

Board of Directors
Egyptian Financial Supervisory Authority
Decision no. 56 of 2010 dated 3/5/2010
Regarding Experience and Competence Standards to practice Market Makers
Activity

EFSA's Board Chairman

After reviewing Capital Market Law promulgated by law no. 95 of 1992 and its Executive Regulation, and

Law No. 10 for the year 2009, Regulating Supervision of Markets and Non-banking Financial Instruments, and

Decision no. 293 of 2007 issued by the Minister of Investment regarding adding market's maker activity to the activities of companies operating in securities, and

Decision dated 3/5/2010 issued by EFSA's Board of Directors.

Decided the following:

Article (1)

A Company which is licensed to practice market's maker activity –referred to hereinafter as “market makers” - shall abide by decision no. 24 of 2007 issued by Chairman regarding the regulations of granting license for employees working at Brokerage Companies especially in the following positions:

- Managing Director
- Compliance Officer
- Risk Manager
- Operator
- Financial Manager

Market makers shall verify the honesty, integrity, experience and competence of employees. It shall inform EFSA of their names, experience and shall identify their competencies especially in the employees holding the following positions:

- Operations' Manager
- Settlement Manager
- Cash Settlements Manager
- Electronic Systems Officer

Article (2)

Market makers shall make sure that the headquarter has all physical, technical and electronic equipments necessary for practicing that activity, that is according to the specifications approved by EFSA.

Article (3)

Market Makers shall provide all the mechanisms and technical equipments related to the automated link with the Stock Exchange and Misr for Clearing, Depository and Central Registry. In addition to this, Market Makers shall submit a document that shows the availability of independent links from Stock Exchange and Misr for Clearing, Depository and Central Registry, that is according to the technical specifications set by both entities.

Article (4)

Market Makers shall meet the membership requirements set for Stock Exchange membership and Misr for Clearing, Depository and Central Registry as a settlement member and shall submit a document in that regard.

Article (5)

Market Makers shall submit the original copy of all contracts signed with the Fund's company, Egyptian Stock Exchange, Misr for Clearing, Depository and Central Registry and Management Services Company, and it shall inform EFSA of any amendment occurs in these contracts.

Article (6)

In case that there is any relation (ownership or management) between Market Makers and Companies operating in securities, Market Makers shall separate the company's activity from any other related companies in order to ensure the full independence of the company and to avoid conflict of interest between the company and other related companies or between anyone who deals with these companies.

In all cases, BOD members, shareholders and employees of the Market Makers shall abide by the rules set to avoid conflict of interest that is according to the provisions of Capital Market Law and decision issued in that regard. They shall inform EFSA of all their transactions that fall in the index responsible for that market.

Article (7)

BOD of Market Makers shall include at least two independent members. It shall not include any member of BOD of listed companies in which Market Makers held transactions on its securities.

Article (8)

Market Makers shall limit its transactions at the Stock Exchange for its private account through purchasing and selling securities which form the index portfolio that is being set as well as the funds' certificates of that index to the extent that is required in issuing and replacing certificates. All these shall be done through an automated system approved by EFSA that fulfill the requirements of defining the amount and the type of securities being purchased or sold. The system shall issue purchasing and selling orders and shall be automatically included at trading system of Stock Exchange.

Article (9)

Market Makers shall abide by capital adequacy standards set by EFSA and the standards set to practice that activity by Egyptian Stock Exchange that is in accordance with decision no. 293 of 2007 issued by Minister of Investment.

Article (10)

Market Makers shall set internal supervisory procedures that avoid spread of information related to its work.

Article (11)

This decision shall be published on EFSA's website and in the official gazette. It shall be effective from the next day of being published on the website.

Dr. Ziad Bahaa El-Din

Board Chairman