

**Circular No. (50)****Issued on 8/ 3/ 2009****Regarding risks of signing blank sale/ purchase orders by investors dealing with securities brokerage firms**

The Capital Market Authority has noted lately that investors dealing with securities brokerage firms sign blank sale/ purchase orders.

In line with its duties as regards enforcement of provisions of the Capital Market Law No. 95 of 1992 and decrees issued for its implementation; regulation, development and oversight of the capital market; and development of rules for inspection and oversight of companies subject to provisions of Law 95 of 1992 referred to; and pursuant to provisions of articles 43 and 44 of the capital market law referred to, the Authority draws the attention of investors and securities firms to observe the following:

- I. Firms forcing their clients to sign blank sale/ purchase orders may put them at the risk of criminal liability according to provisions of the Capital Market Law and Article 340 of the Penal Code.
- II. Clients signing blank sale/ purchase orders may bring about the loss of their money and rights, especially when they cannot establish the true content of the agreement underlying the signing of the blank order. The wrong doer must bear the consequences of his wrong doing.
- III. Margin trading and short selling do not require clients to sign blank sale/ purchase orders. [Such an act] violates the provisions of Chapter Nine of the Executive Regulations of the Capital Market Law promulgated by Minister of Economy and Foreign Trade's Decree 135 of 1993, which was amended by Minister of Investment's Decree No. 84 of 2007 amending some provisions of the Executive Regulations of the Capital Market Law as amended by Law No. 123 of 2008

Therefore, the Authority calls on investors not to sign blank sale/ purchase orders, and alert them to fill in the data of the order, especially the name of the security required for the sale/ purchase transaction, quantity thereof, price, and valid date. In case of any change to the data, whether by addition, deletion or modification, there must be a signature next to the change.

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