

Consumer Protection New Law issued by Law No. 181 of year 2018

Source: Law No. 181 of 2018, Issue No. 37 of the Official Gazette dated 13 September 2018

This Law (the “**Law**”) has been issued to fully replace the old Consumer Protection Law No. 67 of year 2006. It shall be effective following three months from the date of its issuance and its executive regulations shall be issued within three months from the effective date.

The new Law has enhanced the consumer protection ,by regulating the Suppliers’ obligations and behaviour as well as increasing the consumer’s rights. In addition, the new Law has added a different kind contracting. It has ensured the consumer’s protection under the umbrella of the remote contracting, which was not previously treated in the old Law.

This article on the one hand sheds light on the rights of the consumer guaranteed by the Law and on the other highlights the major obligations of Suppliers, manufacturers and distributors which protect the consumer.

Part I: The Consumer’s Essential Rights.

A Consumer under this Law is every natural or juristic person to whom a product is offered to satisfy non- professional or non-commercial needs. Though this Law guarantees in its second article, the freedom of conducting economic activity, it protects the Consumer by prohibiting any action or agreement that violates its essential rights, in particular:

1. The right to health and safety for the normal use of the products
2. The right to obtain all of the correct information and data about the services or products that the consumer buys, uses or receives
3. The right to freely choose products which meet the quality requirements in accordance with the specifications and the fair competition price determined by the market mechanisms
4. The right to maintain personal dignity and respect for community customs and traditions
5. The right to participate within institutions, councils and committees which work for the consumer protection
6. The right to raise multiple lawsuits for any violations regarding consumer rights or to harm or restrict them, through quick and easy procedures
7. The right to receive fair compensation for damages towards the consumer or its money as a result of the purchase, use or receipt of the products.

Part II: The Supplier's Major Obligations:

This Law defines Supplier as every person conducting commercial, industrial, professional or craftsman activity that offers a service to the consumer, or produces, manufactures, imports, exports, sells, leases, offers, trades, distributes or markets a product for the purpose of providing it to the consumer or contracting with the consumer on it. Hence, the word Supplier in this article and in the Law would refer to suppliers, manufacturers, producers, distributors and to any person that deals with the consumer for commercial businesses.

For this purpose, the Law has pointed out many obligations imposed on the Supplier. According to article 39 of the Law, the Supplier under remote contracting shall abide by all the obligations imposed under this Law. Since the Law has imposed many obligations on the Supplier to protect the Consumer's rights, this article shall stick to the major ones.

A/ Disclosing Obligations:

The Supplier has the obligation of clearly disclosing all substantial data and information related to a product especially its source, price (including tax details or any other financial burdens), specifications and features, essential characteristics, where and when it is offered, the data enumerated by the Egyptian Standards Specifications, and any other data to be required by the executive regulation when issued. These data shall be clearly disclosed and shall be easily read and understood by the consumer.

The Supplier is required under article 10 to give to the consumer invoices issued to evidence the transaction or the contract related to a product that include specifically the Supplier's tax registration number, the date of the transaction or the contract, the price of the products, its specifications, its type and nature of the product, its quantity and any other data that may be required by the to be issued executive regulations. The Supplier shall also add information regarding to its own identity, specifically its address, way of contact, the data of its registration in the relevant registry and its Trademark if existing.

The Law under article 5 and 6 imposes the Arabic language as a mandatory language requirement in relation to any data, information, invoices, contracts or documents issued by the Supplier when dealing with the consumer. Notwithstanding that the Supplier is always free to add extra languages.

Article 19 of the Law obliges the Supplier to notify the Consumer Protection Authority (the "CPA") of any defect in a product and its possible damages. Such notification shall take place within 7 days of from when the Supplier has discovered it. If such defect threatens the consumer's health and safety, the Supplier shall immediately notify the CPA, warn the consumer via different media sources and stop its production and trading.

In addition to the products data, the Supplier is required to display the return and exchange policies ratified by the CPA in an obvious place in the places where the products are offered and sold.

Warranty Obligations and Liabilities:

Liabilities:

The Law has also differentiated between the liability of the Supplier, the manufacturer/producer and the distributor/seller as follows:

- The manufacturer is liable for any damages caused by the product if it is proved that such damages were caused due to a defect in its design, production or installation.
- The supplier is liable for damages caused by the product due to the wrong use if it is proved that such damages were due to the Supplier that did not take the necessary precaution to prevent or warn of the occurrence of such damages.
- The distributor/ seller is liable when the damage caused by the product was due to the way the product was prepared for consumption, preservation, packaging, trading or display

Warranties

On a general note, and according to article 3 of the law, the Supplier shall abide by the health and safety and quality rules as well as guaranteeing them in accordance with the Egyptian Standards Specifications or the international standards specifications approved in Egypt. This Law imposes on the Supplier to guarantee the quality and safety of the products throughout the duration of the warranty as well as the conformity of the specifications upon which the product has been sold.

Further, the warranty shall include the examination, inspection and repair works and original spare parts.

Behaviour obligations:

Under article 9 of this Law, The Supplier is obliged to avoid any deceptive behavior related to any of the following elements:

1. The nature of the goods, their fundamental characteristics, its quantity or the elements of which they are made.
2. The origin, weight, size, method of manufacture, date of production, date of validity, terms and warnings of use of the product;
3. The product characteristics and expected results from its use;
4. The price including any amounts added to the price and in particular the value added taxes (VAT);
5. The product manufacturer or service provider;

6. The type of service, the place in which it is offered, the warnings of its use, and its fundamental characteristics;
7. The contractual terms and procedures, after sale services and the warranty;
8. The Awards, certificates or quality marks obtained by the producer, product or service;
9. Trademarks or logos ;
10. The discounts on the price contrary to the truth;
11. The available quantities of the products.

The executive regulations of this Law may add other elements.

In addition, the Supplier is obliged to keep all the consumer's data and information confidential and to not share them unless the consumer's consent has been proven.

It is worth mentioning that the law has stated in its article 28 that any clause stated in a contract or document related to dealing with the Consumer, shall be null and void if it decreases in any way the Supplier's obligations under this Law.

FRA Decree regarding the licensing regulations and requirements for companies operating in the field of Direct Investment as well as the creation of the direct investment companies' registry.

Source: FRA Board of Directors Decree No. 149 of 2018, Issue No. 213 of the Official Gazette dated 23 September 2018

This Decree sets forth the licensing requirements and regulations for companies conducting the direct investment activity that The Direct Investment Activity has been newly introduced in May 2018 by the decree no. 113 of 2018 issued by the minister of Investment and International Cooperation. The decree no 113, has defined the activity of direct investment as the activity of investing directly through investing the company's funds in securities - whether listed or non-listed in Stock Exchanges- or in the parts of Limited Partnerships companies. The decree has also added that the company conducting direct investment activity may also conduct venture capital activity.

This decree has been issued to regulate the licensing procedures of such business as well as the registration procedures and requirements in the direct investment companies' registry as explained below in this article.

Part I: The Licensing Requirements:

The first article of the decree enumerates the licensing requirements as follows:

Form & Capital Requirements:

1. The company's legal structure shall take the form of a Limited by Shares Company for a specified period of time.
2. The issued and paid up share capital of the company shall not be less than 10 Million Egyptian Pounds.
3. The parts of the joint partner (the investment manager) shall not fall below 50% of the other partners' parts.
4. The company's capital shall be subject to a private offering for qualified investors whether Egyptian, Arab or international individuals, legal entities, financial institutions, investment banks.

Management Requirements:

In addition to the form and capital requirements, the first article of the decree lists specific requirements related to the management of the company and its managers as follows:

1. The management of the company shall be in the hands of the joint partner or the joint partners as the case may be.
2. The management officer (Joint Partner/s) shall be experienced with not less than 5 years in financing business, stock markets, and financial institutions management. The experience requirement shall be reduced to 4 years, if the manager has successfully completed the training courses in the stock market sector, approved by the competent authority.
3. The company's managers must have an experience of not less than 4 years in financing business, stock markets, and financial institutions management. This experience requirement shall also be reduced to 3 years if the managers have successfully completed the training courses in the stock market sector, approved by the competent authority.
4. A proof of no criminal records or bankruptcy issued by the manager or the responsible managers for the company shall be submitted.

Fees Requirements:

The company wishing to conduct the direct investment business shall pay the following fees:

1. The activity licensing fee of EGP 10,000 (Ten Thousand Egyptian Pounds);
2. The annual services fees of EGP 5,000 (Five Thousands Egyptian Pounds) the yearly services; and
3. An insurance deposit with a minimum of EGP 25,000 (Twenty Five Thousands Egyptian Pounds)

Part II: The Registration Procedures:

This Decree establishes a special register for the companies licensed to conduct the direct investment activity. The registration require all the data relating to the company and in particular the date of incorporation, ,the place of registration in the commercial register, the license number of the company, the licensed activity, the name of the management officer/s, the address of the head office (headquarters), the authorized, issued and paid up Capital, the company's branches if any and the company's e-mail.

The FRA's approval on the registration shall be based on the market needs and the geographical distribution. Following the approval of the FRA's Chairman, the competent department shall issue the registration certificate within five working days from the said approval.