

Capital Markets - Egypt

EFSA establishes new register for recording approved brokerage company branches

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Background

New rules

Comment

On August 30 2010 the chairman of the board of directors of the Egyptian Financial Supervisory Authority (EFSA) passed a new resolution (452/2010) imposing an obligation on EFSA-licensed brokerage companies to register their approved branches in the new EFSA Branch Register by no later than December 31 2010.

Background

Previously, a branch of a brokerage company (whether an execution branch or a receiving branch) was approved by the EFSA if the following general requirements were met:

- The company provided ratified board meeting minutes resolving to open the branch;
- The company provided a lease/ownership contract for the premises in which the branch was located;
- The company obtained confirmation from the EFSA that the new branch was technically equipped and linked to the company's head office or the Egyptian Exchange, as the case may be; and
- The company annotated the branch in its Commercial Register.

New rules

Notwithstanding the abovementioned requirements, the competent department within the EFSA will suspend the study and review of a brokerage company's application to approve any new branch until such company finalises the registration of all its existing branches in the new EFSA Branch Register.

Upon registration of existing branches, and ultimately brokerage companies' new branches, in the new branch register, each branch will be assigned an individual serial number determined according to the date of entry in the register.

Following that stage, the EFSA Incorporation and Licensing Committee is empowered to approve, postpone or refuse applications for new branches in light of the needs of the capital market.

Moreover, the abovementioned resolution has reclassified the branches of brokerage companies into:

- execution branches category A;
- execution branches category B; and
- marketing branches.

This classification supersedes the previous classification of execution branches and receiving branches.

Comment

The establishment of a new register to record all approved brokerage companies' branches will enable the EFSA to monitor functioning branches from a central position and avoid any duplication.

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