

Circular No. (42)**Issued on 23/ 1/ 2008**

After considering the Capital Market Law No. 95 of 1992 and its Executive Regulations,

The Head of the Cabinet's Decree No. 1764 of 2004 for the establishment of the fund for insuring participants in securities transactions against non-commercial risks resulting from activities of securities companies,

The Authority Chairman's Decree No. 106 of 2006 promulgating the issuance of the statute of the investor protection fund; and

Based on practices which some securities companies engaged in,

Now therefore, all brokerage and securities firms shall comply with the following:

- Brokerage firms shall, when a client deposits money (in cash, by check, etc) with it, register the name of the depositor in full; take a copy of the ID card if the depositor is other than the client; and get his signature (it should be in the first name-middle name-family name format, and not just a signature format) and the deposit receipt (just like the case of disbursement of money). The firm may not neglect to obtain the signature of the depositor and shall be legally responsible for the validity of that signature.
- Strongly cautioning against use of the firm's treasury department as an intermediate account between clients in general and committed clients in particular. To clarify, receipts of deposits and treasury department's disbursements may not be used when transferring fund from one client to another (especially if the clients belong to the same family). Transferring funds from the account of one client to another shall be based on a written order issued by the client whose funds will be transferred from his account and who shall officially receive a copy of the transfer order after he signs it acknowledging receipt thereof and it is stamped with the firm's seal.
- Compliance with entering the name of the client to whom funds are transferred into the statement of the account of the client from which money was transferred from, and vice versa, that is, entering the name of the client from whose account funds are transferred into the statement of the account of the client to whose account money was transferred, in the same way as the accounting entry.

Strict compliance with this Circular is a must. All brokerage and securities firms shall implement it effective the date of its publication.

Hesham Ibrahim

Supervisor, Chairman Office Sector