

**Circular No. (47)****Issued on 26/ 1/ 2009**

Regarding enforcement of controls for dealing for staff members in securities brokerage firms and securities portfolio formation and management firms according to provisions of articles 236, 237, and 238 of the Executive Regulations of the Capital Market Law,

Firms and persons referred to in the above-mentioned articles must, when dealing in securities, comply with the following controls:

1. Any dealing by any of these persons must be through the same company they belong to as the case be and after obtaining the approval of the Authority. However, based on reasons the Authority deem appropriate, and subject to its approval, any of these persons may deal with another company. In all cases, dealings by any of these persons must be through a single brokerage firm.
2. In case these persons wish to conduct transactions, they must submit an application signed and dated to the internal controller of the company stating therein the name and capacity of the applicant, code of transactors and their capacities in according to what has been mentioned in the first part of this circular. Each application per transactor must include data and volume of the current portfolio based on a statement by the custodian and the cash balance available in his account with the firm.
3. The internal controller must study these applications and their attachments and prepare a consolidated statement to be presented to the firm's board of directors. The Authority shall be informed of what applications the board of directors approved. The internal controller must set controls for internal oversight and periodic auditing to ensure all rules and procedures governing and regulating these transactions.
4. The firm, when submitting an application for the first time and every three months and when updating data, must file with the Authority the minutes of meeting of its board of directors indicating approval of such transactions. Attached to such minutes must be a statement of the size of the portfolio, which is established by a custodian-issued statement of securities balances (if there is actual ownership), an opening cash account statement listing all cash deposits and copies of receipts for such deposits. After securing the approval of the Authority, the firm must submit a quarterly account statement in addition to an annual account statement showing transactions conducted, cash deposits, copies of receipts of such deposits, and a custodian-issued balance movements statement.
5. The firm must establish a special register for the accounts of the persons referred to in this Circular where transactions conducted on their account must be entered. These transactions must be entered into the register for the orders of the firm's clients in accordance with procedures and conditions prescribed by Law no. 95 of 1992, its Executive Regulations, and

decrees complementing and amending thereto. This register must be treated in the same way as the client's orders register.

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