

## **Over the Counter Market Rules and Regulations**

The OTC market is limited to the trading and transfer of the ownership of the companies not listed on EGX and for the capital increases of listed companies not yet listed according to the CMA Board of Directors Decree No. 9/2006 -currently known as The Egyptian Financial Supervisory Authority (EFSA). The shares of the capital increases can be traded in the OTC market, with exception to the following:

- a) After two months from the EFSA approval on the issuance of capital increase.
- b) After the company's fulfillments of all required documents for the fully paid capital increase shares during the two months previously mentioned.
- c) Capital increases through stock dividends for the listed companies on EGX.

### **I. General Requirements**

1. Companies which have their securities traded on the OTC market, are not listed on EGX, and therefore, are not subject to listing and disclosure rules, that apply to listed companies on EGX.
2. Member firms have an important duty for fair dealing with their customers and are required to properly inform their clients about the features of the OTC market before trading.
3. In the OTC market, member firms are responsible for maintaining an orderly market and ensuring that all transactions comply with rules and regulations through implementing all the procedures stipulated herewith, especially, but not limited to the following:
  - Verifying their clients' identities and their ownership of the securities and their capacity to dispose thereof.
  - Ensuring that all dealings in securities are free of fraud, swindling, misconduct and price manipulation.
4. The Deals Market operates daily from 09:45 am till 11:15 am, while the Orders Market operates from 2:45 pm till 3:15 pm on Monday and Wednesday only.

5. No opening or closing prices shall be calculated for securities traded on this market. Similarly, no price limits or price indices will be applied to this market.
6. Information included in the orders shall be the same for stocks and bonds.

The OTC market shall be divided into two main tiers:

**First: Orders Market:**

The Orders Market is for the companies that the Exchange approves trading on according to their liquidity, including de-listed companies.

**Requirements Pertaining to the Orders Market**

1. Customers' orders to member firms shall be in compliance with the forms approved by EGX. The order must include a statement clearly mentioning that the client is trading un-listed securities, on the OTC market.
2. Orders shall be executed according to priorities (price, time and special terms); similar to what is applied on the Exchange trading.
3. Trades are executed through the systems of brokerage firms in the trading floor meanwhile the remote trading screens can be used at a later stage if necessary.
4. Clearing and settlement of trades executed on this market shall be undertaken on T+3
5. Trading in the Orders Market takes place every Monday and Wednesday from 2:45 p.m. to 3:15 p.m.
6. The EFSA Chairman Decree No. 126 of the Year 2006 stated that all companies traded in the Orders Market should send their annual financial statements together with the Auditors & Board of Directors' reports before the AGM approval, within 90 days after the fiscal year ends.

## **Second: Deals Market**

The Deals Market is the market in which EGX, shall announce all information, related to the pre-arranged deals, after their execution.

### **Requirements Pertaining to the Deals Market**

1. The deals in which both sides agree on the terms of the sale and ownership transfer are announced through this market.
2. Any transaction should have a maximum limit of LE 20 million. Otherwise, it should be filed to the Market Operations department to be approved by the Trading Committee prior to its execution.
3. All trades in this market shall be made through EGX “Over the Counter” Department.
4. EGX must notify MCDR with the trades conducted on this market for dematerialized securities.