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Latest amendments to Listing Rules

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June 08 2010

Background

Scope of new amendment

Significance of amendment

After several amendments, the general conditions for the listing of securities on the Egyptian Exchange have been further amended. The Egyptian Financial Supervisory Authority has approved the Egyptian Exchange's October 2009 proposal to amend the general conditions for listing.

Background

Initially, securities were listed on the Egyptian Exchange on two distinct schedules: (i) the official schedule, which was generally for publicly traded companies; and (ii) the non-official schedule, which was created as a catch-all schedule to capture any issuer of securities which were not yet publicly traded.

The Listing Rules were later amended and the schedules were subdivided into official schedules A and B and non-official schedules A and B.

In 2009 the Listing Rules were further amended in order to distinguish between schedules for Egyptian securities issued by Egyptian issuers. On this schedule, all types of security issued by Egyptian issuers (eg, shares, bonds and Egyptian depository receipts) - if eligible - may be listed. The second schedule is allocated for foreign securities.

Scope of new amendment

The new Egyptian Financial Supervisory Authority resolution has amended the most significant requirements for the listing of Egyptian securities on the Egyptian Exchange. The approved amendment requires the satisfaction of the following conditions:

- The number of shares offered in a primary or secondary public offering or private placement must be no less than 10% of the issued share capital of the company that is applying for the listing;
- The capital structure must be composed of at least 100 shareholders that collectively hold no less than 5% of the applicant's issued share capital; and
- The applicant's issued share capital must be no less than EGP20 million paid in full and divided into at least 2 million shares.

Before the amendment, it was required that the applicant's freely floated shares be no less than 5%, and that the overall number of shareholders holding 100% of the applicant's issued capital be no less than 100.

The new amendment has combined these two conditions in one condition as stated above.

Significance of amendment

The new amendment defines the 5% 'free float' and has set down objective criteria for listing and the continuation thereof. This has ended the legal debate on the interpretation of such a subjective and inherently non-legal term.

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