

CAPITAL MARKET AUTHORITY

(Informal Translation)

Central Securities Depository and Registry Law

No. 93 of 2000

Chapter One

General Provisions

Article 1—In this Law, “ the Company” means a company licensed to do business in central depository and registry activities for securities; “Central Depository Members” means the entities stipulated in Article 19 of this law.

Article 2—Central depository activity means every activity related to the depository of securities, clearing, settlement of financial positions resulting from securities transactions, and the transfer of securities ownership through book entry, including:

- 1- The deposit of securities with the Company or with any licensed entity;
- 2- The transfer of ownership by book-entry of securities traded among Central Depository Members;
- 3- The pledge of securities recorded by book-entry; and
- 4- The clearance and settlement of financial positions resulting from securities transactions.

Article 3—Central registry activity means every activity related to the bookkeeping of securities ownership, and of pledge of securities, including:

- 1- The maintenance of records with the names of owners of securities, the rights thereto, and the disposal thereof;
- 2- The distribution of entitlements of securities deposited with the Company, including the principal amount, the proceeds, dividends, redemption value, and restructuring payments;
- 3- The publishing of any information and reports disclosed by issuers of securities, be it general or related to their securities;
- 4- The offering of services related to the issuance of securities on behalf of the issuer; and

5- The exchange of securities upon the restructuring of the issuing entity.

Article 4—The ownership of securities deposited with the Company shall not be transferred before the settlement of its transaction.

Article 5—The owner of a security shall have all the rights pertaining to his ownership. Such security shall be deposited and registered in his name.

Despite the foregoing and while securities may be deposited and registered in an entity's name (called the registered owner), the rights of the said securities may accrue to another entity/entities (called the beneficial owner(s)). A registered owner shall incur the liabilities of a custodian as stipulated in this Law.

Article 6—A registered owner must be either a depository bank, a custodian, a portfolio management company, or an entity acting pursuant to a decree issued by the competent minister, after consulting with the Capital Market Authority.

In this Law, a “depository bank” means a bank that issues depository receipts, which are registered and traded on any domestic or foreign stock exchange against its ownership, as a registered owner, of the securities.

Each registered owner shall register its name and corporate details in a register created by the Capital Market Authority for this purpose. The Board of Directors of the Capital Market Authority will issue the rules for registration.

Article 7—The issuer of a security shall deal only with the registered owner; in such case, the issuer be discharged of its responsibility. The registered owner shall enable the beneficial owner to exercise all the rights pertaining to the security, including the right to the financial entitlements therefrom and all information disclosed by the issuer. The registered owner shall abide by the instructions given by the beneficial owner as regards the voting rights and the disposal of the security. The proceeds from such disposal shall be transferred to the beneficial owner.

Where the registered owner loses its legal status or is declared bankrupt, the title of securities shall be changed to the name of the beneficial owner.

Article 8—Securities deposited with the Company and the entitlements thereto shall be deemed to be fungible and interchangeable if they are of the same class, issue, and currency. No Central Depository Member shall be entitled to claim or exercise a right or obligation on a particular identified security.

The preceding paragraph also applies to all beneficial owners of securities held by a single registered owner.

A registered owner shall vote on behalf of each of the beneficial owners pursuant to their respective instructions received from them.

Article 9—The Company may carry out its activity only with respect to securities. Foreign securities must be listed at the stock exchange in the country of issue.

Article 10—No board member and employee of the Company, nor their spouse or minor children, may deal in securities except upon the approval of the Company's board of directors. A decree issued by the Capital Market Authority shall specify the rules and procedures of such approval pursuant to the Executive Regulations.

Article 11—Any security listed on any stock exchange and any security of any issuer which is the object of a public offering must be deposited with the Company. Other securities may also be deposited.

Where a security is deposited with the Company, the registration of the security and the clearance and settlement of transactions in such a security must be effected by the Company.

Article 12—The trading in securities and the possession of any rights in a security deposited with the Company shall only be effected through its book-entry system.

Securities deposited with the Company may not be withdrawn, except pursuant to such circumstances as may be set forth in a decree issued by the Chairman of the Capital Market Authority.

Article 13—Upon the cancellation of certificated securities pursuant to the rules specified by a decree issued by the competent minister, a single certificate, which would be deposited with the Company, shall replace each issue. Such security certificate shall indicate the quantity, the value, and the class of the security, and any other information specified by the Executive Regulations.

Chapter Two

Clearing and Settlement

Article 14—The Company clears securities transactions for the account of its Central Depository Members to determine the net rights and liabilities of every member. The Company also performs the settlement of financial positions resulting from all trades in securities.

The Executive Regulations specify the operations and relevant procedures pertaining to the clearing and settlement procedures.

Article 15—The Company clears and settles securities on the basis of delivery versus payment. The period between the trade date and settlement date of a transaction may not exceed the period specified by a decree issued by the Board of Directors of the Capital Market Authority.

Article 16—Subject to the approval of the Capital Market Authority, the board of directors of the Company shall establish a system to guarantee the fulfillment of the Central Depository Members of their financial obligations related to securities transactions, which may include one or more of the following means:

1. Requiring a third party guarantee;
2. Putting a ceiling on the value of cash liability towards the Company;
3. Specifying rules and procedures for liquidating unsettled transactions; or
4. Establishing a system for securities lending among Central Depository Members.

Article 17—The Company shall keep in custody the deposited securities either at its own premises or at one of the entities licensed as a custodian. It should deal with the funds of the Central Depository Members through a bank supervised by the Central Bank of Egypt.

Article 18—The Company should establish and manage a fund to guarantee the settlement of obligations resulting from securities transactions. Central Depository Members are required to contribute to the said fund. The by-laws of the fund shall be specified in a decree to be issued by the Board of Directors of the Capital Market Authority.

Chapter Three

Central Depository Membership

Article 19- The Central Depository Members must be one of the following entities:

- 1- Banks and branches of banks registered at the Central Bank of Egypt;
- 2- Companies involved in the securities business according to the activities specified by the Board of Directors of the Capital Market Authority;
- 3- A foreign company and entity in the business of central depository, provided that its head office is regulated pursuant to rules specified by the Board of Directors of the Capital Market Authority; or
- 4- Any other entity whose membership is accepted by the board of directors of the Company pursuant to the provisions and conditions specified by the Executive Regulations.

Article 20—A Central Depository Member shall, in compliance with the rules and standards specified by the Executive Regulations, provide the following:

- 1- Sufficient financial resources to meet its obligations towards the Company and to cover securities clearing and settlement risks; and
- 2- Adequate personnel, technical capabilities, books, records, systems, and procedures to carry out its activities.

Entities referred to in Article 19 of this Law that do not meet the above criteria may deal with the Company through one of its Central Depository Members.

Article 21—Membership shall be available to entities referred to in Article 19 of this Law provided they meet the criteria stipulated in Article 20. Every Central Depository Member shall abide by the rules and procedures of the Company.

The Company shall treat all Central Depository Members with similar conditions equally and fairly, including the fees and expenses it charges and the service provided.

Article 22—A Central Depository Member shall sign a written agreement with the Company according to the model approved by the Capital Market Authority. The agreement shall bind the Central Depository Member to the following:

- 1- Compliance with the rules, systems, and procedures of the Company and the modifications thereto made by the Company, once approved by the Capital Market Authority;
- 2- Payment of fees and expenses against the services provided by the Company, and compensation for any violation of the rules, systems, and procedures;
- 3- Pledging the securities deposited at the Company in its name and for its account whenever requested by the Company to guarantee the fulfillment of its obligations and authorizing the Company to borrow money against the pledged securities;
- 4- Enabling Company's representative to examine the Central Depository Member's books and records related to the Company's activity to verify their accuracy;
- 5- Abiding by the decisions of the board of directors of the Company concerning its services;
- 6- Contributing to the settlement guarantee fund; and
- 7- Sharing the loss incurred by the Company pursuant to the rules adopted by the board of directors of the Company and approved by the Capital Market Authority.

The agreement shall specify a means for the resolution of any dispute that may arise between a Central Depository Member and the Company.

Article 23—Without prejudice to the provisions of Article 39 of this Law, the board of directors of the Company shall adopt all the rules concerning measures to be taken against Central Depository Members who violate of the Company’s rules. These rules shall only be valid and enforceable upon their approval by the Capital Market Authority.

Chapter Four

Central Registry Regulations

Article 24—The Company shall observe equality and fairness in its treatment of issuers of securities having similar status. This includes the fees it charges and services it provides.

Article 25—The records of securities ownership in the registers maintained by the Company replace the records of securities ownership maintained by the issuer.

The Company shall create a certificate to replace the securities certificates for purposes of dealing, attending the general assembly, paying of dividends, pledging the security, and using priority and other rights, according to the provisions and procedures stipulated by this Law and related resolutions issued in execution thereof.

Article 26—The Company may carry out all tasks it deems appropriate for the completion of securities registration, the completion of transfer of ownership of securities, and the recording of related data, including obtaining from the registered owners the names of beneficial owners and their ownership of securities.

Article 27—The Company shall maintain a register of beneficial owners reflecting the data provided by registered owners pursuant to Article 26 of this Law. The register and the information it contains are confidential, and may be reviewed to the extent required only by relevant issuers of securities and those entities legally entitled to it.

Article 28—A registered owner is obligated to disclose to the Company the data of beneficial owners in accordance with the rules and procedures specified by Executive Regulations. When a depository bank is the registered owner of any security, it shall maintain its register of beneficial owners, and the Company is entitled to review the register upon the request of an issuer of the relevant security.

Article 29—The Company shall, within the period and under the conditions specified by the Executive Regulations, complete the registration of a security and respond to inquiries of its issuers and other interested parties.

The Company shall maintain books and records and prepare the records required to carry out its activities according to the rules specified by the Executive Regulations.

Chapter Five

Custodians

Article 30—No entity may act as a custodian unless it is a bank, or an entity specified by the Executive Regulations. Custodians shall be licensed by the Capital Market Authority pursuant to the rules and procedures set forth in the Executive Regulations.

The activity of a custodian shall be any activity pertaining to the holding, dealing in, and management of securities in the name and for the account of a beneficial owner or a registered owner on behalf of a beneficial owner subject to the instructions of the client.

Article 31 —An entity licensed to act as a custodian shall:

- 1- Segregate its own securities and accounts from those of its clients;
- 2- Credit and debit the account of each client for payments arising out of dealing in and managing such securities; and
- 3- Deliver client's securities and cash at the client's request.

Article 32—An entity licensed to act as a custodian shall enter into a written agreement with its clients, which shall not contradict the terms and conditions set forth by the Capital Market Authority.

Chapter Six

Incorporation and Management of the Central Depository and Registry Company

Article 33—Without prejudice to the provision of this Law, the incorporation of the Company, and its licensing to carry out its activities, shall be in accordance with the provisions of Capital Market Law, Number 95 for 1992.

Article 34—The Company shall be incorporated as a joint-stock company having an issued and paid-up capital of not less than the amount prescribed by the Executive Regulations. The capital shall be composed of nominal shares of similar type and value.

Article 35—Any company requesting a license to undertake the activity of a central depository and registry in Egypt shall submit an application to the Capital Market Authority accompanied by a copy of its rules and internal regulations, in addition to documents and information that the Capital Market Authority may require.

The Capital Market Authority shall grant a license to such company if deemed appropriate to the needs and in the interest of the capital market.

The approval of the Capital Market Authority may be limited to one type or more of securities or to a certain geographic location and may include any terms and conditions related to the Company's activities.

Article 36- The Company shall establish a special department with independent accounts and separate financial position for each of the central depository service, the registry service, and the settlement guarantee fund.

Article 37- The shares of the Company shall be owned only by its Central Depository Members, in an amount proportional to the volume of their respective dealings with the Company and in accordance with the fees and charges paid. However, no single Central Depository Member or group of related Central Depository Members may own more than 5% of the Company's capital. Egyptian stock exchanges shall own 5% of the Company's capital and shall be represented by one representative on the board of directors.

The Executive Regulations shall set forth the rules regarding allocation of shares in the capital of the Company upon its incorporation and subsequently upon accepting new Central Depository Members. The regulations shall also set forth the rules pertaining to the redistribution of the shares among Central Depository Members in compliance with the above paragraph. The transfer of such shares among Central Depository Members or from them to the Company shall be at the par value of such shares.

Foreign central depositories are entitled to be Central Depository Members in the Company without being shareholders in it pursuant to the Executive Regulations.

For purposes of this article, a group of related Central Depository Members is any group of Central Depository Members subject to the actual control of the same natural or judicial persons, or any persons having an arrangement between them to co-ordinate the voting at a general assembly or the board of directors meeting of the Company.

Article 38—The disposal by a Central Depository Member of any of its shares in the Company shall only be made in accordance with the share reallocation regulation outlined in Article 37 of this Law. In the case of cessation of the Central Depository Member membership, the transfer of ownership of such shares shall be to the Company. The Company shall re-allocate such shares to other Central Depository Members pursuant to the provisions of the Executive Regulations.

Any transaction effected in violation of the above paragraph shall be null and void.

Article 39—A Central Depository Member shall lose its membership upon:

- 1- Being declared bankrupt or losing its legal status;
- 2- The revocation of its license issued by the Capital Market Authority to carry out its business;
- 3- The revocation of its membership by a resolution of the Capital Market Authority on grounds of a breach of a provision of this Law or of the resolutions issued in the execution of this Law;
or
- 4- The revocation of its membership at an extraordinary general assembly of the Company adopted by at least three-quarters of the attendees at such meeting.

Article 40—The Company may not charge any fees for the services it provides that would exceed the limits specified by a decree issued by the competent minister.

When the Company realizes a profit, a portion thereof may be allocated as a contribution to the settlement guarantee fund stipulated in Article 18 of this Law. The remaining amount should be distributed among the Company's shareholders and securities issuers pursuant to the rules specified by the Executive Regulation.

Article 41—The Board of Directors of the Capital Market Authority may revoke the license of the Company on the ground that it has violated the provisions of this Law or any of the resolutions issued in the execution thereof, if such violation causes harm to the capital market or threatens its stability, provided that the Company has been notified of the violations and has been given a reasonable time to remedy the violation or submit its defense.

The decision to revoke the license of the Company shall include the procedures and arrangements required to be taken to handle the consequences of such revocation. Such decision shall not be effective until ratification by the competent minister.

The Executive Regulations shall specify the rules and procedures to be followed in this respect.

Chapter Seven

Supervision of the Company

Article 42—The Capital Market Authority shall supervise the Company and inspect its activities in accordance with the provisions of the Capital Market Law applicable to securities companies.

Article 43—The Company shall observe the following:

- 1- Maintain appropriate and sufficient systems and procedures for safeguarding the securities in its custody;
- 2- Appoint external auditors to evaluate the financial control system of the Company;
- 3- Prepare periodic reports on the performance of the Company, to be circulated to its Central Depository Members and the issuers of securities; and
- 4- Take measures to ensure the proper performance of electronic data processing systems and to retrieve the information in the event of any failure of such systems.

Article 44—The Company shall establish the technical systems of the securities depository and clearance and settlement of securities transactions. The Company shall ask for the stock exchange's opinion in respect of the system of clearance and settlement. Such technical systems shall become effective upon the approval of Board of Directors of the Capital Market Authority.

Article 45- The auditing of the Company shall be carried out by two (2) auditors selected from a list prepared by the Capital Market Authority for such purpose.

The Company shall provide the Capital Market Authority with all such reports and financial statements required from any issuing company which offers its shares to the public in accordance with the Capital Market Law, in addition to any other reports specified by the Executive Regulations.

Article 46—The Chairman of the Capital Market Authority shall be notified of any resolution appointing the Central Depository Members of the board of directors of the Company within 30 days from its adoption. Such resolution shall not be effective before such notification.

Article 47—In order to maintain the stability of the capital market and the proper conduct of the Company's business, the Board of Directors of the Capital Market Authority may issue a decision with reasons discharging any member of the board of directors of the Company.

It may also appoint a member as an observer at any meeting of the board of directors of the Company, for a period specified by the Board of Directors of the Capital Market Authority. This member may participate in the discussions of the board and have his point of view recorded in the resolutions adopted by the board, but shall not have the right to vote at such meetings.

Article 48—The Company shall be liable for:

- 1- Failure to deliver securities or transfer funds of the Central Depository Members or any of its customers, or to register or transfer the ownership of securities;
- 2- Disappearance or loss of securities or funds; or
- 3- Any damage which occurs to a Central Depository Member or any of its clients or an issuer of securities or any other person to whom the Company is liable under its articles of incorporation, its rules and procedures, or its agreements with Central Depository Members or issuers of securities.

Any damage arising from the liability of the Company shall be borne by all shareholding Central Depository Members in accordance with the loss-sharing rules, unless the damage is covered by insurance.

Article 49—The Company shall have appropriate systems and procedures to protect the confidential nature of the information of those parties dealing with the Company, and to insure that no director, officer, employee, or agent of the Company shall disclose such information. The Company shall also have the appropriate means for detecting any violation of such confidentiality obligation.

A Central Depository Member or an issuer of securities shall have the right to check the Company's books and records relating to the transactions of such Central Depository Member or issuer and obtain a copy of it. The Company shall make such books and records available for the Member or the issuer or whoever represents them at its premises.

Article 50—The Board of Directors of the Capital Market Authority shall establish rules pertaining to measures to be taken against the Company in the event of violation of this Law and, or any decree issued hereunder. Any such decree shall become effective upon being ratified by the competent minister.

Article 51—The provisions of the Capital Market Law shall apply to those persons having judicial power of inspection and the authority to identify violations of such laws and their decrees.

Chapter Eight

Bankruptcy of Central Depository Members

Article 52—In the event any Central Depository Member is declared bankrupt, the Company shall complete the settlement and clearance of its transactions before it was declared bankrupt, and such transactions shall be enforceable against all parties.

The Authority may invalidate any or part of such a transaction, on its own or at the request of the representative of the creditors of the bankrupt Central Depository Member if the transaction is effected in willful misconduct.

Chapter Nine

Appeal

Article 53— An appeal by an interested party of an administrative decree issued by the competent minister or the Capital Market Authority pursuant to this Law or the resolutions issued in the execution thereof, shall be governed by Articles 50 and 51 of the Capital Market Law.

Chapter Ten

Penalties

Article 54—Notwithstanding to any other penalty stated in any other law, a Central Depository Member carrying out any activity subject to this Law without a license is liable to imprisonment for not less than one year or to a minimum fine of LE100, 000, but not exceeding LE200,000, or to both.

Article 55—Notwithstanding to any other penalty stated in any other law, any person who violates paragraph three of Article 8 and Articles 10, 28, 31, 43, and 46 of this Law, is liable to a minimum fine of LE50, 000 but not exceeding LE100, 000.

Article 56—Notwithstanding to any other penalty stated in any other law, a person who discloses or benefits directly or indirectly from any information declared confidential by this Law, is liable to imprisonment of not less than six months or a fine ranging from LE50, 000 to LE100, 000, or to both.

Article 57—In addition to all penalties stated in this Law, the violator may be prohibited from carrying out its professional or business activities, or from carrying out any activity related to

such violation, in either case for a period not exceeding three years. Such prohibition shall be mandatory in case of a recurrence of the violation.

Article 58—The person responsible for the actual management of a company that violated this Law shall himself be subject to the penalties imposed for acts committed in violation of this Law if it was proved that such person was aware of such violation and if such violation of the duties of such person, imposed by such management, has contributed to this violation.

A company shall be jointly responsible for the payment of all monetary fines imposed if the violation is committed by any of its employees on behalf of the company or for its benefit.

Article 59- A criminal suit shall not be initiated in respect of the offences set forth in this Law, except upon the written request of the competent minister after obtaining the opinion of the Chairman of the Capital Market Authority.

The competent minister may end the criminal prosecution of the defendant or the person found guilty of an offence, upon the payment to the Capital Market Authority of a sum equal to an amount between the maximum amount of the fines and double that amount in addition to an amount equal to the benefits realized by the violator from such offence or the harm done, whichever is greater.

If the case is settled during the execution, even if the judgment was final, the general prosecutor shall suspend the imprisonment.