

3 / 3 / 2004**Circular No. (32)****Issued on 3 / 3 / 2004**

Within the framework of the on-going development for improvement of the work system with the purpose of serving the market, we refer hereby to some amendments to the Authority's circulars nos. 3 and 3 (bis) issued on 28/ 10/ 98 and 12/ 11/ 1988 regarding obtaining the approval of the Capital Market Authority if a brokerage firm or a company for formation and management of securities portfolios wishes to transact in the name or on account of any of the categories set out in Article 236 of the Executive Regulations of Law No. 95 of 1992 as amended by the Minister of Economy's Decree No. 295 of 1998.

The amendment illustrates all controls for such transactions in the following manner:

1. The company shall maintain a special record for the accounts of the persons mentioned in the first paragraph of Article 236 as amended by Decree No. 295 of 1998 wherein all approvals issued by the board of directors in their regard and transactions conducted on their basis are entered. The record shall be audited on a periodical basis by the person in charge of internal auditing and shall be signed in acknowledgment of such audit.
2. The company must prepare a periodic report every six months at least highlighting the findings noted by the managing director and the internal auditor in terms of remarks or errors related to compliance with these rules, extent of compliance with notification of the Authority in a timely manner, procedures taken by the company to remedy the violations, and steps taken to prevent future repetition. The report shall be submitted to the Authority and shall be presented to the board of directors of the company within fifteen days from its preparation. The Authority shall be advised of the conclusions made by the board of directors within one week from the date of its meeting.
3. The mentioned persons may not transact securities about which the company has any information or data undisclosed in the market or inaccessible to the other persons dealing with them regardless of the nature and significance of such data.
4. Filling orders for such categories shall be through a special code number for each of them at the Exchange within the framework of a special code for such categories that the Exchange sets and notifies the Authority thereof.
5. Firms licensed to engage in the practice of brokerage in securities and firms engaged in the business of formation and management of securities portfolios within fifteen (15) work days at most from

the date these controls come into force shall submit to the Authority (the Market Operations Sector) a statement of the names of the board of directors, directors and staff of the firm highlighting functions and powers prescribed for each as well as the relevant persons in the manner illustrated in Article 236 of the Executive Regulations. The statement must state

a.	Date of employment
b.	Degree of kinship to every persons listed (for those who are not staff members of the company)
c.	Status of social security and social security number (for those are staff members of the company)
d.	Stating whether the person wishing to transact is a member of the board of directors of a listed company, has a permanent/ temporary job therein, or has 1% (or more) of its shares.

6. An application filled in the Authority-designed form and certified by the managing director of the company is filed with the Authority indicating the volume of transactions approved by the company board of directors for each of the persons in connection with the above-mentioned Article 236 within six months from the issuance of approval.

If the Authority does not object within five workdays from the date of submitting the application along with all documents requested by the Authority, this shall be considered an approval of the application.

The company must submit to the Authority every six months a print out of all transactions conducted for these categories pursuant to the approval previously issued.

The approval application must include the following data:

1. A list of previous transactions already carried out on account of the client on the basis of approvals issued by the company board of directors until the date these controls have been adopted.
2. The percentage of what the person wishing to transact owns in the capital of any of the listed or non-listed companies (in case his ownership exceed 1% of its capital).
3. The application shall be approved by the chairman of the board of directors or the managing director stating the number and date of the board's decision of approval. This decision should include the maximum amount of transactions permitted.

4. The statement must highlight the nature of relation (if any) between the company, its shareholders and staff members with listed company.
5. As for companies working in the field of formation and management of securities portfolios, the application must mention the brokerage firm through which the transaction will be conducted.
6. The company may submit to the Authority an application for approval of the new transaction one week before the expiry of the previous approval. If the company filed its application at the expiry of the previous approval, it must stop transacting during the period the application is under consideration at the Authority and until the new approval is issued (relevant form of the Authority is attached).

Yours truly,

Dr. Ahmed Saad Abd Al-Latif

Head, Market Operations Sector

Application form**Approval of the Capital Market Authority**

CAPITAL MARKET AUTHORITY

Gentlemen

Pursuant to provisions of Article 236 of the Executive Regulations of Law No. 95 of 1992, kindly approve that company transact securities (in the name of/ on account of):

Mr.	
Capacity:	
Personal account No.	

Please be advised the above-mentioned person is not banned by competent entities from disposition up to and including the date the application is filed with the Authority in the following manner:

Volume of transaction required during the period:

The company board of directors approved in its session dated ... / .../ 2004 the conducting of this transaction based on the written application filed by him/ her with the company on ... / .../ 2004. Please find attached herewith a true certified copy of:

- Approval of the board of directors of the company
- An acknowledgment from the client stating that his own money will be used to fill the order
- A statement from the client indicating the percentage of what he owns in the capital of any of the companies listed or non-listed if he owns 1% or more of its shares.
- A statement indicating if the client is a member of the board of one of the listed or non-listed companies, and whether he has a permanent or temporary job therein.

Please be advised that company for securities will fill the order.

Please accept my deepest esteem and appreciation

/ / 2004

Applicant	Applicant	
Name:	Name:	
Capacity:	Capacity:	
Signature:	Signature:	