

**President of the Republic's Decree No. 192 of 2009 Promulgating the Statute of the
Egyptian Financial Supervisory Authority (EFSA)**

President of the Republic

After considering the Constitution,

The Law on Supervision and Regulation of Insurance promulgated by Law No. 10 of 1981,

Law on the Capital Market promulgated by Law No. 95 of 1992,

Law on financial lease promulgated by Law no. 95 of 1995,

Law on Depository and Central Registry promulgated by Law no. 93 of 2000,

Law on Mortgage Finance promulgated by Law no. 148 of 2001,

Law no. 10 of 2009 on Regulation of Non-Banking Markets and financial instruments, and

The President of the Republic's Decree no. 93 of 2009 designating the competent minister for enforcement of provisions of Law no. 10 of 2009;

After consulting the State Council; and

After approval of the Cabinet in its session held on 27/ 5/ 2009,

DECREED

Article (1)

The provisions of the attached statute of the EFSA shall take force.

Article (2)

This Decree shall be published in the Official Gazette and shall come into force the day following the date of its publication.

Issued at the Presidency on Jomada Al-Akhera, 1430H (corresponding to 14 June 2009G).

Hosny Mubarak

STATUTE OF EFSA

(CHAPTER I)

EFSA'S LEGAL FORM AND MAIN OFFICE

Article (1)

The EFSA is a public juridical person reporting to the Minister of Investment, and shall, hereinafter, be referred to as “the Authority” as regards enforcement of the provisions of this statute.

The property of the Authority shall be considered as part of the public domain.

Article (2)

The main office of the Authority shall be in the Governorate of the Sixth of October. The Authority may, per a decree from the Minister of Investment, and subject to approval of the Authority Board of Directors, establish branches and offices locally and abroad as required by work.

(CHAPTER II)

OBJECTIVES AND FUNCTIONS OF THE AUTHORITY

Article (3)

The Authority shall be responsible for the supervision and oversight of non-bank financial markets and instruments, including capital markets, forward exchanges, all activities related to insurance services, mortgage finance, financial leasing, factoring and securitization.

The objective is to ensure market integrity and stability of these markets and instruments; regulate and develop concerned activities; guarantee balance of participants' rights; and issue rules that ensure efficiency and transparency of these activities.

The Authority shall perform its functions stated in Law no. 10 of 2009 regarding regulation of non-banking financial markets and instruments, and shall in particular:

- (a) License non-banking financial activities.
- (b) Inspect entities licensed to operate in non-banking financial activities.
- (c) Supervise the provision and dissemination of non-banking financial markets-related information.

- (d) Develop controls necessary to ensure competitiveness and transparency in rendering non-banking financial services through the proper control of non-banking financial markets.
- (e) Protect and strike a balance in non-banking market dealers' rights
- (f) Take necessary measures to minimize market manipulation and fraud, taking heed of the potential commercial risks of conducting business in these markets.
- (g) Supervise training of non-banking market staff and enhance their efficiency.
- (h) Communicate, cooperate and coordinate with other non-banking regulatory bodies abroad to contribute to the development of oversight means and systems in the fields of non-banking markets and financial instruments and enhance their efficiency and precision
- (i) Communicate, cooperate and coordinate with the associations and organizations that gather them or regulate the work of financial regulatory bodies in the world with the purpose of enhancing the Authority's efficient performance of its functions in accordance with the best international practices in non-banking markets and financial instruments
- (j) Contribute to dissemination of financial investment culture and awareness, especially in non-banking finance fields.

(CHAPTER III)

EFSA'S MANAGEMENT AND FINANCIAL SYSTEM

Article 5

The Authority shall have a chairman and two deputies to be nominated by the Minister of Investment. Their appointment for a renewable four-year term of office and their remuneration shall be determined by a decree by the Prime Minister.

Article 6

The Chairman shall have assistants whose appointment for a renewable a four-year term of office and remuneration shall be subject to a decree from the Prime Minister based on the nomination of the Minister of Investment.

Article 7

The Authority Chairman, his two deputies and assistants must fulfill the following conditions in addition to the general requirements of the job:

1. To be of Egyptian nationality and Egyptian parents.
2. To have full legal capacity to exercise his civil and political rights.
3. To have distinguished experience in economic affairs, non-banking markets and financial instruments and areas related to the operations of the Authority.
4. Not to have any interests that may conflict with his job duties, or may affect his objectiveness in the process of deliberations or decision making

Article (8)

The Authority Board of Directors shall be formed of the Chairman and the following as members:

- The two deputies to the Chairman
- Deputy to the Governor of the Central Bank of Egypt who shall appoint him.
- Five members experienced in economic, financial and legal affairs to be nominated by the Minister of Investment.

Appointment of the Board of Directors, remunerations and allowances of the board members with special expertise shall be determined by a decree by the Prime Minister.

Article (9)

The Authority Board of Directors shall have the supreme authority over its business and discharge of its affairs, and developing and implementing policies necessary for achieving its purposes and objectives. To this end, it may take whatever final decisions it deems necessary for performing its functions without the need for their approval by a higher administrative entity.

Article (10)

The Authority Board of Directors shall undertake the mandates prescribed for the boards of directors of Egyptian Insurance Supervisory Authority, the Capital Market Authority, and the Mortgage Finance Authority which was replaced by the EFSA, as set forth in the Law on Supervision and Regulation of Insurance promulgated by Law no. 10 of 1981, Law on Capital Market promulgated by Law no. 95 of 1992, Law on Depository and Central Registry of Securities promulgated by Law no. 93 of 2000, Law on Mortgage Finance promulgated by Law no. 148 of 2001, and any other laws or decrees.

The Authority Board of Directors shall have all the powers required for achieving its purposes as set forth in Law no. 10 of 2009 regarding Regulation of Non-Banking Markets and Financial Instruments. In particular, the Authority shall

- (a) develop the Authority's general strategy and action policies and watch over their implementation
- (b) develop executive rules for regulating activities which the Authority is mandated to regulate and grant licenses for their practice.
- (c) Set the rules for the oversight and inspection of entities and individuals subject to the Authority's control.
- (d) Determine the charges of the services rendered by the Authority to third parties.
- (e) Approve the Authority's organizational structure, financial and administrative regulations and personnel affairs without being restricted by the laws and regulations applicable to public and government authorities in this respect.
- (f) Set the rules that govern retaining the services of local and foreign experts that would help the Authority perform its work.
- (g) Approve the Authority's estimated budget and closing account.
- (h) Set the rules for investment of the Authority's funds.
- (i) Determine categories of the development fee that is set forth in Article (14) of Law no. 10 of 2009

- (j) Provide consultation regarding all draft laws, regulations and decrees related to functions of the Authority and non-banking markets and financial instruments.

Article (11)

The Authority Chairman shall represent the Authority before judicial bodies and third parties. He shall have the authority to

1. Manage the Authority and discharge its affairs
2. Implement the decisions of the Board of Directors
3. Submit to the Board of Directors periodic reports about the activity of the Authority

The Authority Chairman may delegate some of his functions, or assign specific tasks to his two deputies or one of them, or his assistants or one of them, provided he informs the Authority Board of Directors about this authorization or delegation.

Article (12)

The Authority Board of Directors shall, upon an invitation by the Authority Chairman, convene at least twice a month, or at the request of two thirds of the board members. The meeting shall not be valid without a quorum of two thirds of the board members including the Authority chairman or one of his two deputies. Decisions shall be issued subject to a majority vote of the board members.

Article (13)

The Authority shall have advisory committees comprising professionals and experts from Egypt and abroad who are specialized in the fields of non-banking, financial instruments.

These committees shall provide opinion and advice to the Authority regarding development of non-banking, financial instruments, developing their operation systems and improve their competitiveness at the regional and international levels.

The formation of these committees, their operation systems, and remuneration for their members shall be determined by a decree from the Authority's Board of Directors.

Article (14)

The fiscal year of the Authority shall start on the first of July and ends with the last day of June each year.

Article (15)

The resources of the Authority shall consist of:

- (a) Funds and assets the State allocates to authority
- (b) Fees the Authority collects in accordance with the law
- (c) Charges for services rendered by the Authority in accordance with what the Board of Directors determines
- (d) Fines for which judgments have been rendered or are performed in accordance with the law
- (e) Foreign and domestic loans and grants subject to the approval of the Board of Directors
- (f) Return on investment of the Authority's funds

Article (16)

The Authority shall have an independent budget to be prepared in the same pattern of the State general budget. The Authority shall open bank accounts at the Central Bank for depositing its resources. The balance of these accounts shall be carried forward from one year to another.

Article (17)

The Central Agency for Audit shall, as prescribed by its law, audit the Authority's accounts.

Article (18)

The Authority shall develop its estimated budget including budgets of its affiliated units which have independent legal entity. The Authority Board of Directors shall approve the estimated budget three months before the startup of the fiscal year.