

THE ARAB REPUBLIC OF EGYPT
PRESIDENTIAL DECREE No. 187 OF 1993
ISSUING THE EXECUTIVE REGULATIONS OF
THE BANKS AND CREDIT LAW

The President of the Republic,

After having perused the Constitution,

Law No 163 of 1957 issuing the Banks and Credit Law,

Law No 120 of 1975 concerning the Central Bank of Egypt and the Banking System;

Law No 159 of 1981 issuing the law of Joint Stock Companies,
Companies Limited by Shares and Limited Liability Companies;

Law No 95 of 1992 issuing the Capital Market Law;
The Presidential Decree issued on Nov. 11, 1957
Concerning the Executive Regulations of the Banks and Credit Law.

And after the approval of the Cabinet,
And upon the view of the State Council,

Decreed the following:

Article 1

The annexed Executive Regulations issued in connection with the Banks and Credit Law No 163 of 1957 shall be applied.

Article 2

The application forms mentioned in the annexed Executive Regulations shall be issued by a decision of the Governor of the Central Bank of Egypt after the approval of the Board of Directors.

Article 3

The Presidential Decree issued on Nov. 11, 1957 concerning the Executive Regulations of the aforementioned Banks and Credit Law, and every stipulation that violates the provisions of the annexed Executive Regulations shall be cancelled.

Article 4

This decree shall be published in the Official Journal and shall come into force as from the day following the date of publication.

Hosni Mubarak

Issued at the Presidency of the Republic on 16th Dhul Qada 1413 H (8th May 1993).

Executive Regulations of

The Banks and Credit Law

Article 1

Registration of banks regardless of their legal forms shall be subject to the approval of the Central Bank Board of Directors according to the prerequisites for monetary and credit policy and the national economy.

Article 2

The Central Bank of Egypt shall prepare a register providing adequate pages for every bank to be registered. In this register the following data will be recorded:

- 1) Registration number and date.
- 2) Name of the Bank.
- 3) Type of activity: commercial, specialized (non-commercial), investment and business banks.
- 4) The legal form of the bank.
- 5) The date of foundation.
- 6) The date of starting operation.
- 7) The bank's original and renewed duration.
- 8) Number and date of the Official Journal in which the decision of the Central Bank's Board of Directors approving the registration was published.
- 9) The Capital
 - A) Authorized
 - B) Issued
 - C) Paid-up
 - D) Earmarked for the operation of foreign bank's branches in Egypt
- 10) Reserves
 - A) Legal
 - B) Other reserves
 - C) Earmarked for the operation of foreign bank's branches in Egypt
- 11) Bonds & bills
 - A) Approved for issue
 - B) Issued
- 12) Address of the head office or the main branch supervising the operation of its foreign bank's branch in Egypt.
- 13) Branches
 - A) In Egypt
 - B) Abroad in case of Egyptian banks

- 14) Names of the members of the Board of Directors and the general managers of banks and the managers in charge of credit or investment or foreign transactions including dealings and all the relevant data.
- 15) The name of the manager in charge of the foreign bank's branch in Egypt and the names of managers in charge of credit, or investment or foreign transactions including dealings and all the relevant data.
- 16) Names of auditors.
- 17) Dates of the beginning and end of the fiscal year of the bank.
- 18) Any changes that may occur in the data mentioned above.

Article 3

The registration fees shall be: one hundred pounds for the head office or the main branch supervising the operation of its foreign bank's branch in Egypt and fifty pounds for every branch or agency.

Article 4

An application shall be submitted to the Central Bank of Egypt (Banks' Control Department) to obtain the preliminary approval of the Central Bank to start the establishment procedures of a bank in conformity with the provisions of Law No 37 of 1992 and the laws in force.

The following documents will be enclosed with the application:

- 1) A statement containing the names of founders, their nationalities and addresses and the share of each in capital, provided that the share of either juridical or natural persons shall not exceed 10% of the issued capital. However, banks participating in the establishment shall be exempted from the said maximum. Also, the percentage of shares that shall be offered for public subscription to Egyptians whether juridical or natural persons should be specified that they shall account for not less than 49% of the issued capital and that the share of each subscriber shall not exceed 10% of the issued capital.
- 2) A statement showing the name of the bank in Arabic and English, its authorized and paid-up capital, the number of shares and the nominal value per share, the physical quotas and their value if any, the address of the bank and its head office, its duration of existence and objectives.
- 3) A statement indicating that the authorized capital shall not be less than one hundred million Egyptian pounds and the paid-up capital shall not be less than fifty million Egyptian pounds.
- 4) The feasibility study for establishing the bank.
- 5) A statement showing the approval of the appointment of a general manager to the bank with an experience not less than 10 years in banking business in Egypt and all the relevant data.

- 6) A pledge to submit a letter of guarantee from one of the foreign banks whose head office enjoys a specified nationality and is subject to the control of the monetary authority in the country where the head office is based so as to secure the rights of the depositors in case the share of the foreign partner exceeds 50% of the bank's paid-up capital.

The application shall be presented to the Board of Directors of the CBE to take a decision in light of the economic conditions and the need for establishing a bank.

A decision shall be made within three weeks from the date of submitting the complete documents.

Article 5

Without prejudice to Article 4, of this Executive Regulations, the registration application for the establishment of banks after the provisions of Law No 37 of 1992 come into force, shall be submitted to the Central Bank of Egypt (Banks Control Department) on the forms provided with the following documents.

- 1) Preliminary approval for establishing the bank.
 - 2) The decision establishing the bank.
 - 3) A copy of the articles of association and the statutes of the bank.
 - 4) Management contracts, if available, that are concluded with any party entrusted with managing the bank.
 - 5) A copy of the minutes of the general assembly approving the appointment of the members of the Board of Directors of the bank and the decision issued for appointing a general manager.
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- 6) A letter of guarantee from one of the foreign banks, whose head office enjoys a specified nationality and is subject to the control of the monetary authority in the country where the head office is based so as to secure the rights of depositors and creditors rights in case that the share of the foreign partner exceeds 50% of the bank's issued capital.
 - 7) A statement indicating that the Egyptians shall account for no less than 49% of the banks issued capital.
 - 8) A cheque to the order of the Central Bank of Egypt (Banks Control Department) with the full registration fee.

The application shall be submitted to the Board of Directors of the CBE to take decision within three weeks from the date of submitting the application with the complete documents.

Article 6

An application shall be submitted to the Central Bank of Egypt (Banks Control Department) to obtain a license for opening a foreign-bank branch in Egypt, along with the following documents:

- 1) Approval of the head office of the foreign bank for the establishment of its branch in Egypt. The head office shall also guarantee the abidance of its branch by the laws, decisions and instructions in force and being issued by the Central Bank of Egypt concerning the control and supervision over banks.
- 2) A statement indicating that the head office of the foreign bank is subject to the control of monetary authority in the country where the head office is based and enjoys a specified nationality.
- 3) A statement indicating that the allocated funds for their activities in ARE, of no less than fifteen million dollars or the equivalent in foreign currencies have been transferred.
- 4) A pledge that the head -office of the foreign bank shall be responsible for the depositors and creditors' rights and all the liabilities that may be due on the branch. The head office shall be also obliged to compensate for any losses that may be shown in the final accounts of the branch in any fiscal year within a maximum of one month from the date of ratifying the balance sheet of the branch by the auditors.

The application shall be submitted to the Board of Directors of the Central Bank of Egypt for consideration in the light of the prevailing economic conditions and banking policy, and in accordance with the terms and conditions specified by the Minister of Economy and Foreign Trade in this respect, and in conformity with the agreement between the Central Bank of Egypt and the Central Bank where the head office of the foreign-bank is based to coordinate their supervision over the branch.

The Board of Directors of the Central Bank of Egypt shall take a decision concerning the aforementioned application within three weeks from the date of submitting the complete documents.

Article 7

The decision taken by the Board of Directors of the Central Bank, approving the registration of the bank or licensing a branch of a foreign bank to operate in Egypt, shall be published in the Official Journal at the expense of the bank or branch, within two weeks from the date the decision is made and shall be notified to those concerned at the same time.

In case of refusal, the applicant shall be notified of the decision by a registered mail with acknowledgement of receipt within two weeks from the date of the decision.

Article 8

Applications to introduce a required amendment to the articles of association of the bank or its statutes or other data mentioned in Article (2) of this Executive Regulations shall be submitted to the Central Bank of Egypt (Banks Control Department) on the forms enclosed with the documents indicating this amendment.

If the amendment includes the addition of new branches or agencies to the bank, a cheque shall be enclosed with the application, to the order of the Central Bank of Egypt (Banks Control Department) with the specified registration fees. The Bank requesting the amendment shall be notified of the decision of the Governor of the Central Bank of Egypt within two weeks from the date the decision is made by a registered mail with acknowledgment of receipt.

Article 9

The Central Bank of Egypt shall prepare a special register for recording representation offices of foreign banks operating in the Arab Republic of Egypt.

The following data will be recorded in the register:

- 1) The name and address of the office.
- 2) The number and date of registration.
- 3) The date and number of registration in the companies register.
- 4) The date of starting operation.
- 5) The name, nationality and the address of the headquarters of the bank which the office represents.
- 6) The name and nationality of the person entrusted with managing the office.

Article 10

Application for opening representation offices shall be submitted to the Banks Control Department to obtain the preliminary approval of the Central Bank of Egypt for adopting the measures set in accordance with the provisions of the aforementioned Joint Stock Companies Law and its Executive Regulations.

The following documents are to be enclosed with the application:

- 1) The name and address of the office and the name and address of the bank which the office represents.
- 2) A copy of the articles of association of the bank, which the office represents, and its statutes ratified by the monetary authority in the country where the head office of the representation office is based.
- 3) An Arabic translation of a summary of the articles of association and the statutes.
- 4) A statement indicating the approval of the head office for the opening of a representation office in Egypt.
- 5) A letter from the head office mentioning the name and nationality of the person entrusted with managing the office.
- 6) A copy of the balance sheet for the last two fiscal years of the head office of the bank to which the representation office is a branch.
- 7) A statement indicating that the bank's head office shall notify the Central Bank of Egypt (Banks Control Department) of any amendments to the recorded data.

- 8) A statement indicating that the head office is subject to the control of the monetary authority in the country where it is based.

Article 11

The registration application of the representation office shall be submitted on the form prepared for this purpose. The office shall not be allowed to conduct business in Egypt, except after being notified of the Central Bank Governor's decision of its addition to register prepared for this purpose at the Central Bank of Egypt.

Article 12

Banks established prior to June 5, 1992 (the date of enforcement of Law No 37 of 1992) may be licensed to deal in local currency in addition to their foreign currency dealings, provided that such banks submit an application for license to the Central Bank of Egypt (Banks Control Department) enclosed with the following documents :

- 1) An approval by the bank's general assembly to deal in local currency.
- 2) A certificate by an external auditor certifying that the bank's authorized capital is not less than one hundred million Egyptian pounds and that the paid-up capital is not less than fifty million Egyptian pounds or their equivalent in foreign currency.

Article 13

Branches of foreign banks established prior to June 5, 1992 (the date of enforcement of Law No 37 of 1992) may be licensed to deal in local currency in addition to their foreign currency dealings provided that such branches submit an application for license to the Central Bank of Egypt (Banks Control Department) enclosed with the following documents.

- 1) The approval of the head office of the branch abroad to deal in local currency, and the obligation of the branch to comply with all the laws, decisions and instructions in force and being issued by the Central Bank concerning the control and supervision over banks.
- 2) A statement indicating that the head office of the branch abroad is subject to the control of the monetary authority of the country in which the head office is based and that the head office has a specific nationality.
- 3) A statement indicating that the head office of the branch abroad is responsible for deposits, and creditors, rights, and all obligations due or will be due on the branch; and that the head office is obliged to compensate for any losses that may be shown in the final accounts of the branch in any fiscal year within a maximum period of one month from the date of ratification of the balance sheet of the branch by external auditors.
- 4) A certificate from the external auditors of the branch stating that the provisions of the branch are adequate for meeting any decrease in the value of assets, and for meeting the liabilities that may be carried by the branch, and the funds held at the branch for conducting its operations in Egypt, provided that such funds are not less than fifteen million US dollars or their equivalent in foreign currency.

Article 14

The application mentioned in articles 12 and 13 of the Executive Regulations shall be submitted to the Board of Directors of the Central Bank of Egypt, to express their opinion regarding this application, in light of the prevailing economic conditions and banking policy, within three weeks from the date of submitting the application which fulfill all the requirements. The Minister of Economy and Foreign Trade should be notified of the opinion of the Board of Directors to give his decision within two weeks from the date of notification.

The Central Bank of Egypt shall notify the bank or the foreign-bank branch of the approval or refusal by a registered mail with acknowledgment of receipt, within two weeks from the date of the decision of the Minister of Economy and Foreign Trade.

The Minister of Economy and Foreign Trade shall specify the terms and conditions required to licensing branches of foreign banks established in Egypt – after the enforcement of Law No 37 of 1992 – to deal in local currency.

Article 15

Banks and branches of foreign banks shall submit monthly financial statements thereof to the Central Bank of Egypt (Banks Control Department) in two copies on the forms provided, at the dates set by the Central Bank of Egypt, no later than the end of the month following the date of the said financial statements.

Article 16

Any bank requesting a merger with another bank shall submit an application to the Central Bank of Egypt (Banks Control Department) to obtain a license of the merger. The following documents shall be enclosed with the application :

- 1) The preliminary approval of the extraordinary general assembly of the bank requesting the merger with another bank, and the approval of the extraordinary general assembly of the other bank on such merging.

- 2) The feasibility study of the merger showing the reasons behind such merger and a statement indicating that the depositors and creditors rights are guaranteed as well as any liabilities on the bank requesting the merger and the means necessary to fulfill such obligations.

The application shall be submitted to the Board of Directors of the Central Bank of Egypt to decide on approval or refusal of the license for merger within three weeks from the date of submitting the application.

The concerned parties shall be notified of the decision within two weeks from the date on that the decision is made by a registered mail with acknowledgment of receipt.

Article 17

Without prejudice to Article (16) of this Executive Regulations, if any bank merges into another bank upon the agreement of both banks, each bank shall submit the application for approving the merger to the Central Bank of Egypt (Banks Control Department) enclosed with the following documents:

- 1) A copy of the license issued approving the adoption of the merger procedures.
- 2) A copy of the minutes of the extraordinary general assemblies of the two banks approving the merger.
- 3) A copy of the balance sheet of the bank applying for merger and the bank that may be merged into at the date immediately preceding the merger decision, each accompanied by a certificate from the external auditors showing the soundness of the data included therein.
- 4) A copy of the merger contract.
- 5) A statement indicating the bases for evaluating the assets of the bank requesting the merger and the ways followed for determining its shareholders' rights as well as the bases for evaluating the bank, which is required to be merged with.
- 6) A statement indicating the means for settling the shareholders rights of the bank applying for merger.
- 7) A statement indicating the assets and liabilities of the bank applying for merger that will pass to the bank, which is required to be merged with.
- 8) A statement indicating the liabilities of the bank requesting the merger that will not pass to the bank, which is required to be merged with, and the methods for settling such liabilities.
- 9) The measures concerning the employees of the bank applying for the merger and the means of securing their rights.

All the statements mentioned above shall be ratified by external auditors.

The Board of Directors of the Central Bank of Egypt shall issue a decision forming special committees to examine the data referred to in items, 5,6,7 and 8. The decisions taken by the committees shall be approved by the Board of Directors of the Central Bank and their decision in this respect shall be final.

The Board of Directors of the Central Bank of Egypt shall also take a decision forming special committees for the evaluation of the bank whose decision for merger into another bank was taken by the Board of Directors of the Central Bank of Egypt in conformity with the rules stipulated in Articles 30 (bis) of the Banks and Credit Law No 163 of 1957. The Board of Directors may approve or amend the findings of the evaluation, and their decision in this respect shall be final.

The said Committees shall be headed by First Under Secretary of the Central Auditing Agency and the membership of a representative for each of the Ministry of Finance, the General Investment Authority, the Capital Market Authority, the Central Bank of Egypt, the bank applying for the merger and the bank, which is required to merged with.

Article 18

The Board of Directors of the Central Bank of Egypt shall take a decision concerning the application for merger referred to in Article (17). Each bank shall be notified of the decision within two weeks from the date on which the decision is made by a registered mail with acknowledgment of receipt.

Article 19

In case the Board of Directors of the Central Bank of Egypt decides the deletion of a bank in conformity with the rules stipulated in Article (30 bis) of the above-mentioned Law No 163 of 1957, the rules stipulated in Article (34) of this law must be taken into consideration. The Central Bank of Egypt shall adopt the measures it regards necessary for securing the rights of depositors and other creditors.

Article 20

If a bank wishes to suspend its operations, it shall submit an application in this respect to the Central Bank of Egypt (Banks Control Department) to take a permission for taking the necessary suspension procedures, clarifying the reasons behind this action. After the permission is given, the bank shall submit the following documents :

- 1) A statement indicating that an announcement has been published at least twice in two daily morning widespread journals, published in Arabic in the city where the head office of the bank or the main branch is based in Egypt in case of branches of foreign banks. The announcement, shall mention that the bank will submit an application to the Central Bank of Egypt (Banks Control Department) for the suspension of its operations in Egypt and the date of submitting the application. The announcement must also include an invitation for the depositor, creditors and any other party that has the right to any claims on the bank to submit a statement with their claims to the Central Bank of Egypt (Banks Control Department) at a date no later than the date of submitting the suspension application stating their rights to claims, if any, on the bank.

A period of at least fifteen days should elapse between the two announcements and a period of at least three months should elapse between the date of the last announcement and the date of submitting the application for suspension to the Central Bank of Egypt (Banks Control Department).

- 2) A certificate from the applicant (bank) indicating that it has fully settled its obligations towards depositors and other creditors signed by the chairman of the bank or the

- managing director or the manager in case of branches of foreign banks, ratified by external auditors.
- 3) A statement of the financial position of the bank or the branch of the foreign bank after settling its obligations towards depositors and other creditors ratified by external auditors.

Article 21

The Board of Directors of the Central Bank of Egypt shall take a decision concerning the application for the suspension referred to in the previous Article within three months from the date of submitting the application. The applicant (bank) shall be notified within two weeks from the date the decision is made by a registered mail with acknowledgment of receipt.