××	×××

And a detailed comparative income statement might include line-items for: net sales, cost of sales, operating expenses, investment income, net profit before tax, tax expense, net profit after tax, unrealized gains or losses, foreign currency adjustments, and minority interest share of profit.

Annex No. 5

Repealed

Annex No. 6

Repealed

Annex No. (7)

Requirements for Identifying the Beneficial Owner for Participants in the Securities Market

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Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

First: General Disclosure Requirements

Disclosure to the Authority is mandatory in all cases referenced under Article (359) and must include the following information:

- The legal form and the law under which the entity was established.
- The country of incorporation and nationality.
- The nature of business activities.
- The members of the board of directors (if applicable).
- Individuals authorized to sign on behalf of the legal entity.
- The ownership structure in the case of companies or investment funds, including a statement of all persons holding **10% or more** of ownership or voting rights.
  In the event that the statement includes legal entities holding more than **50%** of the capital or voting rights of the company, the same disclosures under points **(a) to (d)** above must be provided for those entities as well.

Second: Additional Disclosure Requirements

In the cases specified under items (2), (3), (4), (5), and (6) of Article (359) of the Executive Regulations, the disclosures listed in **Section One** must be supplemented with the following additional disclosures:

- Where the relevant legal entity is a company:
  - If any shareholder (whether alone or with related parties) holds **25% or more** of the equity and is itself a company, additional disclosures must be provided by applying Section One, point **(f)** recursively to any entity, regardless of its level in the ownership chain.
  - If the shareholder with **25% or more** of the equity is an investment fund, then a list must be provided of the unit holders owning **25% or more** of the fund units (if any).
- For cases under item (5) of Article (359) of the Executive Regulations:

A statement must be submitted detailing the entity's other holdings in Egypt in companies operating in the same field of activity (for which incorporation, licensing, or acquisition approval is being sought), where such holdings are **10% or more**.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com

Third: Trust Disclosure Requirements

If the legal entity for which disclosures are required under this annex is established as a **trust**—a legal relationship created by a settlor who entrusts a trustee to manage assets for the benefit of one or more beneficiaries, and which may include the appointment of an independent protector to oversee the trust and define their powers—the following information must be disclosed:

- The purpose of the trust.
- The governing law of the trust.
- The trustee(s), their license number(s), the regulatory body overseeing them, and the scope of authority granted in managing and disposing of the trust's funds and assets.
- The settlor(s) of the trust.
- The beneficiaries of the trust at the time of disclosure (by name, capacity, family relationship, or other relevant affiliations, including whether they are charitable organizations or other legal entities).
- The individual(s) or body(ies) authorized to amend the trust's beneficiaries, if any.

If the trust is managed by a licensed trustee regulated by a competent authority in its country of incorporation, the disclosures listed above may be provided via a signed and notarized statement from the trustee(s), certified by an authorized notary in the country of incorporation.

Maher Milad Iskander & Co.
46 el Thawra Street Heliopolis, Cairo, Egypt | 557-580-579 | t +2(02)22911276 f +2(02)22911349
eg.Andersen.com
email info@eg.Andersen.com