

FRA DECREE NO. 9 OF 2021 as issued on the 31st of January, 2021 regarding the rules, regulations and procedures for the authorization to conduct clearance and settlement activities of the Agreements traded in the Futures Exchange (hereinafter referred to as the “Activities”).

Source: issue No. 36 of the Official Gazette dated 14 February 2021.

- I. Companies wishing to conduct the Activities must fulfill the following requirements:
 1. The issued and paid capital must not be less than one hundred million Egyptian Pounds
 2. That the purpose of the company shall only comprise the Activities.
 3. That the company has specialized and independent headquarters consisting of the necessary preparations and the technological framework and information technology necessary to conduct the Activities as set by the FRA.
 4. The Members of the Board must all hold Higher Educational Degrees.
 5. The managing director of the company must be experienced in one of the fields of bank funding, or non-banking for a period not less than ten years, and that he or she has held a supervisory position equivalent thereto at a banking, or non-banking institution.
 6. The decree has also stipulated that the structure of companies conducting the Activities must have departments in charge of conducting said activities, an Accounting and Finance department, a Risk Management department, as well as an Internal Audit department. It is imperative that the heads of the above-mentioned departments have at least seven years of practical experience in the respective fields of the company.
 7. The persons mentioned in points 6 and 7 above must pass the interviews the FRA conducts with them.
 8. The financial auditor of the company registered in the registrar the FRA has prepared for that purpose in accordance with Decree number 3 for the year 2021, as issued by the Board of the FRA.
 9. The company conducting the Activities must also comply with the rules of corporate governance on non-banking activities and the rules set forth on combatting money laundering and terrorism funding as set by the board of the FRA, notwithstanding the Decree number 126 of 2020.
 10. No criminal penalty or felony based on grave crimes, or crimes regarding honor, or honesty has been issued within the five years preceding the application for the Activities against any of the founders, or the principal shareholders, or the members of the board or the main managers based on the following laws:
 - The laws organizing the financial non-banking activities as per the Law of the Central Bank and the Law of the Banking institution
 - Anti-Money Laundering Law
 - Insolvency Laws
 11. No judgment of financial distress has been rendered against any of the founding or principal shareholders within the five years preceding the application for the permit to conduct the Activities.



12. Payment of the permit fees of one hundred thousand Egyptian Pounds.

- II. The application for the permit to conduct the Activities must be submitted on the form prepared therefore by the FRA. Attached thereto must be documents proving the fulfillment of the stipulations as per Clause one, as well as documents for the following:
1. A manifesto with the names of the shareholders, their nationalities and the percentages of their contribution the capital of the company.
 2. A manifesto displaying any contributions of a minimum of 10% in any other financial institution working within the Arab Republic of Egypt and held by founders or shareholders who own 10% or more of the company.
 3. A declaration from the legal representative of the company that the company has the necessary technical know-how, the technological capacity, the risk management abilities and the means to handle complaints.
 4. A declaration from the general manager of the company that he is fully responsible of the management of the company, and that it shall be his only occupation.

The FRA then has a period of thirty days to make its decision. This period commences once the documents are fully delivered.

- III. If no clause has been added regarding a certain matter in this decree, the regulations of decree number 53 of the year 2018 as issued by the Board of the FRA regarding the grant of permits, the continuation thereof and the ownership of shares in financial non-baking companies will apply.

FRA Decree No. 1 of 2021 concerning amending the Authority's Board of Directors' Decision No. 58 of 2018 regarding the rules, regulations and procedures for licensing banks and some companies that undertake non-banking financial activities to undertake the activity of investment funds by themselves or with third parties.

Source: Board of Directors resolution no. 1 of 2021, Issue No. 35 of the Official Gazette dated 13 February 2021.

This decree adds a new article to the Authority's BoD Decision No. 58 of 2018, under No. 7 (bis).

As Article 7 (bis) states that it is permissible to offer more than one issuance of Open Investment Fund documentation, provided on the existence of certain regulations set by the same article, and these regulations are as follows:

- 1) That all issuances fall within the scope of the investment purpose that the fund is targeting.
- 2) To have separate accounts for each issuance.
- 3) That each issuance shall have a group of document holders from the subscribers to the documentation of this issuance, provided that its formation, convening and competence follow the provisions contained in the executive regulations of the Capital Market Law.
- 4) The sum set aside by the establishing entity for the fund account, as a whole, may not be less than five million Egyptian Pound with a participation of not less than (2%) of the volume of each issuance.
- 5) The prospectus or information memorandum shall disclose the conditions and data of each issuance, in accordance with the data specified in the executive regulations of the Capital Market Law. The prospectus or information memorandum may be prepared in a unified form or for each issuance separately according to the clarity of the fund's investment plan.

Prime Ministerial Decree No. 97 of 2021 amending some provisions of the executive regulations of the law of Economic Zones of Special Nature issued by Prime Ministerial Decree No. 1625 of 2002.

Source: Prime Ministerial Decree No. 97 of 2021, Official Gazette No. 53 bis (B), dated 6 January 2021.

This decree has amended the provision of a number of articles; also, it added new articles to the Prime Ministerial Decree No. 1625 of 2002, as it will be illustrated below.

Article (6): This article has been amended as it gives the board of directors the right to determine the fees for the services rendered by the authority to developers, investors and companies operating in the zone, and to define its collection procedures.

Article (9): This article has been amended whereby the scope of competence of the Board of Directors has been expanded to include setting the conditions and criteria that must be met to issue licenses to establish projects and activities in the zone, or to suspend or cancel them.

Article (10): This article has been amended as it includes more legal forms that are taken by projects established within the SEZ, which are one-person companies and branches of local companies. The article also gave the Board of Directors the authority to approve other companies' systems in accordance with the provisions of the applicable laws in this regard.

In addition, it permitted companies operating in the Arab Republic of Egypt, through its branches, and without the need for re-establishment, to establish their projects within the zone in accordance with the rules decided by the Board of Directors.

Article (11): This article has been amended as it affirms that it is not necessary to obtain approval for the project or land for the establishment of the project to establish companies.

Article (14): This article has been amended as it specifically defines some of the authority's jurisdiction as follows:

- Issuing trading certificates in accordance with the provisions of the Law of Joint Stock Companies, Partnerships Limited by Shares, Limited Liability Companies, and one Person Companies.
- Issuing trade names certificates within the zone, including a certificate of non-confusion.

It also gave the board of directors the competencies stipulated in laws and regulations for ministers, governors, directors of bodies and other specialists in relevant government agencies and departments necessary for the authority to carry out its functions, with the exception of the ministers of defense, interior, foreign affairs and justice.

Article (15): This article has been amended as it gives the Authority the right to participate in the establishment of the main development company or more or to license others to establish it to carry out development work for the zone or the subordinate zones, provided that this company takes the form of a joint-stock company to be established according to the procedures set forth in these executive regulations and that its sole purpose is to develop the zone or the subordinate zones.

It also permits the Board of Directors to assign the main development company with the implementation, management and maintenance of the infrastructure and understructure of the zone, or the implementation and management of its ports or other development work, and it may also assign it with the promotion of the zone.

Article (20 first paragraph): This article has been amended to give the Board of Directors the authority to set general rules for import after the approval of the Minister of Trade and Industry and to be approved by the Council of Ministers, in accordance with the law, and these rules include in particular a definition of the goods that may be imported and the requirements for this import, and the treatment of manufactured products in the zone as national products.

Article (24): This article has been amended whereby the incoming goods from inside the country into economic zones are subject to value-added tax at a zero rate in accordance with the provisions of the Value Added Tax Law promulgated by Law No. 67 of 2016.

Article (5) bis: This new article has been added to the executive regulations for the law of Economic Zones of a Special Nature, as it stipulates that a decision will be issued by the Prime Minister to form the Board of Directors, provided that it includes five financial, technical and legal expertise to be nominated by the Chairman of the Authority.

It also permits the appointment of a full-time executive director for the Authority, whose appointment, determination of his financial treatment and competence shall be issued by a decision of the Board of Directors, and the Executive Director shall attend the Board of Directors meetings without having a counted vote.

Article (35): This new article has been added, as it specifies the method of allocation for an annual fees for companies and establishments to acquire lands and real estate necessary to conduct their activities and expand them within the zone. Provided that this decision is issued by the Board of Directors for a period not exceeding 50 years, subject to renewal.

Article (36): This new article has been added, as it permits granting facilitations and non-tax incentives to projects with labor-intensive operations or that deepen the local component in their products, or that invest in the zones of logistical services or trade development, or electricity fields, or agricultural projects, or land, sea and rail transport projects.

The same article also permits, following the issuance of a decision by the Council of Ministers, to grant the established companies in the zone to establish projects which contribute in the achievement of development in it or in the activities of public utilities, infrastructure, energy, roads or ports, one approval for the establishment, operation and management of the project, including building licenses, and the allocation of the necessary real estate for it, and this approval shall be effective on its own without the need to take any other action.

Article (37): This article has been added as it defines the regulations for granting facilities and incentives which are as follows:

- 1- To be granted in a general and fair way, without discrimination between similar projects in a manner that does not represent aid or support in accordance with Egypt's international obligations.
- 2- It shall not be granted until after the project enters the actual operation phase and is fully committed to the time schedule specified for it, the availability of funding and the achievement of operating percentages.
- 3- Not to combine facilities and incentives with the investment incentive established in the Investment Law promulgated by Law No. 72 of 2017.

This article determines the period of validity of those facilities and incentives, which is a period of three years only, provided that the matter is submitted to the Board of Directors for renewal, and in all cases this period is only renewed once.

In addition, the same article specified the cases in which these facilities and incentives are withdrawn, after the approval of the Board of Directors, which are as follows:

- 1- Stumbling in the project, delay in implementing the schedule, changing the ownership structure, or shifting control of the project, unless the Board of Directors issues a decision approving granting an implementation period or amending the ownership structure as the case may be.
- 2- The percentage of what the project exports to the local market exceeded (85%) of its total production of products in which the percentage of the Egyptian component exceeds (40%) of the cost of the product.

Article (38): This article has been added where it permits combining one or more of the facilities or non-tax incentives referred to, by virtue of a decision from the Council of Ministers.

The same article also stipulated that the region should bear the financial burdens required for granting the facilities and non-tax incentives referred to, without bearing any additional burdens on the state's public treasury.

Article (39): This article was added and it grants the Board of Directors the authority to issue regulations for determining projects with priority and the percentage of operation determined to be considered labor intensive in coordination with the Ministry of Manpower.

It also granted the Board of Directors the authority:

- 1- To set technical standards for technological and industrial projects that deepen the local component.
- 2- To define the standards and regulations necessary for considering logistical projects, warehousing projects and trading projects from the Projects aimed at developing the internal trade.
- 3- To set the regulation of marine services, after the approval of the Supreme Council of Ports and the approval of the Minister of Transportation, in accordance with the state's general policy regarding Egyptian ports.