

Financial Regulatory Authority (FRA) decree no.25 of 2021 as issued on 28 February 2021, regarding the Amending of some provisions of the Authority's Board of Directors Decree No. 163 of 2018 regarding the executive controls for practicing factoring activity.

Source: issue No. 65 of the Official Gazette dated 20 March 2021.

- The first Article of the decree added to the conditions required to be fulfilled by the debtor that the debtor may be one of the investors in the operations of buying securities on margin in the Egyptian Stock Exchange in accordance with the conditions approved by the Authority.
- The second Article of the decree added Article four (bis) to the Authority's Board of Directors Decree no.163 of 2018 regarding the executive controls for practicing factoring activity as follows:
The obligations and conditions which are required to be fulfilled by the factoring companies to engage in the activity of factoring financial rights arising from buying on margin are as follows:
 1. Adherence to the provisions of Chapter Three (Concerning Factoring Activity) of Law No. 176 of 2018 issuing the Law Regulating Financial Leasing and Factoring Activities, and the Authority's Board Decree No. 163 of 2018 Concerning the Executive Controls for practicing factoring activity.
 2. That the brokerage companies which are subject to the contract with the factoring company are among the companies for which an approval from the Authority has been issued to engage in buying on margin, with adherence to carry out those operations in accordance with the provisions of Chapter 9 of the Executive Regulations of the Capital Market Law No. 95 of 1992, which includes regulating buying securities on margin, And the Authority's Board of Directors Decree No. 67 of 2014 regulating practicing the operations of buying securities on margin by brokerage companies and custodians.
 3. That the securities subject to buying on margin are among the securities specified by the stock exchange according to the criteria of practicing specialized activities (including buying securities on margin) issued by the Egyptian stock Exchange Administration and approved by the Authority.
 4. Factoring companies have to set up an integrated system for practicing the activity of factoring financial rights arising from engaging in the activity of buying securities on margin, including the rules for practicing the activity of factoring financial rights arising from buying on margin, and a contract model for practice of this activity with the brokerage

company, including rights and obligations of both parties, according to the indicative contract model issued by the authority.

Prime Minister Decree No. 910 of 2021 amending the Executive Regulations for the Investment Law promulgated by Prime Minister Decree No. 2310 of 2017.

Source: Prime Minister Decree No. 910 of 2021, Issue No. 17 (bis) (b) of the Official Gazette dated 5 May 2021.

This amendment added a new paragraph to Clause No. (4) of the third paragraph of Article (36) of the Executive Regulations of the Investment Law, as this amendment stipulates that the Council of Ministers may exclude the companies stipulated in Article (20) of the Investment law from this condition. And this is based on a joint proposal from the relevant minister and the minister concerned, and after the approval of the Authority's board of directors, and the opinion of the Central Bank of Egypt. And this is for considerations of public interest.

The said above condition -from which the companies were exempted- is to provide evidence that the founders, shareholders or partners have deposited at the time of the establishment of the company a percentage of (100%) of the company's paid-up capital in free currency to which the transfer is required and transferred from outside the country, and to provide evidence that the shareholders paid a percentage of (100%) of the remainder of the company's issued capital by transferring from foreign currencies transferred from outside the country or from the profits made by the company before the transfer.

The excluded companies stipulated in Article (20) of the Investment law are the companies that are established to create strategic or national projects in order to contribute to the achievement of development or partnership projects between the private sector and the state or the public sector or the public business sector in the activities of public utilities and infrastructure or new and renewable energy or roads or transportation or ports.