

Egyptian Financial Supervisory Authority's  
Board Decision No. 50 for the year 2009, dated 29/10/2009

**Egyptian Financial Supervisory Authority's Board Chairman,**

After review of Capital Market Act, issued by Act No. 95 for the year 1992 and its Executive Regulation, and

Central Depository and Registry Act, issued by Act No. 93 for the year 2000 and its Executive Regulation, and

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

Decree of President of Arab Republic of Egypt No. 191 for the year 2009 on issuance of terms regulating Management of Egyptian Stock exchange and its Financial Affairs, and

Decree of President of Arab Republic of Egypt No 192 for the year 2009 on issuance of Egyptian Financial Supervisory Authority's Articles of Association, and

Decree of Capital Market General Authority No. 30, dated 18/06/2002 on Listing rules, Continuation of Listing and Delisting of Securities in Cairo and Alexandria Stock exchanges, and

Decision of Capital Market Authority, dated 22/09/2008 on amendment of Listing rules, Continuation of Listing and Delisting of Securities in Egyptian Stock exchange, and

Approval of Egyptian Financial Supervisory Authority's board on 29/10/2009,

**Decided that,**

**Article (1)**

Stipulations of Article (2), Items (3) & (5) of Article (4), Article (6), the first paragraph and item (J) of Article (7), Items (1), (5) and (6) of Article (9), Articles (17), (19), (22), (23), the first paragraph and item (J) of Article (24) of Listing rules, Continuation of Listing and Delisting of Securities, shall be replaced by the following stipulations:

**Article (2):**

Listing and Delisting of Securities' Committee shall be formed by a decision of Stock exchange board under presidency of Stock exchange Chairman or his deputy and the membership of the following:

- Two of Stock Exchange staff selected by Stock Exchange board

- A representative of companies listed in the stock exchange, selected by stock exchange board among largest ten active companies, which have securities listed in the stock exchange.
- Representative of companies working in securities' field among members of stock exchange board of directors , selected by the board.
- Representative of Egyptian Accountants & Auditors' Association, selected by the Association's board.

Membership term shall be for two years, renewable for one or more other terms.

Committee shall have technical secretariat, whose formation shall be issued by a decision of stock exchange president. Committee shall issue its decisions by majority and in case of equality, the side of the president shall be casting. Committee shall convene two times at least each month or whenever necessary with invitation of its head and convention shall not be sound except with attendance of the majority of its members.

Stock exchange administration shall notify Egyptian Financial Supervisory Authority with all issued decisions within three working days from the date of issuance.

**Article (4)/Item (3)**

- 3- Statement of the parties related to the company. Related party shall mean each party who has direct or indirect relation with the company through:
- Control of the company or being under joint control with the company, or
  - Ownership of percentage of shares or voting rights that makes it capable to effectively impact its decisions, or
  - Board membership or assuming office of executive manager in the company applying for listing, its holding company or any affiliate or sister companies, or
  - Being under full or joint control or under direct impact of persons owning percentage of shares or voting rights that makes them capable of direct or indirect impact, or
  - Related party being a system independent from the company and related to privileges or retirement stipend of staff of companies or any company that is related to the company.

**Article (4)/ Item (5)**

- 5- Curriculum Vitae and unified code number of insiders of the company applying for listing including the following:
- A- Full name, nationality, residence address and work address of the body he represents in the board if he is a representative of a judicial person, along with accurate description of previous experiences, qualifications and whether he is assuming the office of board member of any company, which has securities listed in the stock exchange and his contribution in other companies, whose ownership in it is more than 5% or more of its capital.

- B- Percentage of direct and indirect contribution as well as relatives' share till second degree in the company's capital and percentage of contribution in any affiliate or sister company.
- C- Statement of offices he assumes in other company whether it is listed in the stock exchange or not and the body he represents if he is a board member of the other company as well as the ownership percentage of such body and his ownership along with his relatives' ownership till second degree in such other company.
- D- Statement of loans, whatsoever their type, granted by board members or parties related to the company.

**Insiders** in application of terms of this decision shall mean board members of the company, its affiliated company, its holding company, sister company and its controlling company as well as their representatives, spouses and under-aged children in addition to employees and consultants of the company as long as they may have access to the internal data as well as their spouses and under-aged children.

**Article (6):**

Committee shall make a decision related to the listing application within 15 days from the date of completion of documents and procedures.

The company may request reconsideration of committee's decision rejecting listing before stock exchange board within 15 days from the date of its notification with the decision and the board shall make a decision related to the reconsideration request within 15 days from the date of its submission. In case stock exchange board supported listing committee decision, the company may submit a plead to Egyptian Financial Supervisory Authority within 15 days from the date of issuance of stock exchange board decision and in case the plead is rejected, the company may submit a grievance against EFSA decision to the grievance committee stipulated in Article (50) of Capital Market Act issued by Act No. 95 for the year 1992.

**Article (7)/ First paragraph**

With consideration of terms of Article (82) of Act No. 88 for the year 2003, on issuance of Central Bank, Banking Agency and Currency Law, and Articles No. (27) & (28) of its Executive regulation, each company, which has listed shares or depository certificates in stock exchange tables, shall have auditing committee, whose selection of its members and appointment of its chairman shall be via board decision, where its members shall not be less than three among the non-executive board members who have proven experience and competence in the field of company's business. If the company does not have enough number of experienced and competent personnel, committee membership shall be completed by external experienced personnel from outside the company.

**Article (7)/ Item (J)**

J- Ensure that a report has been submitted to the board by one of the dedicated specialized experts regarding the nature of operations and deals made with related parties and the extent of their prejudice or harming interests to the company or its shareholders.

**Article (9)/ Item (A)**

Egyptian Securities Listing Table

**A-Shares:**

Shares that are compliant with the following conditions at the time of submission of listing application shall be listed in the table:

- A- Percentage of shares offered during underwriting or public or private offering shall not be less than 10% of the company's total shares. Offering, in application of these rules, shall mean sale of company's shares whether to non-specified public or to investors qualified in the secondary market.
- B- Shareholders' number in the company shall not be less than 100 shareholders, where the total of their ownership shall be 5% at least from the total company shares.
- C- Issued shares to be listed shall not be less than 2 million shares.
- D- Applicant Company shall submit financial statements for full fiscal year preceding the listing application, provided that such statements shall be made in accordance with Egyptian Accounting Standards, audited in accordance with Egyptian Accounting Standards by an auditor listed in EFSA Registry and certified by the company's general assembly.
- E- Issued capital shall be paid in full and shall not be less than 20 million LE or its equivalent in accordance with latest annual or periodical financial statements attached to auditor's report, after being audited comprehensively and approved by company's general assembly.
- F- Net profit percentage before deduction of taxes at last fiscal year preceding listing application shall not be less than 5% of the paid capital to be listed, provided that company's net profits before deduction of taxes are originating from the company's practice of its business, which achieves the main purpose of the company and provided that percentage of net profit before deduction of taxes in periodical financial statements where the capital to be listed is stated and the interim financial statements in case of completion of their preparation, shall not be less than net profit before tax in annual statements.
- G- Shareholders' rights in the last annual and periodical financial statements, preceding the date of listing application, shall not be less than the paid capital.

As exception from the above, listing of shares of companies that are not compliant with (A & B) conditions may be listed if the applicant company submitted an affidavit with its commitment to fulfill such two conditions within three months from the date of listing of its shares in the stock exchange. In case of non-fulfillment of this affidavit, listing shall be considered void and null. In order to deal in company's shares during this period before fulfillment of those two conditions, the company shall obtain prior approval of EFSA in the light of acceptable justifications.

Shares of the company not fulfilling the condition (F) may be listed upon company's submittal of financial statements for actual three years prior to listing application, prepared as per terms and conditions stipulated in Item (D) and provided that average annual net profits of the company, which are originating from its business achieving the company's main purpose before deduction of taxes for the last three years preceding listing application prorated to average paid capital of the same period, shall not less than 5%, and provided that no losses are incurred during any of the three fiscal years preceding listing application.

In all cases and in order to continue listing, conditions (A, B & C) shall be fulfilled and in case of non-fulfillment of some or all of these conditions for a period of three months, listing committee may grant the company another three months from the date of its notification by listing committee to fulfill such conditions. If the company did not respond, delisting of company's shares shall be considered.

#### **Article (9)/Item (5)**

##### **5-Exchange Traded Funds:-**

Exchange traded funds, which fulfill the following conditions, shall be listed in it:

- A- Public or private offering prospectus of this issuance shall be submitted and approved by EFSA.
- B- Submittal of an undertaking by investment manager of the body issuing the documents, to provide the stock exchange with daily statement before the stock exchange start-up every day comprising number of existing certificates, any change thereof and the percentage of such change as well as any steps taken in a temporary basis to stop consumption or sale of certificates, maturity date and value of distributed coupons.

#### **Article (9)/ Item (6)**

##### **6-Egyptian depository receipts:**

With consideration to agreements and memoranda of understanding concluded between Egyptian Financial Supervisory Authority and the stock exchange, and between the stock exchange and foreign supervisory bodies in the market, where shares subject of Egyptian depository receipts are listed, Egyptian depository receipts shall be listed upon fulfillment of the following conditions:

- A- Foreign company, in which Egyptian depository receipts are required to be listed, shall fulfill conditions (D, F & G) necessary for listing of Egyptian companies' shares.
- B- Provision of approval of Capital Market Authority about issuance of receipts required to be listed.
- C- Company shall undertake to offer all Egyptian depository receipts for trading in stock exchange within 3 months from the date of its listing and the number of holders of Egyptian depository receipts shall not be less than 150 Egyptian or foreign persons after offering.
- D- Shares subject of depository certificates shall be listed in one of the foreign stock exchanges that are subject to supervision of a body which practices businesses similar to the business of Capital Market General Authority.

- E- Number of receipts issued against shares deposited at deposit bank shall not be less than 500 thousand certificates.
- F- Nominal value of total certificates required to be listed shall not be less than 100 million Egyptian Pounds or its equivalent in exchangeable foreign currencies.

To continue listing, continuation of conditions (F & G) necessary for listing of Egyptian companies' shares is a must as well as requirements of reform in addition to continuation of availability of listing conditions (C, D, E & F) regarding Egyptian depository receipts.

In all cases, foreign company may not list part of its securities in the form of shares and another part in the form of Egyptian depository certificates at the same time.

**Article (17):**

The company shall include in the annual report of its board, information stipulated in Article (4) of these rules in addition to summary of any existing contracts or agreements between the issuing company or any affiliate company and one of the related parties.

**Article (19):**

The company shall notify the stock exchange with its applicable internal procedures, which include prohibition of any insiders to deal with any securities issued by the company within 15 days before and 3 days after issuance or publishing any core data or information, which may have significant impact on the market price of the company's securities.

Without prejudice to terms of the above paragraph and in case any of the insiders is desirous to deal in periods other than those mentioned in the above paragraph, the company and those insiders shall notify the stock exchange with the same as per the form approved by the stock exchange, provided that the notice shall include enough data about securities required to be dealt in, and stock exchange shall advertise these data after execution even if execution was partial. Advertising shall be through trading screens and at the stock exchange website.

Insiders shall not be a party in any contract of reparation contracts except after approval of the general assembly, provided that this behavior shall be presented to the general assembly in its all details and data prior to execution of this behavior.

Businesses done by public tenders shall be excluded from this, if the party of interest was the best bidder, provided in all cases that interested insider shall be excluded from voting on such decisions in the board. All this shall be without prejudice to terms of Articles (97, 98, 99 & 100) of the Act of partnerships, joint stock companies and limited liability companies, issued by Act No. 159 for the year 1981.

**Article (22):**

Each company, which has listed securities in the stock exchange shall publish the annual financial statements as well as their explanations, auditor's report and EFSA remarks (if any) in two highly-circulated daily Egyptian newspapers, where one of them, at least, shall in Arabic, fifteen days at least before the convention of the

general assembly, and provided that this publishing shall include combined and independent financial statements for companies, which should submit combined financial statements. If the company's general assembly made any amendments to these statements, the company shall publish such amendments within one week from the date of approval of the general assembly of those amended financial statements and in the same two newspapers.

**Article (23)**

With consideration to terms of the Act of joint stock companies, partnerships limited by shares, and limited liability companies, issued by Act No. 159 for the year 1981 and Act of Capital Market issued by Act No. 95 for the year 1992, each company, which has securities listed in the stock exchange table shall publish periodical financial statements, their explanations, auditor's report and EFSA remarks within 15 days from the date of the end of each period as follows:

- A- As for financial statements of the first, second and third quarters, publishing shall be at the stock exchange website, provided that the stock exchange shall post the financial statements on the next day of its handover and for three days at least.
- B- As for annual financial statements, publishing shall be in two highly-circulated Egyptian morning daily newspapers, one of them at least in Arabic.
- C- As for companies that make periodical distributions, they shall publish their periodical statements in two highly-circulated Egyptian morning daily newspapers, where one of them, at least, shall be in Arabic, before 15 days at least from the date of convention of the general assembly, with consideration to the stipulation of the last paragraph of Article (22) of these rules.

**Article (24)/ First paragraph**

Each company that faces material events that are not available to public shareholders and may affect its business or its financial position, or may affect trading of its shares in the stock exchange, shall disclose the same immediately through notifying the stock exchange in a time that allows the stock exchange to post such events at trading screens immediately or before the first trading session next to occurrence of such events and at the stock exchange website. If material events occurred during official holidays, the company shall publish such events in two highly-circulated Egyptian morning daily newspapers, where one of them, at least, shall be in Arabic, and provided that the stock exchange shall be notified upon resumption of work. Material events shall mean such incidents that have tangible impact on the price of the offered or tradable securities, impact on the investment decisions of the dealers, or impact on the direction of dealing in the market, and the material information shall become declared, when it is made available to the public dealers at the same time and in the same way in accordance with policies and procedures governing and regulating disclosure in the stock exchange. Such core incidents shall be considered the following in particular:

**Article (24)/ Item (J)**

Any commercial dealings with related parties

**(Second Article)**

A third paragraph shall be added to Article (36) of the Listing rules, Continuation of Listing and Delisting of Securities in Egyptian Stock exchange, reading as follows:

"Listing committee may exempt the applicant company from the conditions referred to in the previous paragraphs for reasons it may determine."

**(Third Article)**

The expression of Capital Market Authority, whenever mentioned in Listing rules, Continuation of Listing and Delisting of Securities in Egyptian Stock exchange, shall be replaced by the expression Egyptian Financial Supervisory Authority.

**(Fourth Article)**

This decision shall be applicable from 08/11/2009. The stock exchange and other concerned authorities shall implement its terms, each in its concern.

Dr. Ziad Bahaa El-Din  
Board Chairman