

**Decree No. 41 of 2007**  
**Issued on 20/03/2007**  
**Regards the Registration Requirements**  
**for Financial Advisors' Registry**  
**At The Capital Market Authority**

Chairman Of the Capital Market Authority

Upon review of the Companies Law no. 159 of 1981 and the Executive Regulations thereof;

The Capital Market Law no. 95 of 1992 and the Executive Regulations thereof; and

Presidential Decree no. 51 of 1997 setting the rules governing the Cairo and Alexandria Stock Exchange and the Financial Affairs thereof; and

The Capital Market Authority's Board approval in its session number 3 held on 10/03/2007 approving the registration criteria for financial advisors registered with the Capital Market Authority in accordance with the Minister of Investment's Decree No. 12 of 2007 amending certain provisions of the Executive Regulations of the Capital Market Law.

**Resolved**  
**Article (1)**

A record for registering financial advisors shall be established at the Capital Market Authority,

A "Financial Advisor" shall mean independent financial advisors and other providers of advisory or valuations reports with respect to capital increase or acquisition.

Only financial advisors registered in the Capital Market Authority registry referred to above may render valuation services pursuant to articles (17) and (22)f of the Executive Regulations of the Capital Market Law issued by virtue of the Ministerial Decree No. 135 of 1993; or provide reports or advisory services pursuant to the provisions of Chapter 12 of the Executive Regulations with respect to listed companies and securities companies.

**Article (2)**

Only the following applicants may file for registration in the Financial Advisors registry:

- a). A company licensed by the Capital Market Authority to provide promotion and underwriting services;
- b). A company licensed by the Capital Market Authority to provide financial advisory services;
- c). Egyptian banks and branches of foreign banks licensed by the Central Bank of Egypt;
- d). Foreign Investment Banks licensed by any regulatory body which is a general member in IOSCO and pursuant to the conditions set forth by the Capital Market Authority.

Auditors registered in the Auditors Registry of the Capital Market Authority may directly apply for registration in the Financial Advisors Registry for the purpose of conducting valuations pursuant to articles (17) and (22)f of the Executive Regulations. The said auditors must fulfill the requirements set down herein for registration in the financial advisors' registry within 6 months as of the effective date hereof. After one year of the above mentioned period unregistered auditors may not conduct any of the services listed herein.

### **Article (3)**

Any entity referred to in Article (2) above, must comply with the following criteria for registration:

1. Retain a division specialized in providing financial advisory services related to promotion and underwriting activities and mergers and acquisitions employing not less than 3 executives with relevant experience whereby the principal officer in charge of the said division must possess no less than (5) years experience. Resumes of these executives should be filed with the Capital Market Authority in accordance with the relevant forms along with all supporting documentation;
2. Completed or been part of a team that completed not less than 3 underwriting activities, mergers and acquisitions; financial valuations; or fairness opinions transactions/reports during the past 3 years prior to the date of filing of the application for registration;
3. Employ an independent compliance officer with five years relevant experience. Such officer shall be responsible for the compliance of the division's employees in terms of confidentiality and secrecy of non-public information related to transaction/reports, ensure that all necessary procedures are in place to prevent the leakage and disclosure of confidential information related to such transaction/report; ensure that any disclosure required by law and/or regulatory bodies is undertaken; and that no personal benefit shall be realized by any employee(s), their relatives or connected parties with respect to the duties incumbent thereon. Auditors shall be exempted from the above requirement during the 6-month grace period;
4. Abide by the conditions issued by the Capital Markets Authority with respect to the independence of Financial Advisors;
5. Commit to undertaking prudent judgment with respect to conducting activities listed herein and in accordance with the relevant principles of professional conduct. Any rendered financial advisory should also include the disclosure of any fundamental reservations or notes, which if not disclosed, may cause damage to third parties particularly connected parties. As well as abide by the procedural requirements which will be issued by a decree of the Chairman of the Capital Market Authority in that regards.
6. Pay all registration fees set forth by the Board of the Capital Market Authority.

#### **Article (4)**

Application for registration shall be filed on the form approved by the Capital Market Authority, accompanied by the following documents:

- 1- Resumes of employees of the advisory division as well as of the principal officer in charge of the division on the forms approved by the Capital Market Authority.
- 2- All documents supporting information stated the above resumes.
- 3- Recent certified copy of the Commercial Registry.
- 4- Copy of an updated statutes/articles of incorporation of the company/bank.
- 5- Copy of proof of payment of the relevant fees.

The Capital Market Authority will announce its decision with regards any filed application within 15 days from the date of the filing of the application and supplementary documents. Any rejection of the application should specify reasons for rejection.

#### **Article (5)**

Registered Financial Advisors must segregate any activities performed pursuant to this Decree from any other business activities; and must provide the Capital Market Authority with any requested data/information or respond to any inquiries or notes requested by the Capital Market Authority within the specified time period.

#### **Article (6)**

The Corporate Finance and Governance Division of the Capital Market Authority shall prepare a separate registry for each financial advisor underlining its compliance with the obligations set forth in the Executive Regulations and this Decree including; confidentiality, compliance with disclosure requirement, independence and continuous fulfillment of registration requirements.

The Capital Market Authority may delist or revoke the registration of a Financial Advisor in the event the latter fails to comply with requirements specified by the Capital Market Authority.

#### **Article (7)**

Auditors – licensed to audit joint stock companies – may provide fairness opinions in case of capital increases pursuant to Article (17) and (22)f, of the Executive Regulation of the Capital Market Law in connection with unlisted companies and securities companies established pursuant to the said Law provided that such auditors comply with the requirements stipulated in Article (17) of the Executive Regulations of the Capital Market Law.

#### **Article (8)**

This decree shall be entered into force as of the day following its issuance date. The concerned parties shall fulfill their obligations as stipulated hereunder.

CMA Chairman  
Dr. Hani Sarie-ElDin