

Circular No (52)**Issued On 26/3/2009****To: Messrs/ The Companies Operating in the Field of Formation and Management of Mutual Funds****Reference is made to Article (161) of the Executive Regulation of Capital Market Law No (95/1992) stipulating that:**

"Investment manager whose capital is invested by the fund shall keep the invested-in-securities with a custodian i.e., a bank or a company duly licensed to practice such activity, provided that custodian shall not be a fund shareholder, the investment manager or a related company, pursuant to the controls set by the EFSA. Custodian shall submit to the EFSA a periodic statement regarding these securities".

The EFSA hereby confirms that the term "custodian", for the purpose of this Article, shall mean the companies operating in the field of securities and acting as custodians, other than the banks that practice such activity. These companies shall not be required, when establishing an investment fund, to incorporate joint stock companies for such purpose, pursuant to Article (41) of Capital Market Law No. 95/1992.

Therefore, the EFSA hereby confirms that banks are permitted to retain the securities in which bank-incorporated mutual funds invest banks' capital, provided that banks shall give an undertaking to comply with the other EFSA controls to be issued later on.

Hesham Ibrahim**Supervisor of****EFSA Chairmanship Affairs Department**