

Banks & Credit Law And Its Executive Regulations

قانون البنوك والانتظام ولائحته التنفيذية

July 1996

L.E. 35

مكتبة الشرق الأوسط للخدمات الاقتصادية

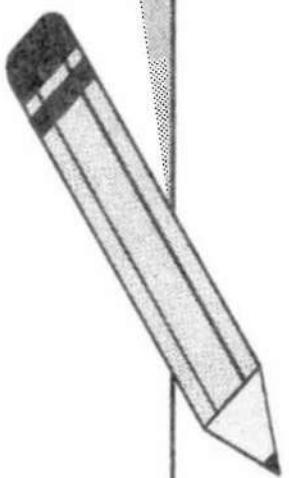
**The Middle East Library For
Economic Services**

Tel : 3606804 - 3351141 Fax : (202)3606804
www.meles.com

KRM
955
A2 1957
APR
1996

All Contents of The MELES
Are Copyright. No Part May
Be Reproduced In Any Form
Without The Written
Consent.

Legal Texts Published In
Our Bulletin Are To The
Best of Our Belief Correct
But Unofficial Translation
of Laws, Decrees, Regula-
tions As Issued In Egypt.



DECREE LAW NO. 163/1957
BY THE PRESIDENT OF THE REPUBLIC

PROMULGATING BANKS AND CREDIT LAW
AS AMENDED BY LAWS NOS. 135/1960,
50/1984, 37/1992, 101/1993 AND 97/1996

AL WAKAEI AL MISRIYA JOURNAL NO. 53 (bis)
For 1957 ON 13.7.1957

IN THE NAME OF THE NATION,
THE PRESIDENT OF THE REPUBLIC,

Having reviewed Law No. 57/1951 establishing a Central Bank for the State,

And Law No. 36/1954 including certain provisions related to the Joint Stock Companies, recommendite companies with shares and limited liability companies,

And Law No. 30/1957 in respect of the Economic Institutions,

And Law No. 22/1957 promulgating certain provisions relative to practicing banking operations,

And upon views adopted by the State Council.

DECREE THE FOLLOWING LAW:

ARTICLE (1):

The provisions of the attached law shall apply as regards banks and credit.

ARTICLE (2):

Any firm subject to the provisions of the attached law and which shall be practicing its activity at the time such a law shall have been issued, shall within the three months following the application of its provisions submit an

application for being recorded in the register prepared to this effect at the Central Bank in conformity with the rules and conditions stipulated under articles 20, 21 and 22 thereof.

Said firms shall be relieved of the conditions stipulated under Article (21) provided requirements of these conditions shall be fulfilled by the specified dates and according to the conditions and rules stipulated under Law No. 22/1957 promulgating certain provisions for the practice of banking operations.

Registration of any such firm shall be canceled unless the rules and conditions stipulated in this article, shall, within the period specified, be fulfilled.

ARTICLE (3):

(1)

The Minister of Economy¹ and Economic Co-operation shall make an exception for any of the banks existing at the time of enforcing this law from applying paragraph (d), of Article (39) only for a period to be specified in his decree to this effect along with the conditions he shall impose for such exception.

ARTICLE (4):

The Minister of Economy and Economic Co-operation shall carry the functions prescribed for the economic institutions by force of Law No. 20/1957 as regards matters related to the Central Bank.

ARTICLE (5):

Provisions of Article (17) shall apply to currency issued by the National Bank of Egypt before the enforcement of the provisions of the present law.

¹ The words (Minister of Economy and Economic Co-operation) shall substitute those of (The Minister of Finance and Economy) as per Law No. 120/1975.

ARTICLE (6):

Law No. 57 for 1951 regarding the establishment of a Central Bank for the state shall be canceled and so shall be any provisions contrary to those of the attached law.

ARTICLE (7):

The present decree shall be published in the Official Gazette and shall have the force of law and be enforced thirty days after its publication.

The present decree shall be stamped by the Seal of the State and be applied as one of its laws in force.

Issued at the Presidency 15th Zul-Hijja 1376 , July 13th, 1957.

SECTION ONE
BANKS AND BANK SUPERVISION
CHAPTER ONE
THE CENTRAL BANK
DIVISION ONE

THE BANK STATUTES AND PURPOSES

ARTICLE (1):

The National Bank of Egypt shall act as the State Central Bank and shall devise the credit and banking policy and supervise its execution in a manner as will help consolidate national economy and provide stability to Egyptian Currency.

To achieve its purposes the Bank shall adopt the following policies:

- (a) To influence the direction of credit as regards its volume, kind and price in a way as will meet the real requirements of the commercial, industrial and agricultural activities.
- (b) To adopt proper measures to combat general and local financial or economic disturbances.
- (c) To have control over banking organization with a view to safeguarding their financial position security.
- (d) To administer the state reserves of gold and foreign exchange.

ARTICLE (2):

The Central Bank shall have a Board of Directors to carry the powers authorized to the Bank in conformity with the provisions of the present law.

The Board shall be formed from a Governor to preside over the board, a Deputy Governor and a number of members not less than three and not more than seven in addition to two representatives by the Ministry of Finance and Economy who shall have the same powers and rights authorized to the other members.

ARTICLE (3):

The Governor and his Deputy shall be appointed by a Decree by the President of the Republic for a period of five years, renewable and they shall be dedicated to their work.

The representatives of the Ministry of Finance and Economy shall be appointed by a Decree by the Minister of Economy and Economic Co-operation.

The General Assembly shall elect the rest of the board members for a period of five years.

ARTICLE (4):

Preconditions qualifying the Governor, his Deputy and the member of the Board of Directors for their posts include:

- (a) They shall be of Egyptian nationality by birth.
- (b) They shall not have any serious interests in any of the banks subject to the provisions of the present law.
- (c) They shall be enjoying all their civil and political rights.

ARTICLE (5):

The President of the Republic shall issue a decree promulgating the Central Bank Statutes.

ARTICLE (6):

The Board of Directors shall carry the powers authorized to the Bank

ARTICLE (7):

The Board of Directors shall convene upon summons by the Governor to discuss the Agenda of topics referred to it.

The Board shall also convene upon a request submitted by one half of the members or upon the request of the representative of the Ministry of Finance and Economy.

However that board shall hold at least two meetings per month.

A board meeting shall not be of quorum unless attended by at least one half of its members provided these shall include one of the two representatives of the Ministry of Finance and Economy.

The resolutions of the board shall be adopted by the absolute majority of votes and in case of equal voting the side including the chairman shall have the casting vote.

ARTICLE (8):

The Governor shall control all bank affairs according to the resolutions adopted by the Board of Directors.

ARTICLE (9):

The Central Bank shall prepare a weekly statement regarding its financial position including a comparison with that of the preceding week and according to the model to be decided by the Bank Board of Directors in agreement with the Minister of Economy and Economic Co-operation.

Such a statement shall be published in the Official Gazette and a copy of same signed by the Governor shall be submitted to the Minister of Finance and Economy.

ARTICLE (10):

The task of checking the bank account shall be charged annually to two accounts censors to be chosen by the Minister of Finance and Economy.

The Bank shall put at the disposal of the accounts' censors all books, documents and data they deem proper in order to carry out their functions.

ARTICLE (11):

Net profits realized by the issue of bank notes after exclusion of all expenses approved by the accounts' censors shall be divided between the Government and the Bank at the rate of 88 per cent for the former and 15 per cent for the latter while all increases arising from the re-evaluation of gold balance in stock as cover for issue shall go to the Government.

ARTICLE (4):

Preconditions qualifying the Governor, his Deputy and the member of the Board of Directors for their posts include:

- (a) They shall be of Egyptian nationality by birth.
- (b) They shall not have any serious interests in any of the banks subject to the provisions of the present law.
- (c) They shall be enjoying all their civil and political rights.

ARTICLE (5):

The President of the Republic shall issue a decree promulgating the Central Bank Statutes.

ARTICLE (6):

The Board of Directors shall carry the powers authorized to the Bank

ARTICLE (7):

The Board of Directors shall convene upon summons by the Governor to discuss the Agenda of topics referred to it.

The Board shall also convene upon a request submitted by one half of the members or upon the request of the representative of the Ministry of Finance and Economy.

However that board shall hold at least two meetings per month.

A board meeting shall not be of quorum unless attended by at least one half of its members provided these shall include one of the two representatives of the Ministry of Finance and Economy.

The resolutions of the board shall be adopted by the absolute majority of votes and in case of equal voting the side including the chairman shall have the casting vote.

ARTICLE (8):

The Governor shall control all bank affairs according to the resolutions adopted by the Board of Directors.

ARTICLE (9):

The Central Bank shall prepare a weekly statement regarding its financial position including a comparison with that of the preceding week and according to the model to be decided by the Bank Board of Directors in agreement with the Minister of Economy and Economic Co-operation.

Such a statement shall be published in the Official Gazette and a copy of same signed by the Governor shall be submitted to the Minister of Finance and Economy.

ARTICLE (10):

The task of checking the bank account shall be charged annually to two accounts censors to be chosen by the Minister of Finance and Economy.

The Bank shall put at the disposal of the accounts' censors all books, documents and data they deem proper in order to carry out their functions.

ARTICLE (11):

Net profits realized by the issue of bank notes after exclusion of all expenses approved by the accounts' censors shall be divided between the Government and the Bank at the rate of 88 per cent for the former and 15 per cent for the latter while all increases arising from the re-evaluation of gold balance in stock as cover for issue shall go to the Government.

ARTICLE (12):

The Annual net profit of the Bank after the funds earmarked for the reserves and the profits carried forward approved by the Board of Directors shall be used for payment of an annual dividend to the share holders within the limits of 20 per cent of the nominal share value.

DIVISION TWO **BANK/GOVERNMENT RELATIONSHIP**

ARTICLE (13):

The Bank shall act as the Government bank and shall not receive any fees in return for the services rendered to it. The bank may after the approval of its Board of Directors practice banking operations for other public entities with the same terms.

ARTICLE (14):

The bank shall act on behalf of the Government in managing and issuing public loans and also serving and depreciating these debts.

However, the bank shall have the view of the Government before concluding local or foreign loans.

ARTICLE (15):

The Bank may advance loans to the Government to meet any seasonal deficit in the public budget provided that such loans shall not exceed 10 per cent of the average budget revenues over the three preceding years and also provided that such loans shall be for a period of three months renewable for another three months period and so on but such loans shall be refunded by the government within at most twelve months as of the date of their advancement.

Terms and rules of such loans shall be specified in agreement between the Bank and the Government in accordance with the conditions of currency and prevailing prices at the time of advancement.

DIVISION THREE **ISSUE OF BANK NOTES**

ARTICLE (16):

The Central Bank alone shall have the concession of issuing bank notes and the Minister of Economy and Economic Co-operation shall after having the Bank views determine the categories of the bank notes that may be issued, the volume of each, the drawings and other specifications.

Such bank notes shall bear the signature of the Central Bank Governor.

ARTICLE (17):

The bank notes issued by the Central Bank shall be of unlimited legal tender.

ARTICLE (18):

The bank notes in circulation shall always be covered and to their total value by an equal balance of gold, foreign exchange, foreign stocks, Egyptian Government stocks and bonds guaranteed by the Government and discountable bills of exchange.

The amount of gold required for the cover of issue shall be determined by a decree by the President of the Republic while kinds and rates of other assets kept in the coverage shall be specified by a decree by the Minister of Economy and Economic Co-operation after having the view of the bank.

CHAPTER TWO
BANKS
DIVISION ONE - GENERAL PROVISIONS

ARTICLE (19):

A person, organization or firm not registered according to the provisions of the present law shall be banned to carry in a principal manner and habitual aspect any of the banking operations.

However the following shall be excepted:

- (a) General organizations which shall have been practicing any of such operations by force of a decree promulgating their formation.
- (b) Pawn firms lending money on collatory.
- (c) Real estate and other organizations whose functions shall be divisioning land into plots, constructing or sale of buildings on account.

ARTICLE (19 Bis):²

The Governor of the Central Bank of Egypt shall have the power to authorize foreign banks to open "representation offices" for them, in the Arab Republic of Egypt, with the following conditions:

1. They shall have no branches in Egypt,
2. Their registered head offices shall be subject to control by monetary authorities in the country where these head offices are based,
3. The activities of representation offices shall be restricted to studying the markets and investment potentials. They shall act as liaison posts with the head offices abroad, and shall contribute to overcoming the problems and difficulties which might confront their correspondent banks in Egypt.

² Added as per Law No. 37/1992
Official Journal 23 (Bis) dated 4.6.1992.

4. These offices shall not exercise any banking or trade activities, including commercial agency activities, and financial/exchange brokers activities.

Following their establishment in accordance with the provisions of Article 173 of Law No. 159 for the Year 1981, these offices shall be recorded in a special register with the Central Bank of Egypt according to the procedures to be determined in the Executive Regulations.

These offices as aforementioned shall be subject to the Central Bank of Egypt's control. The Central Bank shall have the right of access at any time to the books and registers, and of requiring such data as would fulfill the purposes of control and supervision on these offices.

In case the representation office violates any of the conditions prescribed in this Article, it shall be deleted from the register by virtue of a decree from the Governor of the Central Bank of Egypt. The decision striking off the name of the office from the Register shall not be issued except after notifying the office by registered letter with acknowledgment of receipt to present its defence, in writing, within two weeks from the date of notification.

The existing representation offices of foreign banks shall submit their request to the Central Bank of Egypt, announcing their desire to exercise their activities according to the provisions of this law, within a period of six months from the date the present law comes into force.

ARTICLE (20):

An application for registration shall be submitted to the Central Bank in conformity with rules and conditions specified by the executive regulation and after payment of the dues prescribed by such regulation within the limits of L.E. 100 for the head office and L.E. 50 for each branch or agency and the proceeds of such dues shall be deposited in a special account under the name control and supervision dues account.

ARTICLE (21):³

Banks shall be recorded in a special register to be provided for the purpose with the Central Bank of Egypt, following approval by its Board of Directors, and according to the following conditions:

1. The Bank shall assume one of the following forms:
 - a. A Joint Stock Company (S.A.E.) whose shares shall all be nominal.
 - b. A Public Juridical Person whose purposes shall comprise the assumption of bank works and activities.
 - c. A branch of a foreign bank whose registered Head Office enjoys a specified nationality and is subject to Control by a monetary authority in the country where the Head Office is based.
2. The Central Bank of Egypt shall approve the Articles of Association of the Bank and the Contracts of Administration as concluded with any party to which the administration of the Bank is assigned. This provision shall apply to all renewal or, modification of administration contracts or articles of association existing at the time the present law comes into force.
3. The Authorized "Capital" shall not be less than One Hundred Million Egyptian Pounds, and the Paid up Capital shall not be less than Fifty Million Egyptian Pounds. The Capital may be paid wholly or partially in equivalent foreign currencies. However, with regard to Branches of Foreign Banks, the Capital appropriated for their activities in Egypt shall not be less than Fifteen Million U.S. Dollars, or the equivalent in free currencies.

Foreign Banks and Branches of Foreign Banks which are registered with the Central Bank of Egypt shall fulfill these required capital limits within a period not exceeding four years from the date the present law comes into force, according to a schedule to be set by the Board of the Central Bank of Egypt.

³ Substituted by Law No. 37/1992.

ARTICLE (21 Bis):⁴

After consulting the opinion of the Board of Directors of the Central Bank of Egypt according to the conditions and rules established by the executive regulations, the Minister of Economy and Foreign Trade may authorize the banks and offshore banking units, which are existing at the time of the effectiveness of this law and of which the dealing is restricted to freely convertible currencies, to deal in local currency.

The Minister shall also set the terms and rules as necessary for issuing work licenses to branches of foreign banks which desire to exercise their activities in Egypt following the date of enforcing the present law.

In all cases, the registered Head Offices of bank branches hereinbefore mentioned shall be subject to control by a monetary authority in the country where these Head Offices are based.

ARTICLE (21 Bis 1) : *

The percentage of ownership by non-Egyptians in Capital of Joint banks and private Banks may exceed 49% of the issued Capital of any bank. All other contradicting provision shall be superseded.

It shall be prohibited to any natural person - through other than heritage channels, or any juridical person to take possession of more than 10 percent of the issued Capital of any of the banks referred to in the first clause except with the approval of the Board of the central bank of Egypt. All disposal taking place contrary to the foregoing shall be null, void and invalid.

* Article (21 - Bis -1) added as per Law No. 97/1996 which stipulate in Article (5) thereof that :
The provisions of the second clause in article (21) Bis (1) of the foregoing banks and credit law shall not apply to the contributions in excess of the percentage referred to in this clause, at the time the present law comes into force. The amounts of these contributions may not be increased except after getting the approval of the Central Bank of Egypt.

⁴ Added as per Law No. 37/1992. Then the First Para substituted by Law No. 101.1993 Official Journal No. 11 dated March 18th, 1993.

If A natural person takes possession, through inheritance, of more than the percentage indicated in the previous clause, he shall harmonize his situation and conditions according to the rules to be determined by the Central Bank of Egypt within a period not exceeding two years from the date of the devolution of this increase.

His ownership of more than this percentage, without harmonizing his conditions and situations within the period referred to above shall not result in any rights in respect of this increase, in the General Assembly of the bank or in the Board membership, or in selecting the Board members.

ARTICLE (22):

After approval by the Minister of Economy and Economic Co-operation, the Central Bank Board of Directors may refuse registration for any of the following reasons:

- a. Violation of any of the provisions of this law, or its executive regulation or any other of the laws or regulations in force.
- b. In case the existence of such a bank shall not be in conformity with the general economic interest or the circumstances of the body required to have the bank established within its scope.
- c. If the trade name adopted by the bank shall be similar or identical to an extent of creating perplexity for the name of another bank or firm.

The applicant shall be notified of the decision of refusal and the reasons thereof by registered mail accompanied by receipt acknowledgment.

In case the applicant shall fail to fulfill the application and its enclosures or execute the requirements demanded by the Central Bank Board of Directors within three months after the date of being notified such an applicant shall be considered as having wavered his application.

In all such cases as above the applicant shall not be entitled to claim recovery of the dues previously paid.

The Official Gazette shall publish the resolutions adopted by the Central Bank Board of Directors regarding acceptance of registration applications.

ARTICLE (23):

Any firm not registered according to the provisions of this law shall not use the word 'bank' or any of its synonyms or any expression so similar in any language whatsoever whether as regards its own name, its trade address or its publicity.

ARTICLE (24):

The Central Bank shall be notified of any amendment required to be introduced to a company constitutional contract or statutes. Also any amendment to data which shall have been submitted on the application for registration shall be notified to the Central Bank.

ARTICLE (24 Bis):⁵

The Governor of the Central Bank of Egypt shall be notified of the decisions to be issued concerning the appointment of board members and general directors of the banks, and the directors in charge of Credit, Investment, or Foreign Operations, including the exchanges and all data related thereto, within thirty days from the date of issuing the foregoing decisions. Such notifications shall be made on the form to be provided for the purpose by the Central Bank of Egypt.

The Minister of Economy and Foreign Trade, upon the proposal of the Governor of the Central Bank of Egypt, and if he views so necessary to maintain the safety of Depositors' funds and the Bank's assets, shall have the power to issue a substantiated decree eliminating any of the Board members or general directors of the Bank, or the directors in charge of the works referred to in the previous clause. A concerned party may in such case, submit to the Minister of Economy and Foreign Trade a complaint against the decree on his elimination, within sixty days from the date he is notified of the decree.

The provisions of this article shall apply to branches of foreign banks.

⁵

Substituted by Law No. 37/1992.

ARTICLE (25):⁶

Subject to the provisions of the Law on The Central Audit Agency, the Bank's accounts shall be audited by two Accounts Comptrollers to be selected among the Auditors recorded in a register to be provided for the purpose in consultation between the Central Bank of Egypt and the Central Audit Agency. One comptroller shall not audit the accounts of more than two banks at the same time.

The Bank shall notify the Central Bank of Egypt, of appointing the two accounts Auditors within thirty days from the date they are appointed.

The Governor of the Central Bank of Egypt - for reasons viewed justifiable by him - may assign to a third auditor the carrying out of a specified task, and the Central Bank of Egypt shall in this case bear his remuneration.

The Banks shall not grant loans, credit facilities, or guarantees of any kind, to their accounts auditors, their wives, or children, or to any establishment of which these auditors their wives, or children are partners, or Board members, on their personal quality.

ARTICLE (26):⁷

The Accounts Auditor shall notify the Bank, in writing, of any shortage, error, or violation necessitating his objection against it, and shall in the same time notify the Central Bank of Egypt, of his observation.

The annual report to be drawn up by the Auditor shall indicate the means whereby he made sure of the existence of assets, the methods for their evaluation, and the way of estimating the existing undertakings, and ensuring the validity of the Bank's obligations.

The Auditor shall also indicate in his report whether the operations he verified represented a violation of any of the provisions of the present Law, Regulations and Decrees issued for its implementation, or the established and settled banking norms and principles. He shall provide the Central Bank of

⁶ Substituted as per Law No. 37/1992.

⁷ Substituted as per Law No. 37/1992.

Egypt, at least two months before holding the General Assembly session, with a copy of such report, coupled with a copy of the financial statements, along with mentioning his view concerning the following:

- a. How far adequate is the Bank's internal control system.
- b. How far adequate are the appropriations set aside to meet any deficiency in the value of assets, and also any obligations the Bank might have to sustain, along with determining the amount of shortage in appropriations, if any.

* The Board of Central bank of Egypt may , within one month from receiving a copy of the aforesaid report, may issue a decree for non-reckoning with the realization of distributable profits among the stockholders and others who have a share in the profits, if a decrease and shortage is revealed in the appropriations to be formed.

ARTICLE (26 Bis):⁸

All Banks exercising operations within the Arab Republic of Egypt shall be subject to the provisions of the present law.

ARTICLE (27):

Banks shall provide the Central Bank with monthly reports detailing their financial positions at the specified dates and according to the forms stipulated by the executive regulations.

ARTICLE (28):

Every bank shall submit to the Central Bank a copy of every report presented to the shareholders of its activities within at most three days of the date of its presentation to the shareholders. A bank shall also send to the Central Bank a copy of the shareholders general assembly report of minutes within thirty days as of the date of the General Assembly date of convening.

* Ultimate Clause substituted as per law No. 97/1996

⁸ Added by Law No. 50/1984
Official Journal No. 13 Bis G, dated 31.3.1984.

ARTICLE (29):

Any bank shall provide the Central Bank with all data and explanations of operations carried, required by the Central Bank.

The Central Bank shall, if required and by the approval of the Minister of Economy and Economic Co-operation, delegate one or more employees from a list approved by the Minister of Economy and Economic Co-operation to review the books and registers of any bank and such a review shall take place at the office of such a bank.

ARTICLE (29 Bis) : *

Each bank shall have the power to determine the rates of interests on the bank transactions carries out thereby according to the nature of these operations, without being restricted by the limits prescribed in any other legislation.

The Bank may also determine the rates of banking services whereby it deals, in agreement with the context of monetary policy and exigencies of complete competition.

ARTICLE (30):

A bank shall have in Egypt funds at least equivalent to its obligations to be fulfilled in Egypt due to its creditors in addition to another amount not less than the minimum paid up capital.

On the application of such a provision the amounts authorized for the bank to keep abroad shall not be included in making the computation of the funds to be kept in Egypt.

* Article (29 Bis) added as per Law No. 97/1996

ARTICLE (30 Bis):⁹

In case a Bank is exposed to financial problems affecting its financial situation, the Board of the Central Bank of Egypt shall require from the administration of that Bank to provide additional financial resources as necessary, in the form of increase in the Capital paid up, or by depositing support funds with the Bank according to the terms and conditions to be set by the Central Bank of Egypt, and within the period to be determined thereby. If such period lapses without these requirements being put in actual implementation, the Board of the Central Bank of Egypt shall have the right then, either to determine the increase in the Capital as reckoned necessary, and float such increase for subscription according to the terms and conditions to be determined thereby, or issue a decree merging this bank with another subject to approval by the latter bank, or else decree deleting the Bank according to the rules prescribed in Article (34) of Law No. 163 for the Year 1957 concerning the Promulgation of Banks and Credit Law.

A Bank shall be considered exposed to financial problems under the provisions of this article once any of the following cases is established to exist:

- a. Inability of the Bank's assets to cover its obligations, such that the Depositor's funds in the Bank become prejudiced.
- b. Wasting the Bank's assets or revenues tangibly, by cause of violating the laws or rules prescribed, or as a result of assuming risky practices non-conforming to Banking work principles and bases.
- c. Applying unsound methods in managing the Bank's activities, which methods result in tangible insufficiency of ownership rights, or in affecting the rights of depositors and other creditors.
- d. Emergence of strong evidence establishing that the Bank shall not be able to cope with the demands of depositors, or meet its obligations in normal conditions.

ARTICLE (31):¹⁰

Banks subject to the present law, may form among themselves, a Union whose article of association shall be issued by decree of the Minister of Economy and Foreign Trade following approval of the Central Bank of Egypt.

⁹ Added as per Law No. 37/1992.

¹⁰ Substituted by Law No. 37/1992.

The Union of Banks shall enjoy the status of Independent Juridical Person, and shall be recorded in a special register with the Central Bank of Egypt against L.E. 200 as registration fees. The Decree on Establishing the Union, and the Articles of Association shall be published in the Egyptian Wakaeh (The Official Journal), at the expense of the Union.

- * The publication shall result in terminating the Central Assembly of banks operating in Egypt and the devolution of all funds, rights and obligations to the union.

The Union works on raising and updating the banking profession in Egypt and on inculcating the meanings and definitions of genuine banking work, following standardized regulations and procedures, and consulting in common issues in order to reorganize healthy competition between member banks.

Each Bank shall have the right of joining the Union providing it shall comply with its regulations. The Governor of the Central Bank of Egypt shall appoint a delegate with the Union, who shall have the right of attending the Union Sessions and participating in its discussions without having a counted vote in the deliberations.

ARTICLE (31 Bis):¹¹

A Fund shall be established with the title: "Fund for Insurance on Deposits in Banks Operating in Egypt and Registered with the Central Bank of Egypt". The Fund shall enjoy the status of Juridical Person and have an independent budget. It shall be subject to supervision by the Central Bank of Egypt, and its quarters shall be based in the City of Cairo.

* A New Clause added to Article 31 as per Law No. 97/1996
And the last para therof cancelled as per Law No. 97/1996

¹¹ Added as per Law No. 37/1992.

The Articles of Association of the Fund shall be issued by Republican Decree upon the proposal of the Prime Minister after consulting the view of the Central Bank of Egypt, without being restricted by the laws, regulations, and rules applied by the Government, the Public Sector, and the Public Business Sector. The Articles of Association shall particularly comprise the following:

- a. The Purposes of the Fund and methods of achieving them, as well as the organization of its relationship with the Central Bank of Egypt.
- b. Membership fees and conditions, as well as the amount of annual subscriptions by member banks.
- c. System of work in the Fund, and Formation of the Board of Directors.
- d. The range of Guarantees for Deposits and determination of a ceiling for such guarantees.
- e. Financial resources of the Fund, and the rules and ways of disbursing from these resources.
- f. Auditing the Fund's accounts.

ARTICLE (31 Bis-1):¹²

The Governor of the Central Bank of Egypt shall have the power, upon the proposal of the Fund's Board of Directors, to take any of the following procedures in case a member-bank of the Fund violates the provisions of the Articles of Association or the Decrees issued for implementation thereof:

- a. Issue a Caution.
- b. Collect an amount not exceeding 5% of the annual subscription amount as due by the Bank in the month of January which precedes the perpetration of the violation. The foregoing ceiling amount shall be raised to 10% in case any violation is committed within two years from the preceding violation. These amounts shall be added to the resources of the Fund.

ARTICLE (31 Bis-2):¹³

A "Center" shall be established to prepare and provide training for workers of the Banking System. It shall enjoy the status of a juridical person and have an independent budget. It shall also be attached to the Central Bank of Egypt and shall be based in the City of Cairo. The Center shall be concerned with enhancing and developing banking, financial and monetary work skills for

¹² Added as per Law No. 37/1992.

¹³ Added by Law No. 37/1992.

workers of the Banking System and other quarters operating in these fields, with the aim of keeping abreast of world development.

The Resources of the Center shall be formed of the following:

- a. Appropriations as shall be allocated for the Center, by the Central Bank of Egypt.
- b. Donations as shall be received by the Center from different quarters, and as the Board of the Central Bank of Egypt decides to accept.
- c. Contributions as paid by banks and the different agencies for training their workers at the Center.
- d. Any other resources realized in return for services performed by the Center for a third party.

The Board of the Central Bank of Egypt shall approve the financial and administrative regulations of the Center, comprising in particular the method of work in the Center, means of its administration, the rules governing the financial treatment for trainers, technicians, researches, administrative workers and office clerks, in keeping with the nature of work in the Center, and its specializations, without being restricted by the laws and regulations applicable by the Government, the Public Sector, and the Public Business Sector.

ARTICLE (32):

No Bank shall merge in another unless by a prior authorization by the Central Bank Board of Directors, and the executive regulations shall specify the measures to be taken to this effect.

ARTICLE (33):

No bank shall be allowed to suspend its operations unless a prior permit to this effect shall have been issued to this purpose by the Central Bank Board of Directors.

The permit shall be issued after checking that such a bank shall have fully cleared its obligations towards the depositors and other creditors in conformity with rules and conditions specified by the executive regulations.

ARTICLE (34):¹⁴

A bank registration may be canceled for any of the following reason:

- a. If it is established that the Bank is violating the provisions of the present law or of its executive statutes, or the decisions of the Board of the Central Bank of Egypt as issued in implementation of the aforesaid provisions, and that the Bank has not removed the violation within the period and with the conditions stipulated by the Board of the Central Bank of Egypt.
- b. In case a bank shall follow a policy leading to impair general economic interest.
- c. In case a bank shall cease to practice its operations.
- d. In case a bank shall be bankrupt or decided to be liquidated.
- e. In case it shall merge in another bank.
- f. In case its registration shall be proven to have been achieved on basis of erroneous data.

A cancellation of a bank registration shall take place upon a resolution by the Central Bank Board of Directors adopted by two thirds majority and the approval of the Minister of Finance and Economy.

The cancellation decision shall be published in the Official Gazette within ten days as of the date of its adoption. In cases stipulated under items (a), (b) and (g) above the cancellation decision shall not be adopted before notifying the bank through registered mail accompanied by receipt of acknowledgment to submit its reasons of defense in writing within two weeks or of the date of its being notified.

ARTICLE (35):

A registration canceling decision shall result in suspension of bank from practicing operations and in this case the Board of Directors of the Central

¹⁴ The first Para is amended as per Law No. 50/1984.

Bank may decide either to liquidate the bank business immediately or to authorize the carrying of transactions existing at the date of suspension according to rules to be specified by the Central Bank.

ARTICLE (36):¹⁵

Commercial banks, and Investment and Business Banks shall pay an annual duty to be calculated at the rate of P.T. 75 (Seventy Five Piastres) for each Ten Thousand Pounds of the average total monthly situations during the year. Duty, as payable by other banks, shall be at the rate of P.T. 50 (Fifty Piastres) for each Twenty Thousand Pounds of the average total monthly situations during the year.

This duty shall be paid to the Central Bank of Egypt during the month of January, each year, for the twelve preceding months. In case of delaying the payment, an return shall be payable and calculated on the basis of the rate of discount as announced by the Central Bank of Egypt. The proceeds of this duty shall be deposited in the Banks Control Account and shall be appropriated for disbursing in aspects of control and supervision on Bank.

ARTICLE (37):¹⁶

The Central Bank Board of Directors shall set forth general rules for the control and supervision over the banks in application of the provisions of the present law and such rules shall in particular include the following points:

- a. To establish and organize a department to control banks.
- b. The methods to be applied on the evaluation of the various types of each bank assets.
- c. Setting pointers that should assist the Banks in averting concentration in fund investments and employments whether inland or abroad, determining the ratios between the loan value and the Credit Guarantee Value, and setting the maturity dates.

¹⁵ Substituted by Law No. 37/1992.

¹⁶ Items (C & D) are substituted by Law No. 37/1992.

- d. Setting criteria concerning the adequacy of title rights with each Bank during the determination of their ratios to the Assets elements or obligations elements, without prejudicing the minimum limit prescribed for the Capital.
- e. To determine the data to be published and the way of publication.

ARTICLE (37 Bis):¹⁷

The Bank's investment with the same client in the form of capital stocks, credit facilities, and any other finance forms, shall be within and not exceeding 30 per cent of the bank's Capital base, as determined by the Central Bank of Egypt's Board of Directors. The Credit facilities shall be excepted from this percentage, and so shall any of the finance forms granted to the Governmental Authorities, with the exception of Public Authorities, the Public Sector Companies, and the Public Enterprise Business Companies. The Board of the Central Bank of Egypt shall determine the period during which the Banks shall liquidate the excesses over the aforementioned limit.

DIVISION TWO **PROVISIONS FOR THE CONTROL** **ON COMMERCIAL BANKS**

ARTICLE (38):

Any firm accepting as a habit the deposits either those known as right deposits to be withdrawn on demand or deposits on maturity for a period not more than one year shall be considered as a Commercial Bank.

ARTICLE (39):

A commercial bank shall be forbidden to practice the following operations:

¹⁷

Substituted by Law No. 97/1996.

- a. to deal in mobile or real property through purchase or sale unless such a deal shall concern:
 - 1. The property allocated for the management of the bank business or for recreation of its personnel.
 - 2. Mobile or real property the ownership of which shall be transferred to the bank in payment of a debt due to the bank by third party provided the bank shall liquidate same within a period of one year after the date of ownership transfer as regards mobile properties and five years as regards real property and the central bank board of Directors may extend such period if deemed to be required.
- b. To issue payable orders to bearer on demand
- c. To accept the shares of which the bank capital shall have been formed as collatory to a loan, to deal in such shares or to own them unless these shares shall have their ownership transferred to the bank in payment of a debt to the bank by third party provided the bank shall sell these shares within a period of one year as of the date of such ownership transfer.
- d. Possessing shares of Joint Stock Companies, the value of which exceeds 40% of the company's issued capital, providing the nominal value of the shares the bank owns in these companies shall not exceed the bank's issued capital and its reserves.

The Minister of Economy and Foreign Trade shall have the authority to exceed the aforementioned facilities limits if so necessary, upon the proposal of the Governor of the Central Bank of Egypt.¹⁸

ARTICLE (39 BIS):¹⁹

"Also commercial banks shall also be prohibited to give loans or amounts on account or credit facilities of guarantee of any type, to the members of the Board of Directors of the Bank in their personal capacity or to any establishment where they are partners or Board Members".

¹⁸ Item (d) is substituted by Law No. 37/1992.

¹⁹ Added by Law No. 135/1960.

ARTICLE (40):

The Central Bank Board of Directors shall lay down general rules to be followed in controlling over commercial banks and such rules as regards credit may include the following:

- a. To specify the rate and type of liquid funds the commercial banks shall keep.
- b. to specify the fields where commercial banks shall not invest funds and the reserves to be secured in order to meet the assets of acute fluctuations nature in their value while determining maximum limit to commercial banks loans and investments as regards certain types of loans and investments.

ARTICLE (41):

Every commercial bank shall deposit with the Central Bank and without return a credit balance at a certain rate of funds deposited with the commercial bank to be specified by the Central bank.

The Central Bank shall in case of raising such a rate, give a delay to the commercial banks of at least thirty days as of the date of notifying them of such a raise decision.

ARTICLE (42)²⁰

If the Bank violates the decisions of the Board of the Central Bank of Egypt, as issued in implementation of the provisions of Clause (a) of Article (40) and Clause (1) of Article (41), the Board of the Central Bank of Egypt may decide deducting an amount from the Bank's account, not exceeding a percentage of the deficit amount in the ratio of liquidity, or in the credit balance referred to in article (41), equivalent to twice the rate of Credit and the Rate of Discount, of the Central Bank of Egypt, for the period during which the deficit occurred.

²⁰ First para substituted by Law No. 37/1992.

If the Deficit exceeds 5 per cent of the balance amount as it should be, or if the deficit continues for a period exceeding one month, the Board of the Central Bank of Egypt may take any of the procedures prescribed in Article (60-Bis) in addition to the financial sanction prescribed in the previous clause.

The Bank shall provide the Central Bank of Egypt with the data concerning the application of this article, according to the form and within the dates as shall be determined by the Board of the Central Bank of Egypt.

DIVISION THREE **PROVISIONS RELATIVE TO CONTROL ON BANKS**

ARTICLE (43):

For the purposes of this law non-commercial banks shall mean those whose main functions shall be real estate, agricultural or industrial financing and which accepting right deposits shall not represent their chief aspects of activity.

ARTICLE (44):

The Central Bank Board of Directors shall lay down the rules to control over any type of non-commercial banks and such rules shall in particular include:

- a. Conditions for accepting deposits.
- b. Rules to govern participation in forming or purchasing shares of other firms.
- c. Maximum value of debentures authorized for these banks to issue and the conditions of such issue.

ARTICLE (45): *

Real Estate banks, Industrial banks, and Investment and Business Banks shall be prohibited to engaged in the following :

* Substituted as per Law No. 97/1996

- a. Dealing in movables or realties through buying, selling or bartering, with the exception of the following :
 - 1. A realty which is appropriated for running the activities of the bank or entertaining its workers.
 - 2. The movable property or the realty of which the ownership devolves to the Bank, in settlement of a debt the banks claims from a third party, providing the bank shall dispose thereof within one year from the date on which the ownership devolves to the bank, with regard to the movable, or five years concerning the realty. The Board of the Central bank of Egypt may extend this period whenever necessary.
- b. Accepting the stocks of which is formed the Capital of the bank, as a guarantees for a loan, or dealing in or taking possession of these stocks, unless these stocks have devolved to the ownership of the bank in settlement of a debt claimed by it from third parties, providing the bank shall sell these stocks within one year from the date the ownership devolves thereto.
- c. Possessing stocks of Joint Stock Companies for a value exceeding 40 per cent of the company's Issued Capital, providing the nominal value of the stocks owned by the bank in these companies shall not exceed the amount of the issued capital and its Reserves and provisions.
The Minister of Economy may increase the said two limits whenever necessary, upon the proposal of the Governor of the Central Bank of Egypt.
The said ban as prescribed in this item shall apply to Development and Agricultural Credit Banks.

ARTICLE (46):

Real estate banks shall not conclude loans for a period exceeding thirty years.

ARTICLE (47):

Loans offered by industrial banks shall have concession right on industrial and commercial firms and also on the machines and tools exploited in the industrial and commercial activity. Such a concession right shall be recorded and its degree of order shall be valid as of the date of recording.

ARTICLE (47 Bis):²¹

Real Estate Banks, Industrial Banks, and Investment and Works Banks shall be prohibited to extend loans or amounts on account, or credit facilities, or any kind of guarantee, to the Board Members of the Bank, or any establishment in which the Bank's board members are partners, or members of their Boards of Directors, in their personal quality.

SECTION TWO **CREDIT ORGANIZATION**

CHAPTER ONE **MEANS OF ORGANIZING CREDIT**

ARTICLE (48):

The Central Bank shall conclude credit operations with banks subject to the provisions of the present law in accordance with rules and conditions determined by the Central Bank Board of Directors.

Such board shall specify discount rates and return rates according to these operations' nature, maturity and the need for them in conformity with currency and credit policies.

Such rates as above shall be announced as per the manner specified by the Central Bank.

²¹ Substituted by Law No. 50/1984.

ARTICLE (49):

The Minister of Economy and Economic Co-operation shall in agreement with the Central Bank Board specify the ordinary Commercial operations, a bank shall be allowed to practice.

ARTICLE (50):

The Central Bank shall in case of financial disturbance or any other contingency to affect the stability of credit or calling to meet necessary needs by the financial market, offer to banks exceptional loans guaranteed by any of their assets to be specified by the Central Bank Board provided such loans shall as regards their maturity and other conditions be subject to the rules to be set forth by the Central Bank Board.

ARTICLE (51):

The Central Bank may deal in the open market through the sale or purchase of Egyptian government stocks, securities guaranteed by the government, debentures specified by its Board, bills of exchange, promissory notes and other commercial documents when the purpose of such operations shall be to increase or decrease the funds circulated by Commercial or other banks according to currency and credit policy.

ARTICLE (52):

The Central Bank may guarantee loans and investments concluded with Egyptian, foreign or international organizations or firms, according to rules and conditions agreed upon with the Minister of Economy and Economic Co-operation.

CHAPTER TWO **CREDIT STATISTICS**

ARTICLE (53):

A Central Department for collecting statistical data of banking credit shall be established within the Central Bank.

ARTICLE (54):

All banks and other firms specified by a decree by the Minister of Economy and Economic Co-operation shall provide the said department with information about the financial position of any customer enjoying credit facilities exceeding the amount specified in the decision issued by the Central Bank-Board of Directors to this effect.

ARTICLE (55):

The Central department for collection of banking credit statistics shall prepare collective data of the credit facilities granted by the banks and other firms for each client without mentioning the names of such banks or firms.

Any bank or firm may have access to the collective data regarding any client applying for a credit facility to such a bank or firm which shall also be entitled to request being provided with a reproduction of such collective data and such a measure shall have to be in accordance with the rules and conditions, there, contained in a decision to be adopted by the Central Bank Board of Directors.

SECTION THREE **P E N A L T I E S**

ARTICLE (56):

Any violator to the provisions of Article (19) and (23) of the present law shall be sanctioned imprisonment and a fine not less than five hundred pounds and not more than five thousand pounds or by one of both penalties.

Shall be subject to the same penalty, whoever gives false data or papers to a Bank for the purpose of obtaining any type of such credit facilities without any right.²²

In case of recurrence both sanctions shall be sentenced. And in all such cases the court shall issue a sentence to the effect of publishing a punitive judgment in one or more of the daily papers or to have it announced by any other means and such publication or announcement shall be at the expense of the sentenced violator.

ARTICLE (57):

The act of failure to submit data stipulated by Articles (27), (28) and (29) of this law at the specified dates shall be subject to a fine not more than one thousand pounds.

The same penalty shall be imposed in case of refusal to submit books, registers, papers and documents required by the representatives who shall have the right to be allowed access to such documents, moreover all these documents shall be sentenced to be handed over to these people.

In both cases above a sentence of threatening fines may be passed.

ARTICLE (58):

A person deliberately and with intention of deceit who shall mention untrue facts or conceal some facts in the data, reports of minutes or other documents required to be submitted to the Central Bank in application of the provisions of the present law shall be subject to a penalty of imprisonment and

²² This paragraph is added as per Law No. 50/1992.

a fine not less than one hundred pounds and not more than one thousand pounds or only one of both penalties above.

ARTICLE (59):

A penalty of a fine not less than one hundred pounds and not more than one thousand pounds shall be sentenced against a violator of the provisions of Article (24), (33) and (39) of the present law.

ARTICLE (60):

Any violator of the compulsory or banning provisions of this law or the regulations and decisions issued for their implementation shall be subject to a fine penalty not exceeding five hundred pounds.

ARTICLE (60 Bis):²³

Without derogation from Articles 34, 42, 56, 57, 58, 59 and 60 the Board of the Central Bank of Egypt, in case any Bank violates the provisions of the present law or its executive statutes, or the decisions of the Board of the Central Bank of Egypt, as issued in implementation of the provisions referred to herein, may take any of the following procedures:

- a. Calling attention.
- b. Reducing the credit facilities granted to the contravening Bank, or discontinuing them.
- c. Preventing the contravening Bank from carrying out certain operations, or limiting the volume of Credit which is granted by the Bank.
- d. Obliging the contravening Bank to deposit funds with the Central Bank of Egypt, without return, and for such period as decided by the latter, over and above the debit balance prescribed in Article (41).
- e. Asking the Board Chairman of the contravening Bank to call a meeting of the Board to examine the violations attributed to the Bank and take

²³ Added as per Law No. 50/1984.

the necessary for their elimination. The meeting of the Board shall in this case be attended by one or more representatives of the Central Bank of Egypt.

- f. Appointing a member-observer on the Board of the Bank for a period to be determined by the Board of the Central Bank of Egypt. Such member shall have the right to participate in the Board debates, and to have his view recorded, as regard the decisions taken.
- g. Dissolving the Board of Directors and appointing a Mandatory who shall be assigned the administration of the Bank for a period not exceeding Six months, renewable for another period of Six months. During his term the Mandatory shall table the issue before the General Assembly of the Bank to elect a new Board of Directors for the Bank.²⁴

ARTICLE (61):

In case of a violation committed by a company or an association, the person responsible for it, shall be the responsible partner, the manager, the managing director or the chairman of the Board of Directors as the case may be.

ARTICLE (62):

The Central Bank Officers specified by a decree issued by the Minister of Economy and Economic Co-operation upon a request by the Central Bank Governor, shall have the capacity of judiciary officers as regards the implementation of the provisions of this law and regulations and decisions issued for its execution.

ARTICLE (63):

Without prejudice to more excessive penalties stipulated by other laws any employee charged with the implementation of the provisions of the present law shall be subject to imprisonment for a period not more than two years and a fine not less than one hundred pounds and not more than five hundred pounds or only one of these two penalties if he shall reveal to third party any of the data or information he shall in his official capacity have acquired.

²⁴ Item (G) substituted by Law No. 37/1992.

ARTICLE (64):

As regards crimes stipulated under the present section, the court may order a resume of a guilt sentence to be published in one or more of the daily papers or to be announced by any other means at the expense of the condemned person.

ARTICLE (65):

Substituted by law No. 37/92 and then by law No. 101/93.

The criminal case in the crimes, which are provided for in this law or in Articles 116 Bis and 116 Bis (a) of the penal code, may not be instituted except at the request of the Minister of Economy and Foreign Trade after consulting the opinion of the Governor of the Central Bank of Egypt.

Official Journal - Issue No. 20 - Dated 20th May 1993

RESIDENTIAL DECREE NO. 178 OF THE YEAR 1993
PROMULGATING THE EXECUTIVE REGULATIONS
OF THE BANKS AND CREDIT LAW

THE PRESIDENT OF THE REPUBLIC:

Following thorough Reviewal of the Constitution,

And Law No. 163 of the year 1957 promulgating the Banks and Credit Law;

And Law No. 120 of the year 1975 concerning the Central Bank of Egypt and the Banking Machinery;

And Law No. 159 of the year 1981 promulgating the Law on Joint Stock Companies, partnerships limited by Shares, and limited liability Companies,

And Law No. 95 of the year 1992 promulgating the law on Capital Market,

And the Decree of the president of the Republic as issued on 11 November, 1957 promulgating the Executive Regulations of the Banks and Credit law,

And Following the approval of the Cabinet of ministers,

And upon the view and recommendation of the state Council,

DECREES THE FOLLOWING

ARTICLE -1:

The provisions of the Executive Regulations of the Banks and Credit Law, as promulgated by Law No. 163 of the Year 1957, here to attached , shall be enforced.

ARTICLE -2:

The forms and Models as prescribed in the attached Regulations shall be issued by virtue of a decree of the Central Bank of Egypt's Governor, Following approval by the board of Directors.

ARTICLE -3:

The Decree of the President of The Republic as issued on 11 November, 1957 promulgating the Executive Regulations of the Banks and credit law referred to herein before, and all provisions contradicting the provisions of the attached Executive Regulations shall be superseded.

ARTICLE -4:

The present Decree shall be published in the official Journal and come into force the day next to the date of its publication.

HOSNY MOBARAK

Issued at the Presidency of The Republic on 16 Zul Qaada, Hejira Year 1413, Corresponding to: May 8. 1993 (Calendar Year)

EXECUTIVE REGULATIONS **OF THE BANKS AND CREDIT LAW**

ARTICLE -1:

The registration of Banks, Whatever their legal form shall be with the approval of the Board of the Central Bank of Egypt, in accordance with the exigencies of the General Exchange and Credit Policy, and National Economy Requirements.

ARTICLE -2:

A Register for Banks shall be provided in the Central Bank of Egypt in which adequate folios shall be allocated for each bank to be registered therein. The following data shall be recorded in this Register:

1. No. and Date of Registration in the Book;
2. Name of the Bank;
3. Type of Activity (Commercial/ specialized /Non-Commercial/ Investment and Businesses;)
4. Legal form of the Bank;
5. Date of Incorporation;
6. Date of Exercising the Activity;
7. The Banks original and renewal periods;
8. No. and Date of the official Journal Issue in which is published the Decree of the Board of the Central Bank of Egypt Approving the Bank's registration.
9. Capital
 - Authorized
 - Issued

- Paid up
 - Allocated for Activities in Egypt with regard to branches of foreign banks.
10. Reserves :-
- Statutory Reserve
 - Other Reserves
 - Reserves appropriated for activities in Egypt, with regard to branches of foreign banks.
11. Debentures and Finance Bonds:-
- Authorized for Issuing;
 - Issued
12. Address of the Registered head office or Main Branch supervising work in Egypt, with regard to branches of foreign banks.
13. Branches:-
- In Egypt;
 - Abroad, with regard to Egyptian banks.
14. Names of the members of the Board of Directors and the General Directors of the Banks, and the Directors in charge of Credit, Investment, or foreign transactions and operations including exchanges, as well as all data related thereto.
15. Name of the Director in charge of managing the foreign branch in Egypt as well as the names of the directors in charge of credit, investment or foreign transactions and operations including exchanges and all data related to them.
16. Names of the Auditors.
17. Date of the beginning and the end of the financial years of the bank.
18. All changes and modifications occurring in the foregoing data.

ARTICLE -3:

The registration fees with regard to the Registered head office of the bank or the Main branch supervising work in Egypt with regard to branches of foreign banks shall be Hundred Egyptian Pounds, and for each branch or agency the fees shall be fifty Egyptian Pounds.

ARTICLE -4:

The concerned parties shall submit to the Central bank of Egypt (General Department for Control on Banks) a request to obtain a preliminary approval from the Central Bank of Egypt, in order to take procedures for establishing the bank, following enforcement of the provisions of Law No. 37 for the year 1992, in accordance with the provisions of laws in force. The following documents shall be attached with the application:

1. Statement of the names, nationalities and addresses of founder members, and the portion of each of them in the Capital, providing that the portion of any of the natural or juridical persons shall not exceed 10% of the Issued Capital. Banks participating in the foundation of the bank shall be accepted from this ceiling. A statement of the percentage of shares to be floated for public subscriptions by Egyptians among the natural and juridical person shall be indicated, providing the portion to be owned by them in the issued Capital shall not be less than 49%, and the portion each subscriber will hold shall not exceed 10% of the Issued Capital.
2. A statement of the Bank's name in Arabic and in the foreign language, the value of the authorized and paid up Capital, the number of shares, the nominal value of each share, the real portions and their value if any, and the address of the bank's registered head office, and its period and purposes.
3. Evidence indicating that the Authorized Capital is not less than one hundred Million Egyptian Pounds, and the paid up Capital is not less than Fifty Million Egyptian Pounds.
4. The Economic Feasibility Study for Establishing the Bank.

5. Evidence indicating consensus on electing a general director for the Bank among those whose experience is not less than ten years in banking business and affairs, in Egypt, together with all information related thereto.
6. An Undertaking to submit a letter of Guarantee from a foreign Bank whose registered head office is subject to a specified nationality and to Control by the Monetary and Exchange authority in the State where that head office is located, in order to guarantee the rights of depositors and creditors in case the portion of the foreign partner exceeds 50% of the paid up Capital.

The Application shall be submitted to the board of Directors of the central Bank of Egypt in order to issue a decree in respect thereof, in the light of economic conditions and situations and the extent of the need to establish the Bank.

A final Decision in respect of the application shall be taken within three weeks from the date of submitting the relevant documents duly fulfilled.

ARTICLE -5:

Subject to the provisions of Article 4 of these regulations, the Request for Registration, with regard to Banks that are established following enforcement of the provisions of law No. 37 of the year 1992, shall be submitted to the Central bank of Egypt (General Department for Control on Banks), on the Form provided for the purpose. The following documents shall be attached to the Bank Registration request:

1. Preliminary approval of founding the bank.
2. The decree Issued on founding the Bank.
3. A copy of the Bank foundation Contract and the relevant Articles of Association.
4. Management Contract, if any, as signed with any party to which the management of the Banks is assigned.

5. Copy of the Minutes of the General Assembly approving the appointment of the Bank's Board Members, as well as the resolution issued concerning the appointment of the General Director.
6. A letter of Undertaking issued from a foreign bank whose registered head office is subject to a specified nationality and to Control by the Exchange and Monetary Authority in the State where such head office is located. Such letter of undertaking shall be to guarantee the rights of depositors and creditors in case the portion of the foreign partner exceeds 50% of the Bank's Capital.
7. Evidence indicating that not less than 49% of the bank's Issued capital is possessed by Egyptians.
8. A Cheque to the order of the Central Bank of Egypt (General Department for Control on Banks) with the amount of due registration fees.

The Application shall be submitted to the board of the Central Bank of Egypt to issue its decision in respect thereof within three weeks from the date of submitting the application duly fulfilled.

ARTICLE -6:

Concerned parties shall submit to the Central Bank of Egypt (General Department for Control on Banks) an application for authorization to a foreign bank to open a branch therefor in Egypt the following documents shall be attached to the application:

1. The approval of the Registered head office of the foreign Bank concerning the establishment of a branch therefore in Egypt and an undertaking by such bank that is its branch shall comply with the laws, decrees, and instructions issued and to be issued by the central bank of Egypt in connection with the reorganization of Control and Supervision on Banks.

2. Evidence indicating that the registered head office of the foreign bank is subject to Control by the Exchange Authority in the state where that head office is located, in addition to Bank's enjoyment of a specified nationality.
3. Evidence indicating that an amount of not less than fifteen Million us dollar, or the equivalent of that amount in foreign currencies has been transferred for the purpose of appropriating it to the exercised of the Branch's activities in Egypt.
4. An undertaking by the Registered head office of the foreign Bank to bind itself by the deposits and rights of Creditors as well as all obligations that would become due on the branch, in addition to undertaking to compensate the branch for any losses which could be revealed in the branch's closing accounts for any financial year, within at most one month from the date of the Auditor's approval of the balance sheet Statement of the Branch.

The Application shall be submitted to the Board of Directors of the central bank of Egypt to take a final decision in respect thereof, in the light of the economic and banking policy conditions and in accordance with the rules, regulations and terms to be set by the Minister of Economy and foreign trade in this respect, and the agreement to be reached between the Central Bank of Egypt and the Central Bank of the State in which the registered head office of the Bank to which the branch belongs is located, coordination between them in supervising the branch.

The final decision concerning the foregoing application shall be taken within three weeks from the date of submitting the relevant documents duly fulfilled.

ARTICLE -7:

The decision issued by the board of Directors of the Central Bank of Egypt approving the registration of the Bank or the licensing of the branch of the foreign bank to operate in Egypt, in the official Journal, at the expense of

the bank or its branch, within two weeks from the date of issuing such decision. The concerned parties shall also be notified of that decision within the same deadline period.

In case of rejecting the application, the applicant shall be notified of the decision, by registered letter with acknowledgment of receipt, within two weeks, from the date of issuing it.

ARTICLE -8:

The request for amendment, as required to be made in the bank's Incorporation Contract, or its Articles of Association, or in any of the other data referred to in Article (2) of these regulations shall be submitted to the Central bank of Egypt (General Department for Control on Bank's), on the form provided for the purpose. The documents indicating such amendment shall be attached thereto.

If the amendment comprises the addition of new branches or agencies for the bank, a cheque shall be attached to the application, with the amount of the registration fees prescribed, to the order of the central bank of egypt (General Department for Control on Banks). The Bank requesting the amendment shall be notified of the Decree issued by the Governor of the Central Bank of Egypt concerning the Amendment request, within two weeks from the date of issuing the decree, by virtue of a registered letter with acknowledgment of Receipt.

ARTICLE -9:

A special register shall be provided in the Central Bank of Egypt, wherein to record the representation offices of foreign banks in the Arab Republic of Egypt, providing the Register shall comprise the following data:

1. Name and address of the Office.
2. Date and No. of its registration
3. date and No. of recording it in the Register of Companies Administration.
4. Date of exercising its activities in Egypt.

5. Name of the bank the office is representing and its nationality, as well as the address of its Registered head office.
6. Name of the person in charge of the office, and this nationality.

ARTICLE -10:

An application for opening a representation office shall be submitted to the Central bank of Egypt (General Department for Control on Banks), in order to obtain the preliminary approval of the Central Bank of Egypt, preparatory to taking procedures as prescribed in accordance with the provisions of the aforementioned law on Joint Stock Companies and its Executive Regulations, providing the following documents shall be attached to the application:

1. Name and address of the office, and name and address of the bank it represents.
2. A copy of the Founding Contract and Articles of Association of the bank the office is representing, duly authenticated and legalized by the Monetary and Exchange Authority concerned in the country where the bank to which the representation office belongs, is located.
3. An Arabic translation of the summary of the Contract and Articles of Association.
4. The approval issued by the Registered head office of the bank concerning the opening of an representation office for it to operate in Egypt.
5. A letter from the Registered head office of the bank indicating the name of the person in charge of the office and his nationality.
6. Copy of the balance sheet statement of the Registered head office of the bank to which the Representation office belongs, for the last two financial years.
7. An Undertaking from the Registered head office to notify the Central Bank of Egypt (General Department for Control on Banks), of any modifications to be introduced into the recorded data.

8. Evidence indicating that the Registered head office of the bank is subject to Control by the Exchange and Monetary Authorities in the country where that head office is located.

ARTICLE -11:

The application for registration of the representation office shall be submitted on the form provided for the purpose. The office shall not exercise activities in Egypt except after being notified of the decision taken by the Governor of the Central bank of Egypt to include the office in the Register provided for the purpose with the Central bank of Egypt.

ARTICLE -12:

Banks existing on 5 June, 1992, date the provisions of Law No. 37 for the year 1992, are enforced , whose dealings and transactions are restricted to free currencies, may also be authorized to deal and transact in local currency, providing they shall submit to the Central Bank of Egypt (General Department for Control on Banks), a request to authorize them to do that, to which the following documents shall be attached:

1. The approval of the General Assembly of the bank to deal and transact in local currency.
2. A certificate, approved by the Accounts auditors, that the Authorized Capital is not less than one Hundred Million Egyptian Pounds and that the paid up Capital is not less than Fifty Million Egyptian pounds or the equivalent thereof in foreign currency.

ARTICLE -13:

Foreign banks' branches existing on 5 June, 1992, date the provisions of Law No. 37 for the year 1992 are enforced, and whose dealings and

transactions are restricted to free currencies, may also be authorized to deal and transact in local currency, providing they shall submit to the central bank of Egypt (General Department for Control on Banks) , a request to authorize them to do that, to which the following documents shall be attached:

1. Approval of the Registered head office of the Branch, abroad, to deal in local currency, and to bind the branch by all laws, decrees, and instructions issued and to be issued by the central bank of Egypt concerning the reorganization of control and Supervision on banks.
2. Evidence indicating that the Registered head office of the branch is subject to Control by the Monetary and Exchange Authorities in the Country where this head office is located, and that it enjoys a specified nationality.
3. Evidence establishing that the registered head of the branch is bound by its responsibility for the deposits and Creditors' rights as well as all obligations due or to become due in future, on the branch, along with being committed to compensate the branch for any losses to appear in the closing accounts of the branch for any financial year, within at most one month from the date of approving the branch's balance sheet statement by the Accounts Auditors.
4. A certificate from the auditors of the branch affirming that the branch's allocations are adequate to meet any decrease in the values of assets, and all obligations that might fall on the branch, as well as the Capital maintained with the branch and allocated for its activities in Egypt, providing such Capital shall not be less than Fifteen Million U.S. Dollars, or the equivalent thereof in free currencies.

ARTICLE -14:

The request referred to in article 12 and 13 of these Regulations shall be submitted to the board of Directors of the Central Bank of Egypt to express its view in respect thereof within three weeks from the date of its submission duly fulfilled, in the light of the ruling banking economic and political conditions and situations, providing the Minister of Economy and foreign trade shall be

notified of the Board view in order to issue a final decision in respect of the Application within two weeks from the date he is notified of the board's view.

The Central bank of Egypt shall notify the foreign bank or branch of the foreign bank, of the approval or refusal of its request by virtue of a registered letter with acknowledgment of receipt within two weeks from the date of issuing the final decision in respect thereof by the Minister of Economy and foreign trade.

The Minister of Economy and Foreign Trade shall set the conditions and rules required to issue an authorization for the Branches of Foreign Banks that are established in Egypt after enforcing the aforesaid Law No. 37 of the year 1992, to deal and transact in local currency.

ARTICLE -15:

Statements of the monthly financial standing of foreign banks and branches of foreign banks shall be submitted to the central bank of Egypt (General Department for Control on Bank) in two copies, the data of which shall be set forth in the forms provided for the purpose, and at the dates to be determined by the Central Bank of Egypt, which dates shall not exceed the end of the month next to the date of the aforementioned monthly financial standing.

ARTICLE -16:

Each bank which desires to merge with another bank shall submit a request to the central bank of Egypt (General Department for Control on Banks), in order to obtain an authorization therefore, which request shall enclose the following documents:

1. Preliminary approval as issued by the Extraordinary General Assembly of the bank which desires to merge with another bank, as well as the approval of such merger, as issued by the extraordinary General Assembly of the other bank.

2. The Economic Feasibility study concerning such merger, indicating the reasons for so doing, as well as evidence of guaranteeing the rights of depositors and creditors of the merged bank, and all obligations which could be due third parties along with the means of realization thereof.
- * The request shall be submitted to the board of Directors of the Central Bank of Egypt to issue a decree licensing the merger or refusing it, within three weeks from submitting the request duly fulfilled.

Concerned parties shall be notified of the decree thus issued, within two weeks from the date of issuing it, by registered letter with acknowledgment of receipt.

ARTICLE -17:

Subject to the provision of article (16) of these regulations, if a bank gets merged with another bank, on the basis of an agreement, these two banks shall each submit a request for approval of the merger to the Central bank of Egypt (General Department for Control on Banks), to which the following documents shall be attached:

1. Copy of the License issued indicating the approval of taking relevant merger procedures.
2. Copy of the Minister of the Extraordinary General Assembly of each of the two banks, approving such merger.
3. Copy of the Balance Sheet statement of each of the bank seeking the merger and the bank to be merged with, as of the date directly preceding the decision approving the merger, as well as a certificate by the Account Auditors asserting the validity of data as set forth therein.
4. Copy of the merger Contract.
5. A statement of the bases of assessing the assets of the bank seeking the merger and the bases for determining shareholder's equities, as well as the bases of assessing the bank being merged with.

6. A statement of the method of settling the equities of shareholders of the bank merged with.
7. Statement of the Assets and Liabilities of the Bank seeking the merger, which shall devolve to the bank with which the merger is being sought.
8. Statement of the liabilities of the bank seeking the merger, as shall not devolve to the bank with which the merger is being requested, and the method of fulfilling their value.
9. Procedures concerning the workers in the merged bank, and the method of guaranteeing their rights.

The foregoing statements shall be endorsed and approved by the account auditors.

The board of directors of the Central Bank of Egyptian shall issue a decision forming committees to ensure the validity of the data prescribed in items 5, 6, 7, 8, as required to be fulfilled. The decisions of these committees shall be approved by the board of directors of the Central bank of Egypt whose decision in this respect shall be final.

The Board of directors of the Central bank of Egypt shall also issue a decision forming the assessment committee, in respect of the bank for which a decision on merging it with another bank is issued by the board of Directors of the central bank of Egypt, in implementation of the provisions of article 30 (BIS) of the banks and Credit law No. 163 of the year 1957. the Board of the central bank may approve the results of assessment or modify them, and its decision in this respect shall be final.

The foregoing committee shall be formed headed by the first under secretary at the central audit agency, with the membership of a representative for each of the Ministry of Finance, the Investment Authority, the Money market authority, the Central bank of Egypt, the merged bank, and the bank merged with.

ARTICLE -18:

The board of directors of the Central Bank of Egypt shall issue a decision in connection with the merger request referred to in article (17), which decision shall be notified to each of the two banks within two weeks from the date of issuing it, by registered letter with acknowledgment of receipt.

ARTICLE -19:

In the cases the Board of Directors of the Central Bank of Egypt decides to cross out one of the Bank, in application of the provisions of Article (30)-Bis of Law No. 163 of the year 1957 referred to herein before, the rules prescribed in article (34) of that law shall be observed an the central bank of Egypt shall take such procedures as will guarantee maintaining the rights of depositors and other creditors.

ARTICLE -20:

In case a bank desires to discontinue its operations, it shall submit a request therefor, to the Central bank of Egypt (General Department for Control on Banks) in order to obtain an authorization to go ahead with the procedures of discontinuing the operations, indicating the reasons justifying such request, and in case the authorization is issued, the bank requesting it shall submit the following documents:

1. Evidence of publishing a notice of discontinuing its operations, at least twice in two mass circulation papers, of which one is issued in Arabic, and both being issued in the city where the registered head office of the bank is located in Egypt, or the Main Branch thereof is located in Egypt, with regard to branches of the foreign banks. The published announcement shall mention the bank's determination to submit a request to the central bank of Egypt (General Department for Control on Banks) for discontinuing its transaction and operations in Egypt, and the date of submitting such request. the announcement shall include a call to depositors and to the creditors, as well as all those having a right vis a vis the bank, to submit a statement thereof to the Central bank of Egypt (General Department for Control on Banks) within a date not exceeding

the date of submitting the request for discontinuing the operations, showing their rights which the bank has failed to fulfill, if any.

At least fifteen days shall be made to lapse between the two announcements, and at least three months shall lapse between the date of the last announcement and the date of submitting the request for stopping the operations, to the central bank of Egypt (General Department for Control on Banks).

2. A certificate from the bank submitting such request, to effect that it has cleared its obligations fully and finally vis a vis the depositors and other creditors, which certificate shall be signed by the board chairman of the bank, or the bank's managing director, or the director in charge with respect to branches of the foreign banks, and it shall be endorsed and approved by the account auditors.
3. A statement of the financial standing of the foreign bank or branch of the foreign bank, after fulfilling its obligations vis a vis the depositors and other creditors, which statement shall be approved by the account auditors.

ARTICLE -21:

The Board of directors of the central bank of Egypt shall issue a decree concerning the request of discontinuing the operations, as referred to in the previous article, within a period of three months from the date of submitting the request duly fulfilled. Such decision shall be notified to the bank requesting the discontinuation of operations within two weeks from the date of issuing it, by virtue of a registered letter with acknowledgment of receipt.