

23 / 9 / 2003

Circular No. (30)

Issued on 23 / 9/ 2003

Chairman of the Board

Company:

Dear Sir:

With reference to provisions of Article (8) of the Capital Market Law No. 95 of 1992 and articles 59 and 61(bis) of its Executive Regulations, if there is not sufficient balance for a client with the brokerage firm undertaking the purchase transaction, the following must be observed.

The purchase order must state that the execution of the required transaction “will/ will not cause” the ownership of the purchaser to exceed prescribed percentages set out in these provisions. In case of excess of such percentages, the firm must carry out required measures in each case to ensure that transactions it conducts are sound in accordance with provisions of Article 105 of the Law No. 88 of 2003 on the Central Bank and the banking system (published in the Official Gazette, issue no. 24(bis) on 15/ 6/ 2003), which states:

“In case of an agreement that gives the bank, in its capacity as a pledgee, the right to sell securities pledged if the pledgor does not pay the pledge-backed amounts due to the bank when they fall due, the bank may sell these securities according to the provisions organizing the trading of securities in the Exchange after ten (10) work days from the date a notice is served by a summons server ordering the pledgor to make the payment, without compliance with provisions of Articles 126 and 127 of the Trade Law and Article (8) of the Capital Market Law and Articles 59- 61 (bis 5) of its Executive Regulations.”

Yours truly,

Dr. Ahmed Saad Abd Al-Latif

Deputy to the Authority Chairman &
Head, Market Operations Sector