

**Executive Regulations
Of
The Law No. 88 of the Year 2003 of
The Central Bank,
The Banking Sector and Money
Promulgated by the Presidential Decree
No. 101 of the Year 2004**

**The Arab Republic of Egypt
Presidential Decree
No. 101 of the Year 2004
Promulgating
The Executive Regulations
Of
The Law of the Central Bank,
The Banking Sector and Money
Promulgated by
Law No. 88 of the Year 2003**

The President of the Republic,

After having perused the Constitution;
And Law No. 159 of 1981 promulgating the Law of Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies;
Law No. 95 of 1992 promulgating the Capital Market Law;
Law No. 80 of 2002 promulgating the Anti-Money Laundering Law;
Law No. 88 of 2003 promulgating the Central Bank, the Banking Sector and Money Law;
And Presidential Decree No. 187 of 1993 promulgating the Executive Regulations of the Banks and Credit Law;
And the Decree of the Minister of Economy and Foreign Trade No. 331 of 1994 promulgating the Executive Regulations of Law No. 38 of 1994 regulating dealing in foreign exchange;
And upon the recommendations of the Central Bank's Board of Directors in its session dated Feb., 4, 2004;
And according to the proposition of the Prime Minister

decrees the following:

Article 1

The accompanying Executive Regulations of the Law of the Central Bank, the Banking Sector and Money promulgated by Law No. 88 of the year 2003 shall be applied.

Article 2

The Law of the Central Bank, the Banking Sector and Money, issued by Law No. 88 of the year 2003, shall be referred to hereinafter as “the Law”.

Article 3

Presidential Decree No. 187 of the year 1993 promulgating the Executive Regulations of the Banks and Credit Law No. 163 of the year 1957; the Decree of the Minister of Economy and Foreign Trade No. 331 of the year 1994 promulgating the Executive Regulations of Law No. 38 of the year 1994 regulating dealing in foreign exchange, and any provisions contradicting the provisions of the accompanying Executive Regulations shall be repealed.

Article 4

This Decree shall be published in the Official Journal; and shall come into effect as of the day following the date of publication.

Hosni Mubarak

Issued at the Presidency of the Republic on 30 Almoharam 1425 H. corresponding to: 21 March 2004.

**Executive Regulations
Of
The Law of the Central Bank,
The Banking Sector and Money
Promulgated by Law No. 88 of the Year 2003**

**Part One
The Central Bank**

Chapter One: The Method of Operation of the Coordinating Council

Article (1)

The Central Bank shall set, in agreement with the government, the targets of the monetary policy, through the coordinating council formed by decree of the President of the Republic.

The Council stated in Article (5) of this Law, shall convene upon an invitation of its chairman, at least once every three months, or whenever necessary. The meeting of the Council shall not be valid without the presence of at least two thirds of its members, including a representative of the Central Bank and a representative of the government.

The decisions of the Council shall be issued by the absolute majority of its members.

The Council shall have a technical secretariat, to be formed by a decision of the Council's chairman. This secretariat shall be responsible for arranging the Council's meetings and taking, and preparing their minutes.

As for the targets of the monetary policy, the Council, in discharging its functions, shall have recourse to the studies, information and data provided by the relevant departments, units and committees of the Central Bank, as well as by any other interested entities. In addition, the Council shall be informed of the decisions and recommendations issued by the Central Bank's Board of Directors.

Without prejudice to Paragraph 4 of Article (5) of the Law, only the chairman of the Council, or the other person he may delegate, shall disclose the decisions of the Council.

Chapter Two: Recording and Following up of External Debt

Article (2)

The Central Bank shall record and follow up the external debt of the entities stated in item (H) of Article (6), according to the rules, procedures and forms issued by the Central Bank's Board of Directors. These entities shall provide the Bank with the said forms during the first week of the month following the one covered by the statement. The balances of this debt shall be recorded in the system designed for this purpose at the Central Bank.

Chapter Three:
Guarantee of the Central Bank for Financing and Credit Facilities

Article (3)

Any guarantee provided by the Central Bank for the financing and credit facilities, obtained by public legal persons, and banks governed by the Law, from banks, financial institutions and foreign and international organizations, shall be in pursuance of Article (9) of the Law, and according to the following rules and conditions:

- a) If the guarantee is upon a request from a public legal person for financing or credit facilities, his authorization is required for debiting his accounts on the dates of maturity, of the value of the obligations related to the financing or the credit facility be they in foreign currency or the equivalent in Egyptian pound. Moreover, an approval of the Ministry of Finance shall be required for debiting its accounts at the CBE of the same value of that finance or credit facility in the cases that the Governor of the CBE deems necessary.
- b) If the guarantee is upon a request from a bank under the auspice of the Law, an authorization of that bank shall be required for debiting its accounts at the CBE in foreign currency on the dates of maturity, in favor of the creditor, of the value of the obligations related to the financing or the credit facility.

In all cases, the entities applying for a guarantee shall present an application to which is attached an approval of the authority in charge, and the documents specifying its form, value, maturity and relevant burdens.

Application shall be raised to the Board of Directors of CBE for a decision.

Part Two
Regulation of the Banking Sector

Chapter One: Establishment and Registration of Banks

Article (4)

Interested parties shall submit an application to the CBE to obtain a preliminary approval for taking the necessary procedures for the establishment of a bank. The following documents shall be attached to the application:

- a) A copy of the draft statutes, including the names, nationalities and addresses of the founders and the capital share of each; in addition to copies of the statutes of founders which are legal persons; and a statement of the percentage of shares to be floated for public subscription.
- b) A statement showing the proposed name of the bank in Arabic and a foreign language provided that the name shall not be identical or similar to any other bank's name in Egypt.
- c) The value of the authorized, issued and paid-up capital; and the number of shares and the face value of each share.
- d) The purposes of the bank, its duration and the address of its head office.
- e) A statement of acknowledgment by the founders stating that the issued and the paid-up capital shall not be less than LE 500 million.
- f) A financial and economic feasibility study necessary for the establishment of the bank. The study shall include in particular the following:
 - The purpose for which the bank is established
 - The services to be provided by the bank
 - A market study revealing the bank's potential for mobilizing and investing savings
- g) The proposed organizational structure of the bank and its plan for establishing branches
- h) The bank's credit, investment and risk management policies
- i) A statement showing the share of each founder and connected parties in other financial institutions working in Egypt, as per the definition of "connected parties" stipulated in Article (56) of the Law

The application for a preliminary approval to establish the bank shall be raised to the Board of Directors of the Central Bank for decision in the light of the general economic conditions.

A decision shall be taken within thirty days of the date of submitting the application with all the required documents.

Interested parties shall take the necessary procedures to establish the bank within six months of their notification of the decision of the Board of Directors of the Central Bank with regard to the preliminary approval for the establishment. Otherwise, the approval shall be considered null and void.

Article (5)

The bank that has obtained the preliminary approval of establishment, according to the terms and conditions stipulated in Article (4) of these Regulations, shall submit an application for registration to the Central Bank on the form designed for that purpose. The application shall be accompanied by the following documents:

- a) The decision to establish the bank.
- b) A copy of the establishment contract and the approved statutes of the bank.
- c) A copy of the bank's registration in the Commercial Registry.
- d) A copy of the management contracts, if available, that are concluded with any party entrusted with managing the bank to be approved according to the provisions of the Law.
- e) A copy of the minutes of the general assembly of the bank approving the appointment of the members of the board of directors, and a copy of the decisions issued by the board to appoint the executive directors, and what indicates that the Governor of the Central Bank has been consulted on the list containing their names prior to their appointment as stipulated in the provisions of Article (43) of the Law.
- f) Names of and data about the chairman of the board of directors of the bank, his deputies, the managing directors, the members of the board, and the executive directors of credit, investment, portfolio management, and foreign transactions, including swaps, and internal inspection shall be recorded on the form designed for that purpose. This is

in addition to what indicates the probity and competence of each as well as his banking expertise according to the standards and regulations set by the Board of Directors of the Central Bank.

- g) A proof of the payment of the registration fee in accordance with Article (33) of the Law.

The application for registration shall be referred to the Board of Directors of the Central Bank for decision within 30 days of the date of submission of the application, along with all the required documents.

Article (6)

Interested parties shall submit an application to the Central Bank to obtain a preliminary approval for licensing the establishment of a branch of a foreign bank in Egypt. The following documents shall accompany this application:

- a) Approval of the head office of the foreign bank for the establishment of its branch in Egypt.
- b) The financial and economic feasibility study to establish the branch, including the elements stipulated in item (f) in Article (4) of these Regulations, the work plan of the branch, the planned expansion in the activity and the number of other branches planned to be established in Egypt.
- c) Any document indicating that the head office of the foreign bank is subject to the control of the competent authority in the country where the head office is based, and that it enjoys a definitive nationality.
- d) Approval for the establishment of the branch issued by the authority concerned in the country that regulates the main office of the foreign bank, and an acknowledgement by that authority that this bank is licensed, and that its financial position is sound, and that the branch abides by the regulatory controls and standards applied by this authority.
- e) A copy of the statutes of the foreign bank ratified by the competent authority in the country in which the head office of that bank is based. The copy shall be accompanied by a summary of the statutes in Arabic.
- f) A copy of the financial statements of the bank for the last five financial years, along with the relevant reports of the two auditors.

- g) A proof that a sum of not less than US\$ 50 million or the equivalent in foreign currencies has been transferred to the account of the capital of that branch earmarked for its business in Egypt.
- h) A pledge by the head office of the foreign bank that it shall guarantee all the deposits at the branch, all the creditors' rights and all other liabilities of the branch. The head office shall also pledge that it shall be responsible for the compensation of any losses that may appear in the financial statements of the branch in any fiscal year, within a maximum of one month from the date of the two auditors' ratification of these statements. This shall be according to what the Board of Directors of the Central Bank stipulates in this concern.
- i) A pledge by the head office of the foreign bank that the branch shall comply with the Egyptian laws, the prevailing executive regulations, decisions, and the instructions issued by the Central Bank.
- j) An authorization issued by the head office in the name of the manager of the branch and his deputy, and ratified by the Egyptian Ministry of Foreign Affairs, in addition to a document indicating that the Governor of the Central Bank has been consulted regarding the list containing their names prior to their appointment as stipulated in the provisions of Article (43) of the Law.

The application for a preliminary approval to establish the branch shall be raised to the Board of Directors of the Central Bank for decision, to be taken in light of the general economic conditions, and as agreed upon by the Central Bank and the relevant authorities in the country where the head office of the foreign bank is based to coordinate their respective control and supervision. The decision thereof shall be taken within thirty days of the date of submission of the application with all the required documents.

Interested parties shall take the necessary procedures to establish the branch within six months of their notification of the decision of the Board of Directors of the Central Bank with regard to the preliminary approval for the establishment. Otherwise, the approval shall be considered null and void.

The foreign bank, which obtains the preliminary approval, shall submit an application on the form designed for that purpose to register the branch in the Banks' Registry at the Central Bank. This application shall be accompanied by all the required documents. A proof of payment of the

registration fee, stipulated in Article (33) of the Law shall be attached as well.

The application for registration shall be referred to the Board of Directors of the Central Bank for decision within 30 days of the date of submission of the application with all the required documents.

Article (7)

Any establishment licensed to practise banking business shall be registered, after the approval of the Board of Directors of the Central Bank, in a special registry designed for this purpose. The following data shall be recorded in the above-mentioned registry.

- a) The registration date and number.
- b) The bank's name in Arabic and a foreign language.
- c) The short form name of the bank in both Arabic and a foreign language.
- d) The legal status of the bank.
- e) The date of foundation.
- f) The date of the start of operation.
- g) The original and the renewed duration of the bank.
- h) The date and number of the Egyptian Journal, announcing the decision of the Board of Directors of the Central Bank with regard to the registration approval.
- i) The bank's authorized, issued, and paid-up capital or the capital earmarked for the operation of a foreign bank branch in Egypt.
- j) Legal and other reserves of the bank, or any other reserves earmarked for the operation of a foreign bank branch in Egypt.
- k) Bonds and debentures, approved for issue, and issued by banks and the foreign banks branches, their maturities, and the subordinated finance with its terms and conditions.
- l) The address of the head office of the bank, or of the main branch of the foreign banks' branches in Egypt.
- m) The network of branches of the foreign banks and their branches in Egypt as well as the branches of Egyptian banks abroad.
- n) Names of and data about the chairman of the board of directors, his deputies, the managing directors, the members of the board, and the executive directors of credit, investment, portfolio management, and foreign transactions, including swaps and

internal inspection, shall be recorded on the form designed for that purpose.

- o) Names of and data about the manager in charge of the foreign branch in Egypt, his deputy, and the executive directors of credit, investment, portfolio management, foreign transactions, including swaps and internal inspection, shall be recorded on the form designed for that purpose.
- p) Names of the two auditors
- q) Dates of the beginning and the end of the financial year of the bank

Any changes that may occur in the data mentioned above shall be recorded on the form designed for that purpose.

Article (8)

The application to establish branches or agencies of the banks operating in Egypt shall be submitted to the Central Bank to obtain a preliminary approval.

The application shall be raised to the Board of Directors of the Central Bank for decision.

The bank, after obtaining the preliminary approval of the Central Bank for establishing a branch or an agency, shall submit an application for registering the said branch or agency in the registry designed for that purpose at least 30 days before conducting any business. A proof of payment of the registration fee stipulated in Article (33) of the Law shall be attached to this application.

Article (9)

An application to obtain a license to open a representative office for a foreign bank in Egypt shall be submitted to the Central Bank before starting any of the registration procedures stipulated in Article (35) of the Law.

The application shall be accompanied by the documents specified by the Board of Directors of the Central Bank, particularly the following:

- A- The name of the bank, which the office represents, its address abroad, and the address of its representative office in Egypt.
- B- The approval of the bank's head office to open a representative office in Egypt.
- C- Any document indicating that the head office of the bank is subject to the regulation of the relevant authority in the country where it is based.
- D- A copy of the statutes of the bank which the office represents, ratified by the competent authority in the country where the bank is based. The copy shall be accompanied by a summary of the statutes in Arabic.
- E- A copy of the financial statements for the last two financial years of the bank to which the representative office belongs, along with the relevant two reports of the two auditors.
- F- An authorization issued by the head office of the bank to the person responsible for running the office, specifying the name and nationality of this person, ratified by the Egyptian Ministry of Foreign Affairs.
- G- A pledge by the head office of the bank, on the form designed for that purpose, that its representative office shall comply with the Egyptian laws, the prevailing executive regulations, decisions and the instructions issued by the Central Bank; and that the Central Bank shall be notified of any changes made in the recorded data.

Article (10)

Following the approval of the Board of Directors of the Central Bank, and the registration of the office in line with the provisions of the Law of Joint Stock Companies, Partnership Limited by Shares, and Limited Liability Companies, promulgated by Law No. 159 of the year 1981, the application to register the office shall be submitted on the form designed for that purpose. A proof of payment of the registration fee, stipulated in Article (35) of the Law, shall be attached as well. The office shall not be allowed to conduct its business in Egypt without being notified of the decision of the Central Bank's Governor that it has been registered in the registry designed for that purpose at the Central Bank.

Article (11)

The Central Bank shall prepare a special registry for recording representative offices of foreign banks operating in Egypt. The following data shall be recorded in the registry:

- A- The name and address of the representative office.
- B- The name and nationality of the bank which the office represents, and the address of the head office of the bank.
- C- The name and nationality of the person in charge of the office.
- D- The date and number of the registration of the representative office.
- E- The date and number of registration in the General Authority for Investment and Free Zones.
- F- The date of starting operation in Egypt.

Chapter Two: Rules of Owning Shares in Banks' Capital

Article (12)

When examining applications for approving the ownership by any natural or legal person of more than (10%) of the issued capital of any bank, or any percentage leading to actual control over that bank according to the provisions of Article (51) of the Law, the Board of Directors of the Central Bank shall observe the following:

- A- The non-existence of any conflict of interests between the applicant and the bank.
- B- The degree of the influence and actual control, provided for by such ownership, over the bank, with respect to appointment of members of the board of directors, or over the decisions issued by the board or the general assembly.
- C- The extent of participations by the applicant and the connected parties in the bank to which the applicant applies for ownership of its shares, as well as its participation in other banks and financial institutions in Egypt.
- D- The applicant's ability and readiness to provide the bank with the necessary financial and technical support, or either, in case he owns more than (10%) of the issued capital, or any percentage leading to actual control over the bank, according to what is determined by the Board of Directors of Central Bank.
- E- Such ownership shall not decrease competitiveness or lead to disturbance in the banking market.
- F- No final court ruling passed against the applicant in an offence against honor or trust, or in any of the crimes prescribed in the Law or the Anti-Money Laundering Law.
- G- The existence of legal capacity, efficiency and practical experience.

Article (13)

The applicant shall submit an application to the Central Bank, on the form designed for that purpose, at least 60 days prior to the date of completion of ownership. In the case when the applicant applies for ownership of more than (10%) of the issued capital of the bank, or any

percentage leading to actual control over it, a report shall be attached to the application. This report shall indicate the applicant's reasons and objectives for the ownership of the shares, his plans in managing the bank, and the policy he intends to follow in running its affairs. The application shall be accompanied by the following documents:

First: If the applicant is a natural person

- A- A statement of the applicant's name, address and a copy of his identity card.
- B- A statement of his academic degrees and practical experiences.
- C- A proof, or any other relevant documents accepted by the Central Bank, proving that no final court ruling was passed against the applicant for bankruptcy or for a conviction in an offence against honor or trust, or for any of the crimes prescribed in the Law or the Anti-Money Laundering Law.
- D- A list of the names of the banks – including the bank the applicant applies for ownership of shares therein - and companies in which the applicant contributes or participates, directly or indirectly, solely or with connected parties, with more than (10%) of the issued capital of the bank. The list shall include the value and percentage of the contribution or participation.
- E- A statement of the finance, credit facilities, or any other debts owed - or guaranteed by this applicant and the connected parties - to local and foreign banks and other institutions. It shall also include the name of the entity providing the finance, credit facility or other debts, and their respective purposes, the outstanding balances at the end of the last three years and on the last date before submitting the application. The statement shall also cover any settlements carried out by the applicant with the aforementioned entities, and any legal procedures taken by or against him in relation to the said finance, credit facility or other debts.

Second: If the applicant is a legal person

- A- A statement of the applicant's name, address, legal status, objective and nature of the activity, and the starting date of operation.
- B- A statement of the issued and paid-up capital, and the names of owners of more than (10%) of the issued capital.

- C- A copy of the applicant's statutes and of the registration in the commercial registry.
- D- A copy of the financial statements of the last three fiscal years and the relevant reports of the two auditors.
- E- A proof, or any other relevant documents accepted by the Central Bank, proving that no final court ruling has been passed against the applicant for his bankruptcy or for his conviction for an offence against honor or trust, or for any of the crimes prescribed in the Law or the Anti-Money Laundering Law.
- F- A list of the names of the applicant's connected parties, including the names of banks and companies in which the applicant, or any member of its board of directors, or any shareholder contributes or participates with a share exceeding (10%) of the issued capital of the above-said banks and companies. The list shall also include the value and percentage of contribution.
- G- A statement of the finance, credit facilities or any other debts owed, or guaranteed by this applicant and the connected parties, to local and foreign banks and other institutions. The list shall include the name of the entity providing the finance, credit facility or other debts and their respective purposes; and the outstanding balances at the end of the last three financial years and on the last date before submitting the application. It shall also cover any settlements carried out by the applicant with the aforementioned entities, and any legal procedures taken by or against him in relation to the said finance, credit facility or other debts.
- H- If the applicant is a bank or a financial institution whose head office is located outside Egypt, a document shall be submitted proving that this head office is subject to regulation by the competent authorities and that its working license is still valid.

In all cases, the applicant shall publish its application in two widespread daily morning newspapers; at least one of which is published in Arabic, within 30 days of the date this application is submitted to the Central Bank, with a reference to the right of any interested entity to submit to the Central Bank a substantiated objection to that application within 10 days of the date of publication.

The Central Bank shall set, in agreement with the Capital Market Authority (CMA), the measures to be followed should a public or private

subscription in the capital increase of a bank lead to exceeding the set ratio established in Article (51) of the Law.

Article (14)

In the case when a natural person owns, by inheritance or legacy, more than (10%) of the issued capital of any bank, or a percentage leading to his actual control over the bank, and desires to continue this ownership, he is to take the following procedures:

- A- Submit an application to the Central Bank on the form designed for that purpose asking for continuing the ownership. To this application, the documents prescribed in item (First) of Article (13) of these Executive Regulations shall be attached within 30 days of notifying the applicant of his ownership by inheritance or legacy.
- B- Publishing the application in two widespread daily morning newspapers, at least one of which is published in Arabic, within 30 days of the date this application is submitted to the Central Bank, with a reference to the right of any interested entity to submit to the Central Bank a substantiated objection to the application within 10 days of the date of publication.

Article (15)

Provisions of Articles (12) to (14) of these Executive Regulations shall apply to the beneficiary owner of shares or Global Depository Receipts. The registered owner shall be responsible for applying these provisions on behalf of the beneficiary owner.

Article (16)

The bank shall disclose the name of each shareholder who owns solely, or with connected parties more than (5%) of the issued capital of the bank, in the explanatory notes of the financial statements published in accordance with the Law.

Chapter Three: Banks Control

Article (17)

Banks shall fully disclose to their customers the return rates and fees of their banking services, pursuant to the following rules:

- A. The return rates and fees shall be disclosed in the texts of the contract upon contracting with the customer, and through the bank's notification to this customer upon renewal or modification of the rates or fees as stipulated by the contract clauses.
- B. Disclosure of the bank services shall be available in the customers' reception halls at banks and their respective branches, or through announcements in newspapers or other means of mass media or in any correspondences and brochures sent to customers.
- C. Actual annual return rates shall be included in the disclosure, in accordance with the accepted banking norms.

Article (18)

In application of the provision of Item (3) of Article (60) of the Law, capital adequacy ratio shall be the basis of the computation of the bank's capital base, as determined by the Board of Directors of the Central Bank.

Article (19)

Upon granting finance or credit facilities to any customer, the bank shall comply with the following regulations:

- A. Verify the creditworthiness of the customer and the sound management of his business, as well as the authenticity of the information and data he submits according to the rules and procedures of credit evaluation set by the bank's board of directors, pursuant to the provision of Article (63) of the Law.
- B. Ensure that the statement of debt balances referred to in Article (62) of the Law shall comprise the debts of the connected parties of this customer.
- C. Ensure that inquiry on any customer is complete, based on reliable sources, on the forms approved by the bank's board of directors. The inquiry shall be updated at least every six months.

- D. Ascertain that the customer is of good reputation, and that his self-resources are adequately proportional to the volume of finance or credit facility granted by the bank, other banks and entities, and that the cash flows expected from his activities are adequate to meet his obligations.
- E. Examine the overall statement of the customer and his connected parties, as provided by the centralized database of the Central Bank prior to making any decisions on granting, increasing or renewing the finance or credit facility or modifying its terms.
- F. Ensure that the ratio of the finance that is granted by local or foreign entities, to the equities of shareholders in the customer's establishment shall not prejudice the solvency of this establishment.
- G. Ascertain that the granted finance or credit facility shall be used for a specified purpose and shall only be used for this purpose.
- H. Provision of finance or credit facilities in foreign currency shall be associated with the availability of foreign currency sources with the customer to assist him to repay.
- I. Ensure that the finance and credit facilities granted by the bank shall not concentrate on only a limited number of customers, activities or sectors.
- J. Abide by the managers' mandates at the head office of the bank and its branches with regard to offering and approving credit, and the minimum limits of credit applications raised to the bank's board of directors; all as determined in the bank's internal bylaws.
- K. Meet all conditions stated in the credit approval prior to allowing use of finance or credit facility in all stages of use.
- L. Any other regulations set by the Board of Directors of the Central Bank.

Article (20)

In the cases when the bank decides to obtain physical collateral from a customer, this collateral shall be evaluated by specialized expertise houses registered at the Central Bank, according to the professional standards, particularly with respect to the following:

- A. Value at acquisition
- B. Changes in the value of the collateralized asset as of the date of acquisition
- C. Market changes and their effects on the value of the collateralized asset
- D. Selling value of similar assets at the time of evaluation
- E. Potential risks to which the collateralized asset is exposed

Article (21)

In the cases when the bank decides to obtain financial collateral, or collateral of any other nature from the customer, this collateral shall be evaluated according to professional standards, particularly with respect to the following:

- A. The market value of any securities that are actively tradable on any stock exchange
- B. The value in terms of the net worth of inactively tradable shares or unquoted shares on any stock exchange according to the rules set by the Board of Directors of the Central Bank
- C. The value according to the rules determined by the Board of Directors of the Central Bank in the light of the Egyptian accounting standards, as regards the inactively tradable bonds or unquoted bonds on any stock exchange
- D. The standards set by the Board of Directors of the Central Bank in light of the provisions of Article (19) of these Regulations, regarding personal guarantees and collateral of any other nature

Article (22)

The Central Bank shall make up a registry for expertise houses that are capable of participating in evaluating the collateral offered to banks. This registry shall include the following data:

- A. name, legal status and address of the expertise house
- B. date and number of registration in the commercial registry or the relevant professional syndicate
- C. fields of specialization
- D. date of starting operation
- E. names and qualifications of persons in charge of these houses, as well as of those entitled to endorse the evaluation reports of these houses.
- F. number and specializations of experts
- G. previous experience

Article (23)

The name of the expertise house shall be recorded in the registry referred to in Article (22) of these Executive Regulations, pending an application on the form designed by the Central Bank for that purpose. This application shall be accompanied by the following documents:

- A. an extract of its registration in the commercial registry or a certificate of listing in the relevant professional syndicate
- B. a copy of the tax card
- C. a copy of the ID card of its owner, partners or members of the board of directors, as the case may be
- D. curricula vitae of persons in charge, and of those entitled to endorse the evaluation reports
- E. a statement of names, qualifications, and previous experiences of the full- and part-time experts it employs
- F. a copy of its establishing contract, or statutes if it is a company
- G. a pledge by the persons in charge to refrain from evaluating the collateral offered to the bank whenever there arises a conflict of interests between the expertise house and the bank
- H. a statement of the previous experience in the field of evaluation conducted by the expertise house over the last five years
- I. a statement of its relations with any foreign or international expertise houses or institutions

The registration form shall be referred to the Board of Directors of the Central Bank for decision, within thirty days of the date of submission of the application, accompanied by all the required documents. The expertise house shall be notified of the decision via a registered mail with acknowledgement of receipt within fifteen days of the date of decision.

Article (24)

The persons in charge of the expertise house, and those entitled to endorse the evaluation reports shall meet the following requirements:

- A. hold a university degree
- B. have specialized and distinctive experience in the evaluation field of no less than ten years
- C. enjoy a sound reputation, with no final court ruling passed against any of them in an offense against honor or trust, or any of the

- crimes prescribed in the Law or in the Anti-Money Laundering Law; nor have ever been declared bankrupt by a final ruling.
- D. are not members on the board of directors of any of the banks operating in Egypt.
 - E. listed on the evaluation experts' schedules in the General Authority of Real Estate Finance, as regards the real estate collateral.

Article (25)

The expertise house shall give due diligence when preparing its evaluation reports.

The expertise house, the persons in charge thereof, its shareholders, its partners, and its experts shall not conduct any evaluation of collateral whenever any of them or any of their connected parties has any interest therein. They shall not purchase any collateral after having performed an evaluation thereof.

Article (26)

Whenever inspection reports, prepared by the Central Bank, establish that the bank does not comply with the Central Bank standards for classifying the bank's finance and credit facilities, the irregular ones and the resulting accounts, and that the bank –after receiving the notification- has not removed the violation within thirty days of the date of notification, the Board of Directors of the Central Bank shall have the right to take one or more of the following measures:

- a- Obligate the bank to complete its provisions within a period determined by the Board of Directors of the Central Bank.
- b- Suspend any distribution of profits among shareholders for a specified period, without prejudice to the measures stipulated in Article (135) of the Law.
- c- Request the major shareholders of the bank to provide supporting finance to the bank, within the period determined by the Board of Directors of the Central Bank.

Article (27)

The internal auditing committee, formed in each bank according to the provisions of Article (82) of the Law, shall implement the following functions:

- a- Propose appointment of the two auditors, specifying their remunerations, and considering all issues related to their resignation or dismissal, without prejudice to the provisions of the Law and the Central Audit Agency Law.
- b- Express opinion on allowing assignment of the two auditors with other services to be extended to the bank, apart from auditing its financial statements, and on the fees to be charged for such services, without prejudice to the prerequisites of their independence.
- c- Discuss whatever issues the committee may consider, with the internal inspection director, the compliance officer at the bank, the two auditors, and executive officers; in addition to any issues, these persons deem necessary to raise with the committee.
- d- Study the annual financial statements prior to their submission to the board of directors for approval.
- e- Access the annual financial statements before dissemination, and ensure that they are consistent with the financial statement data and the dissemination rules issued by the Central Bank.
- f- Coordinate between the tasks of the internal auditing and the external auditing, and ensure that there are no hindrances in communication between the internal inspection director and the two auditors on the one hand, and the board of directors and the auditing committee on the other.
- g- Review and approve the annual internal auditing plan.
- h- Review the reports prepared by the internal inspection department, including the reports on the adequacy of the bank's internal control systems and the extent of compliance therewith, in addition to following up on the recommendations of this department and the response of the bank's management thereto.
- i- Review the reports prepared by the compliance officer at the bank, particularly with respect to violations of the applied legislations, the bank's internal bylaws and the instructions of the Central Bank.
- j- Study the obstacles facing the process of internal auditing or the work of the compliance officer, and propose the adequate means for the elimination of these obstacles.
- k- Review the report of the bank's internal inspection department on the adequacy of qualified staff at this department, the qualification level of the compliance officer at the bank, as well as the level of training and qualification of the said staff.
- l- Ensure that the executive management of the bank shall periodically review the values of the collateral offered by customers against the finance and credit facilities extended thereto. This is in addition to specifying the measures to be taken against

- any decrease in these values; and reporting this decrease to the bank's board of directors for decision.
- m- Review the measures adopted by the bank's management to comply with the control criteria and regulations set by the Central Bank, and ensure that corrective measures have been taken to remove any violation thereof.
 - n- Ensure that the bank has established a control system and has adopted executive measures to combat money-laundering operations.
 - o- Study the remarks stated by the Central Bank in the inspection reports on the bank, as well as its comments on the bank's financial statements; and report them to the board of directors, accompanied by the committee's recommendations.
 - p- Study the two auditors' remarks stated in their reports on the bank's financial statements, and their other reports submitted to the bank's management during the year; and report them to the board of directors, accompanied by the committee's recommendations.

Article (28)

The Internal Auditing Committee, referred to in Article (27) of these Executive Regulations, shall convene at least once every three months. The two auditors of the bank shall attend upon invitation by the chairman of the Committee, or upon a request from any of the two auditors. The Committee may seek the assistance of whomever it chooses. The Chairman of the Committee shall submit the minutes and recommendations to the bank's board of directors for decision.

The internal inspection director and the compliance officer at the bank, as well as any other members of the board, or any of the executive directors, the Committee may invite, shall attend the meetings of the Committee, but will not have a counted vote.

The Chairman of the Committee shall appoint the official responsible for preparing and drawing up the minutes of the Committee's meetings. In addition, the Committee shall prepare an annual report on its work and recommendations, to be submitted to the bank's board of directors.

Article (29)

The Executive Committee -formed in each bank in pursuance of Article (82) of the Law- shall undertake the following:

- a- Study and take decisions related to finance and credit facilities, within the powers vested in the Committee, according to the rules of lending set by the bank.
- b- Study and take decisions related to contributions to corporate equities within the powers vested in the Committee.
- c- Express its opinion on the reports on classification of finance and credit facilities extended by the bank to its customers, their relevant proposed provisions, and the evaluation reports on contributions to corporate equities. These reports, attached to the Committee's opinion thereon, shall be submitted to the board of directors.
- d- Express its opinion on modifying the organizational and job structure of the bank and the regulations and systems governing its system of work.
- e- Exercise functions defined in the bank's regulations.

Chapter Four: Systems for Collecting Credit Data and Statistics

Article (30)

The centralized system established at the CBE pursuant to Article (66) of the Law for recording the balances of finance and credit facilities, granted to the customers of the banks operating in the Arab Republic of Egypt shall include the following:

- a- Data on the position of every customer and the connected parties, who obtain from any of the banks operating in Egypt a finance or credit facility exceeding the value specified by a decision of the Board of Directors of the Central Bank. These data shall be filled in the form designed for this purpose.
- b- Tables including data on the customer's position, classified according to the following:
 - Names of banks and their branches
 - The governorates of the Arab Republic of Egypt
 - The legal statuses of customers
 - The economic activity sectors according to which the customers' activities are classified
 - Types of the extended finance and credit facilities
 - Extent of customers' regularity in fulfilling their obligations to banks extending finance or credit facilities
 - The customers' statuses concerning settlements and judicial measures

Article (31)

The system established at the CBE by virtue of Article (66) of the Law for recording the debt balance of the banks operating in Egypt, and the guarantees to parties abroad - shall include the following:

- a- Data on the debt balances of banks to parties abroad on the form designed for that purpose, classified according to the following:
 - Creditors

- Debt maturities
- b- Data on the value of the guarantees issued by banks to parties abroad, on the form designed for that purpose, and classified as follows:
 - Beneficiaries of the guarantee
 - Applicants for the guarantee
 - Guarantees according to their validity

Article (32)

The system established at the Central Bank by virtue of Article (66) of the Law for registering the balances of finance extended by the financial lease companies and real estate finance companies to their customers-shall include the following:

- a- Monthly data on the overall finance, extended by each company to its customers, on the form designed for that purpose.
- b- Monthly data, on the form designed for that purpose, on the position of the customer, and connected parties, who obtain, from any company, a finance exceeding the value specified by a decision of the Board of Directors of the Central Bank.

Article (33)

Banks, financial lease companies and real estate finance companies shall adopt the following method of operation with respect to each of the systems referred to in Articles (30), (31), and (32) of these regulations.

- a- The electronic data entry for each customer and connected parties in the relevant system, by an official, of whose name and job the Central Bank shall be notified
- b- Delivering data via the Central Bank's network on the dates to be set by a decision of the Central Bank's Governor
- c- Ensuring the secrecy of the data that have been entered

The Central Bank shall prepare aggregate data on whatever the customer and the connected parties obtain. Banks shall have access to such data prior to extension, increase or renewal of any credit, or any modification to its terms, and when inquiring about the customer.

Part Three

Public Sector Banks

Article (34)

The Chairman and the members of the board of directors of a public sector bank shall be appointed for a three-year period, subject to renewal for one or more terms, by Decree of the Prime Minister, after consultation with the Governor of the Central Bank.

Part Four**Notarization Fees
on Settlement Reports****Article (35)**

The settlement report drawn up between banks in accordance with the provisions of Article (133) of the Law shall be notarized at the Notary Public within the jurisdiction of which the bank that seeks settlement is located. The said report shall be registered in the registry prepared for that purpose in the competent notary public office. A fee shall be collected for the notarization, established at 0.5 per thousand of the value of the rights agreed to be settled according to the terms of settlement.

Part Five

Regulation of Foreign Exchange Transactions

Article (36)

Dealings in the foreign exchange shall be conducted by the banks authorized by a decision of the Central Bank's Governor. The Governor may license bureaux de change and other entities to conduct foreign exchange transactions in accordance with the rules and procedures set by the Board of Directors of the Central Bank.

Article (37)

Activities of a bureau de change licensed to deal in the foreign exchange shall be confined to one or more of the following:

- a- Buying or selling of foreign exchange for the account of the bureau
- b- Purchasing, collecting, and selling of travelers' cheques issued by banks operating in Egypt or abroad for the account of the bureau. Collection, in cases of purchase, and coverage, in cases of selling, shall be made through the account of this bureau at an authorized bank in Egypt.

The bureau's activity shall be exclusively financed by its own-resources, i.e., shareholders' equities; and no other resources shall be used.

The bureau shall not conduct any other activities exercised by banks, including transfers from and to abroad.

Article (38)

Dealings of a bureau de change shall be conducted in cash, with its customers, at its domicile. Funds may be carried between a bureau and its branches. The bureau may sell and purchase foreign exchange with itself and with banks.

In all cases, dealings shall be made by receipts issued by the bureau. All dealings shall be recorded at the registry or via automatic systems designed for that purpose, according to the rules and regulations set by the Central Bank in this regard.

Article (39)

Activities of any other entity authorized by the Governor of the Central Bank to deal in foreign exchange for tourism and travel purposes shall be confined to one or more of the following:

- a- purchasing and selling of foreign currencies in the form of cash or travelers' cheques in exchange for the Egyptian currency
- b- encashment of foreign currency travelers' cheques in exchange for foreign currencies
- c- issuance of travelers' cheques in exchange for foreign currencies or foreign currency means of payment.

Article (40)

Prior to its establishment, a bureau de change or a branch must obtain the approval of the Central Bank. Application for the initial approval of the establishment of a bureau or a branch shall be made on a form specifying its location and the name of, and data about the responsible manager.

Applications shall be referred to the Governor of the Central Bank for decision.

The initially approved bureau shall apply for recording in the registry of the bureau de change at the Central Bank at least 30 days prior to the commencement of its activity.

In all cases, the bureau shall not commence any activity before it has been notified of its registration by a registered mail with acknowledgement of receipt.

Article (41)

Bureaux de change and their branches licensed to deal in foreign currencies shall be recorded at the registry referred to in Article (40) of these Regulations. Registration shall be made in response to an

application submitted to the Central Bank on the form designed for that purpose. The registry shall include the following information:

- a- date and number of the licensing decision and the date and number of the Egyptian Journal issue wherein the decision is published
- b- date and number of registration
- c- name and address of the bureau's domicile
- d- the bureau's legal status
- e- date of establishment
- f- the duration of the bureau
- g- dates of the beginning and end of the fiscal year
- h- date and number of registration at the commercial registry
- i- tax card number
- j- authorized, issued and paid-up capital
- k- names of the bureau's board members
- l- name of the bureau's managing director
- m- bureau's branches, addresses and registration dates
- n- names of the bureau's two auditors
- o- names of the banks at which the bureau holds accounts
- p- the bureau's authorized foreign currency balance required for operation purposes

The above stated information shall be updated whenever a change therein occurs.

Article (42)

Dealing in commodities and services by purchase and sale within Egypt shall be conducted in terms of the Egyptian pound, according to the following rules:

- a- Dealing in terms of the Egyptian pound shall not violate any of the terms stipulated in any contractor, supply or services contracts concluded with a foreign party, provided that dealings are conducted through the banks authorized to deal in foreign exchange.
- b- Dealing in terms of the Egyptian pound shall not violate any of the terms stipulated in any contractor or supply contracts concluded with an Egyptian party within the limits of the foreign component requisite for the fulfillment of the contract. Neither shall the said dealing violate any of the terms of any insurance policy stipulating that premiums and indemnity be paid in foreign currency, provided

that dealings shall be conducted through the banks authorized to deal in foreign exchange.

- c- Dealing in terms of the Egyptian pound shall not be in conflict with the nature of work in tourist establishments, or the activities exercised by the individuals, establishments and commercial stores that are required, by nature, to deal in foreign exchange. This shall be conditional upon obtaining a license from the Governor of the Central Bank, pending the approval of the Minister of Tourism, or the entity in charge, as the case may be.
- d- Dealings of the enterprises subject to the system of free zones and those of special-nature economic areas shall be within the terms of the agreed-upon currency.
- e- The commodities and services wherein dealing in terms of the Egyptian pound is obligatory shall not include securities, other financial investments, or returns thereof.

The Board of Directors of the Central Bank shall set the measures necessary for the enforcement of the provisions of this Article.