

Financial Regulatory Authority (FRA)

Decree No. 57/2023,

Dated 22/3/2023

The Committee for Supervision of Carbon Emission Reduction Units “Carbon Credits” and its competences

The Board of Directors (BOD) of the Financial Regulatory Authority (FRA)

In accordance with:

The Capital Market Law No. (95) of 1992 and its Executive Regulations,

Law No. 10/2009 for the Regulation of Non-Banking Financial Markets and Instruments, After coordination with the Ministry of Environment,

The Board of Directors of the Financial Regulatory Authority (FRA) resolves the following:

(Article 1)

In accordance with this decree, a Committee for the Supervision of Carbon Credits shall be established. This Committee shall be chaired by the Chairman of the Financial Regulatory Authority, or his duly authorized delegate, and shall include the following members:

1. Four representatives from the Financial Regulatory Authority chosen by its Chairman.
2. Four representatives from the Ministry of Environment, chosen by the relevant minister.
3. One representative from the Egyptian Exchange, chosen by the Chairman of the Egyptian Exchange.
4. One-experienced member working in any relevant entity related to the carbon market, chosen by the Chairman of the Committee.

(Article 2)

The committee shall be responsible for the following:

1. Drafting the regulations governing the issuance of carbon credits.
2. Drafting the regulations for supervision and monitoring of carbon credits, which shall include provisions ensuring continuous disclosure and transparency related to the underlined carbon emissions’ reduction projects.
3. Setting the selection criteria of the Validation and Verification Bodies for carbon emission reduction projects.
4. Drafting the guidelines for the integrity and credibility of issued carbon credits.

5. Drafting regulations preventing conflicts of interest between different stakeholders involved in the carbon credits issuance process.
6. Drafting regulations for identifying approved carbon registries of which issued carbon credits are eligible for trading.
7. Coordinate with the relevant entities to establish “The Egyptian Registry for Carbon Credits”.
8. Draft definition and identification for carbon credits different types.

The committee also shall undertake any other functions associated with its scope of work entrusted to it by its Chairman.

The Board of Directors of the Financial Regulatory Authority (FRA) shall resolve the previously mentioned rules.

(Article 3)

The Committee shall meet upon the request of its Chairman once a month at least, if needed. Meetings shall be at the Financial Regulatory Authority premises, or any other headquarter determined by the Chairman of the committee.

The Committee decisions shall be taken by a majority vote of its members present at a duly constituted meeting. In the event of a tie vote, the Chairman shall cast a deciding vote.

Participation in the Committee's meetings may be carried out using a technological means and shall be counted as a quorum of attendance or voting.

The Committee shall invite those it deems appropriate to attend its meetings without granting the right to vote on the `Committee's decisions.

(Article 4)

A technical secretariat shall be formed upon the decision of the committee Chairman, and shall be responsible for:

1. Prepare and process Committee meetings, including preparation and dispatch of the invitations to Committee members, developing and distributing meeting agendas and topics for discussion.
2. Record the officially approved minutes of Committee meetings, inform all related-parties with the committee decisions, and monitor the implementation of Committee resolutions and prepare progress reports.
3. Maintain a comprehensive archive system for topics presented at Committee meetings, officially approved minutes of Committee meetings and all documents considered by the Committee during its meetings.
4. Perform any other tasks assigned by the Chairman of the Committee that are consistent with the Committee's mandate and support its effective function.

Some further roles can include:

- i. The Secretariat shall oversee the review procedures for Projects, VVB's, Registries and Issuance of credits. It shall delegate the authority to make final decisions to the Committee.
- ii. The Secretariat shall bear the responsibility for ensuring the credibility and environmental integrity of approved registries and VVB's
- iii. Ensuring approved procedures enhance sustainable development while consistently implementing enhanced safeguards to prevent any adverse impacts.

(Article 5)

This Decree shall be published in the Official Gazette. It shall also be published on the websites of the Financial Regulatory Authority and the Egyptian Exchange.

Chairman of the Board of Directors

Financial Regulatory Authority

Dr. Mohammed Farid Saleh